



Cheboygan County Board of Commissioners

MISSION STATEMENT

Cheboygan County officials and staff will strive to provide public services in an open and courteous manner and will responsibly manage county resources.

Committee of the Whole Meeting

June 26, 2018

9:30 a.m.

Agenda

1. Call to Order
2. Roll Call
3. Invocation/Pledge of Allegiance
4. Approve Agenda
5. **CITIZENS COMMENTS**
6. **SCHEDULED VISITORS/DEPARTMENT REPORTS**
 - A. NCCMH 2017 Annual Report – Christine Gebhard, CEO
 - B. DHD#4 and #2 – Denise Bryan, Health Officer
 - C. NLEA President, Andy Hayes - Broadband
7. **ADMINISTRATOR'S REPORT**
8. **OLD BUSINESS**
9. **NEW BUSINESS**
 - A. 2017 Cheboygan County Audit Presentation
 - B. 2017 Straits Regional Ride Audit Presentation
 - C. County Treasurer Buffy Weldon
 1. Property Foreclosures First Right of Refusal
 2. Sale Proceeds Report
 - D. Jail Addition Change Order – Carport Construction
10. **BOARD MATTERS FOR DISCUSSION - CCE 911 800 MHz Radio System Funding**
11. **CITIZENS COMMENTS**
12. **BOARD MEMBER COMMENTS**
13. **ADJOURN TO THE CALL OF THE CHAIR**

NORTH COUNTRY



Mission

To ensure the provision of behavioral health services that improve the quality of life in our communities.

Vision

Setting the standard for excellence in behavioral health care.

2017 ANNUAL REPORT

*Serving
Antrim, Charlevoix, Cheboygan,
Emmet, Kalkaska and Otsego Counties*

2017 HIGHLIGHTS

- 'Risky Business: How risky behaviors can impact your mental health' was the theme of NCCMH's 20th Annual Run/Walk for Mental Health. The 5K run was a Fun Run, featuring color throws along the route, which led runners along Little Grand Traverse Bay. Over 300 people participated in the run/walk. Activities for May is Mental Health Month included six free movies throughout the counties, a Day of Recovery Education sponsored by the Northern Michigan Regional Entity (NMRE), and 30 clients participated in the Walk A Mile In My Shoes Rally in Lansing.
- Supported Housing services were provided to individuals experiencing homelessness in Cheboygan, Otsego, Charlevoix, and Emmet Counties. Assistance was provided to 21 clients in independent housing and the Bridge Street transitional housing units. The Michigan Department of Health and Human Services (MDHHS) awarded NCCMH over \$110,000 in grants for housing for clients who are experiencing homelessness.
- The Supported Employment program provided employment services to 79 clients. The program received 40 new referrals for services and had 64 clients actively participating in readiness and job search activities. 34 individuals were employed competitively in the community.
- New Horizons Clubhouse successfully created a community-based advisory board, including business representation from Kalkaska and Antrim Counties, as well as drawing upon a past clubhouse staff and benefits counselor from the Disability Network.
- Petoskey Club attended the International Clubhouse Conference and continues to offer assistance and mentoring to new clubhouses in Michigan, and actively participates in the Michigan Association of Clubhouses. Petoskey Club was awarded a *Building Healthy Communities* grant for a new greenhouse and continues to grow fresh produce for the program.
- The 'Fun Walk for Autism' was again a success with 170 participants, 40 more than last year! There was the traditional giveaway afterwards due to the support of our participants and partners.
- Autism services were provided to 152 children in 2017. Of this, 48 are currently receiving applied behavioral analysis services; 25 are under the age of 6 and 23 are over the age of 6.
- NCCMH conducted a survey of our clients where satisfaction is measured on a 4-point scale, with 4 being highest. The average survey score was 3.59 and the percent satisfied was 94.1%. This survey data is used to enhance service delivery and drive quality improvement.

2017 Collaboration is Key

With our dedicated staff, supportive board, and collaboration from community partners, North Country Community Mental Health (NCCMH) continued to fulfill its mission *to ensure the provision of behavioral health services that improve the quality of life in our communities.*

We were proud to celebrate our sixth year of partnering with Alcona Health Center by integrating behavioral health specialists into Alcona's primary care practices in Harbor Springs, Indian River, and Cheboygan. We also expanded our partnership with Otsego Memorial Hospital by providing behavioral health specialists for their family and pediatric practices in Gaylord.

We were, again, fortunate to receive Mental Health Block Grant funding to staff a Jail Consultation position that supports our county sheriff departments by providing consultation and jail diversion services. We took steps to improve cross-training of personnel by having our staff certified as a trainer in *Mental Health First Aid for Law Enforcement*. Over 60 officers received training in October (Fiscal Year 2018).

Serving residents in six counties of northern Michigan covering 3150 square miles poses some unique challenges. To better serve clients and staff, we expanded our use of telemedicine for improved access to psychiatry services and began implementation of a cloud-based electronic health record, which will improve timely access and sharing of health information with other healthcare providers. We also made a significant investment in our information technology to ensure the security, reliability, and accessibility of our data systems.

We continued to provide assistance to our network of providers for community living supports and day activity services to achieve compliance with the federal Home and Community Based Services (HCBS) Rule, which takes effect March 2019. Providers that are not in compliance with the HCBS rule cannot be supported with Medicaid funding, which would disrupt services to the most vulnerable people we serve.

Along with the Community Mental Health Association of Michigan, we strongly advocated against the legislature's attempt to move funding from the public provider-sponsored Prepaid Inpatient Health Plans to the private Medicaid Health Plans. Although it was temporarily stopped, Section 298 of the FY18 Michigan Department of Health and Human Services (MDHHS) Budget allows for several two-year pilots of behavioral and physical health integration, managed by the Medicaid Health Plans, to be implemented and evaluated. The threat to the public mental health system remains alive and so will our advocacy on behalf of the people we serve.



Ed Ginop
Chairperson,
Board of Directors

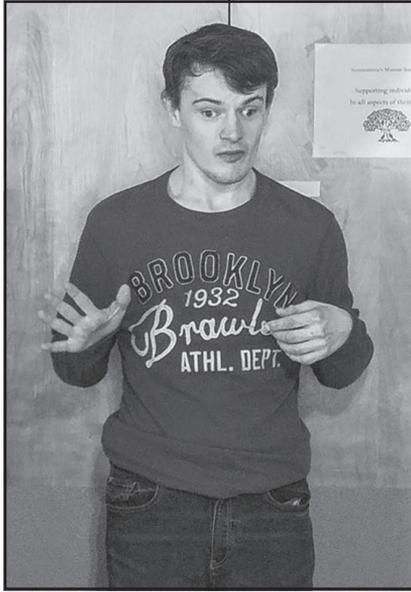
We are grateful for our community partners. It is because of our collaborative partnerships that we are able to fulfill our mission *to ensure the provision of behavioral health services that improve the quality of life in our communities.*



Christine Gebhard
Chief Executive Officer

Adult Foster Care Living

A Light Turns On



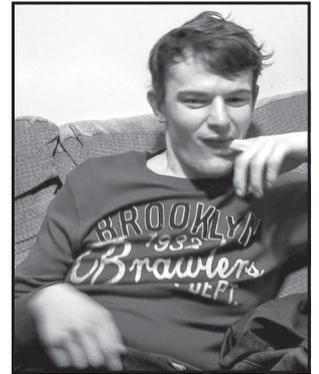
Since he was a toddler, Nicholas Doherty has had difficulties with communication, sensory issues, and interacting with others. He was diagnosed at an early age with Autism and severe intellectual disorder and he is nonverbal. As such, when he was upset or hurting, he did not have the ability to let others know, with words, what is wrong. Instead he might bang his head, hit himself or others, or scream. These behaviors can be significant and cause injury. He did not always like to be touched, deliver eye contact, or be in the same room with other people.

Nick lived with his mother and father until August of 2008 when, at age 18, he moved into Arborlight, an Adult Foster Care (AFC) home, with Carol Pratt and her staff, who provide community living supports and personal care to Nick and his four roommates.

For nine years at Arborlight, Nick continued to have the same challenges and did not show much interest in interacting with staff or his roommates. However, that started to change last summer. Staff began noticing positive changes in his ability to communicate and his desire to interact with others.

He started to use signs and is making new verbalizations that approximate different words. He works hard to engage with staff and verbalize with them to the best of his ability. He often looks staff directly in the eyes, smiles and laughs, and attempts to joke with them. He has become more social with staff and those that visit him. He now calls staff by name and asks when his favorite staff will be coming to the home. He shows great interest in his roommates and wants to include them in activities.

One day last fall staff was taking him for a walk and he said two of his roommates' names and "walk." Staff asked him if he wanted his roommates to join and he smiled, shook his head affirmatively and said, "Yes!" Staff got the other two roommates and they all enjoyed a walk together. In another recent example, Christine Lennon, NCCMH Supervisor for Autism Services, walked into the home for services and, without any prompting, Nick approached her, smiled, waved his hand and said, "Hi." These are things that Nick has not ever done before.



Arborlight staff say that Nick is an "absolute joy," "funny," "a pleasure to work with," and "amazing."

Everyone is excited to see how Nick will continue to amaze us in the future.

Arborlight staff Becca Garant, Patricia Mertz, Becky Phillips, Katherine Graydon, Debra Browering. Front: Nicholas Doherty, Carol Pratt



Giving Voice

PhotoVoice Project



The picture of this drain reminded me of how others treated me. I have all kinds of thoughts and emotions that I shared with others in order to get help. Instead of helping me, those people just flushed my thoughts and emotions down the drain as if I wasn't important. –Tracy

positive qualities that are really true about themselves. They look at pictures and tell stories about them. They take their own photographs and share with the group, which helps hone the message each person wishes to make and enables participants to “see” themselves, their lives, and their communities from new perspectives. The group process of reflection and discussion of the photographs is one of the most powerful aspects of the technique. Through the power of the visual image, PhotoVoice offers an innovative way to break the silence that often surrounds the experience of mental illness and disability.

In addition to participating in PhotoVoice, Tracy likes to make art. Her 12 x 18 acrylic painting entitled, “Happy,” was recently selected to represent NCCMH’s six counties in the statewide traveling art show, *Creative Minds Changing Minds*, sponsored by the Community Mental Health Association of Michigan. Her artwork will travel the state for two years beginning this May, after which it will be auctioned to support anti-stigma and public education efforts in Michigan.

“I enjoy capturing the beauty of ideas and colors to create something you can see. It helps my recovery by seeing a finished project that I have done. It’s very calming and sidetracks my mind from negative thoughts. I’ve learned that certain colors can affect my moods in a positive way,” Tracy said.

PhotoVoice is a project developed by Professor Caroline Wang at the UM School of Public Health and Mary Ann Burris from the Ford Foundation to empower people who have been marginalized in society – whose voices frequently go unheard and whose perspectives often are overlooked – by giving them cameras and asking them to capture in pictures and words important aspects of their lives.

We have begun to use the PhotoVoice curriculum with clients at NCCMH to communicate their experiences of mental illness or disability, recovery journey, and prejudice and discrimination they face, as well as highlighting the positive aspects of our northern Michigan communities and the goodness that comes with true community inclusion.

Tracy, one of the pilot program participants, enjoyed the process and hopes to help with shows of the PhotoVoice messages in the community.

“For me,” Tracy says, “PhotoVoice is inspiring and empowering. It made me look at my problems and solve them in a different way. The project also will give people in the community a fresh perspective on how people with mental illness see things. If you look at me you can’t tell what is going on in my head, but if I can explain it to you, it makes it more tangible for you.”

Over the course of several weeks, participants define their goals for a project, think about potential show venues and talk about the people they would like to reach in their audience. They discuss negative labels that other people have put on them, often since childhood, and contrast those with all the



When I look at these branches frozen in time, I think about how I felt when I got diagnosed with a mental illness. I felt stuck, unable to move or grow, and contribute. But many people are able to see that I am NOT frozen in time. I am NOT stuck with the stigma of mental illness encasing me. Since that first diagnosis I have developed blossoms, I continue to grow and I am a beautiful part of society. –Tracy

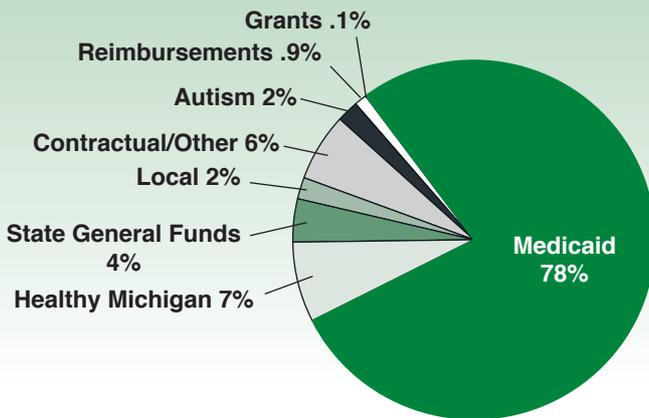
2017 HIGHLIGHTS

- Clients and family members participated in a Recovery Self-Assessment to measure their progress in recovery goals and how well the agency's programs and staff promote recovery. The consumer questionnaire consisted of 32 questions scored on a 5-point scale, with 5 being the highest. The average survey score was 4.03 for 209 surveys returned. The family questionnaire was made up of 40 questions scored on the same 5-point scale. The average survey score was 4.32. This was a positive reflection of NCCMH being a recovery-oriented system of care!
- NCCMH met or exceeded MDHHS performance standards for timely access to services on 82 of 112 quarterly indicators. Indicators include: an initial assessment within 14 days of request; first ongoing service within 14 days of assessment; screening for inpatient hospitalization within three hours of request; and follow-up care within seven days after inpatient hospital discharge. The expectation is 95% for each indicator except hospital readmissions which is <15%. NCCMH has implemented quality improvement plans for indicators that did not meet the expectations.
- NCCMH funded more than \$14.5 million in payroll for more than 271 employees in Antrim, Charlevoix, Cheboygan, Emmet, Kalkaska, and Otsego counties, and paid more than \$24.1 million in service contracts resulting in employment of more than 682 additional people. Several million more were spent on goods and services in the six-county area.
- NCCMH received block grant funding for another year to staff a position for Jail Consultation and Diversion Services. The staff received certification as a trainer for Mental Health First Aid for Law Enforcement, and provided training to 62 law enforcement professionals over the six-county region.
- NCCMH again received block grant funding which enabled two staff to serve as Regional Coordinators for the Parent Management Training (Oregon Model) effort. PMTO is the evidence-based program that teaches parents how to be better parents. Our staff arranged seminars and provided training for new practitioners at NCCMH, and within the northern region and Upper Peninsula.
- North Country Crisis Residential program received a grant from the Healthy Community Fund and from the Birchwood Outreach Fund of the Petoskey-Harbor Springs Area Community Foundation to upgrade the client lounge and purchase a food pantry.
- Three therapists completed training in Eye Movement Desensitization and Reprocessing Therapy (EMDR). The basic theory of EMDR is that when persons experience very distressing events, the memory of the events remains unprocessed. EMDR works to reprocess the memory, using bilateral stimulation such as rapid eye movement or tapping. This often leads to greatly decreased symptomology, if not complete remission of symptoms.

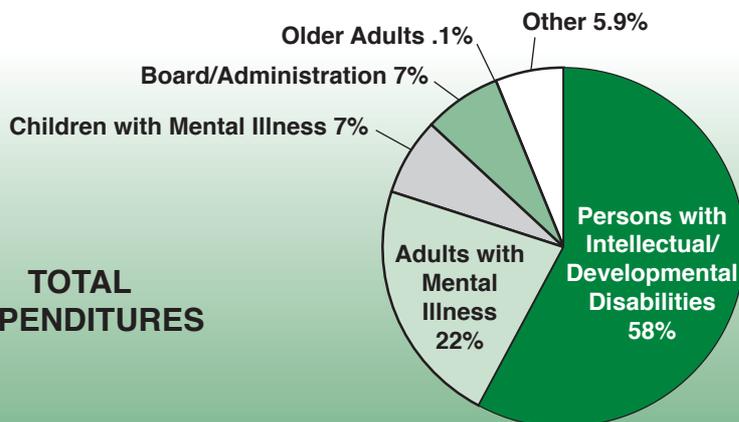
SERVICE DATA

	FY 2015	% of Total	FY 2016	% of Total	FY 2017	% of Total
Total People Served	3799		3892		4035	
Adults with Mental Illness	2234	58.8	2304	59.2	2430	60.2
Children with Mental Illness	748	19.7	707	18.2	728	18.0
Individuals with Intellectual/Developmental Disabilities	817	21.5	881	22.6	877	21.7
Psychiatric Inpatient Utilization						
Admissions	331		363		477	
Inpatient Days	4026		4532		7642	
Average Length of Stay (in days)	12.36		12.23		12.30	

TOTAL REVENUES



TOTAL EXPENDITURES



Revenues

Medicaid	\$ 36,636,733
Healthy Michigan	3,160,656
State General Funds	1,830,405
Local	883,912
Contractual/Other	2,732,085
Autism	1,132,484
Grants	271,584
Reimbursements	373,421

Expenditures

Persons with Intellectual/Developmental Disabilities	\$ 26,985,279
Adults with Mental Illness	10,525,494
Children with Mental Illness	3,305,831
Board/Administration	3,284,550
Older Adults	225,638
Other	2,591,851

Total Revenues	\$ 47,021,280	Total Expenditures	\$ 46,918,643
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NORTH COUNTRY



COMMUNITY
MENTAL HEALTH

1420 Plaza Drive
Petoskey, MI 49770



2017 Board Members

Antrim County

Caroline Loper
Christian Marcus
Louis Scholl

Charlevoix County

Joel Evans
Dennis Priess

Cheboygan County

Sue Allor
Robert Boyd
Edward Ginop (Board Chair)
Michael Newman

Emmet County

Dan Plasencia
Karla Sherman
Betsy White

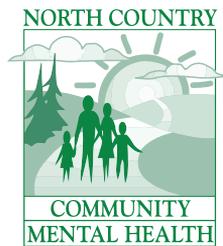
Kalkaska County

Patty Cox
Craig Crambell
Sr. Augusta Stratz

Otsego County

Gary Averill
Ron Iseler
Paul L. Liss

Funding for this publication was provided by the Michigan Department of Health and Human Services



Main Locations

The Administrative Offices are located at:

1420 Plaza Drive
Petoskey, MI 49770
(231) 347-7890

Emmet County

1420 Plaza Drive
Petoskey, MI 49770
(231) 347-6701

Charlevoix County

6250 M-66 North
Charlevoix, MI 49720
(231) 547-5885

Antrim County

203 E. Cayuga
Bellaire, MI 49615
(231) 533-8619

Kalkaska County

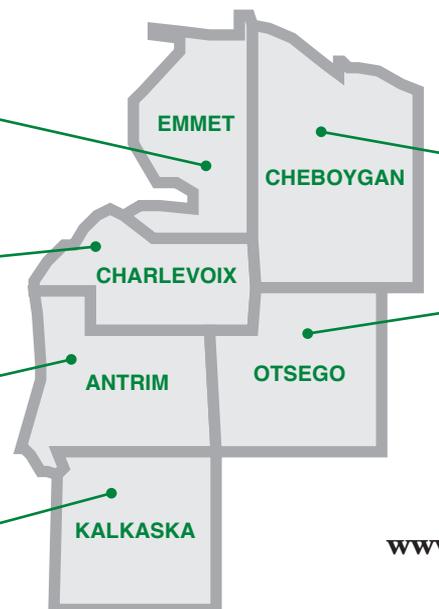
625 Courthouse Drive
Kalkaska, MI 49646
(231) 258-5133

Cheboygan County

825 S. Huron, Suite 4
Cheboygan, MI 49721
(231) 627-5627

Otsego County

800 Livingston Blvd.
Gaylord, MI 49735
(989) 732-7558
(989) 732-6292



Visit us at
www.norccmh.org

Call 800-834-3393 to access services.

TTY: Dial 711

, 2018

CONSORTIUM AGREEMENT THROUGH NLEA AND ITS PARTNERS

R E S O L U T I O N

WHEREAS, Cheboygan County is a strong supporter of High Speed internet access; and

WHEREAS, Cheboygan County recognizes and supports the role of High Speed internet Access (wired or wireless) in economic development throughout Cheboygan County and the Regional Area; and

WHEREAS, Cheboygan County as a county partner in the Northern Lakes Economic Alliance recognizes an opportunity to proliferate high speed internet access for the purpose of economic development in Cheboygan County and the surrounding region;

NOW THEREFORE BE IT RESOLVED that the Cheboygan County Board of Commissioners is generally in support of creating a Consortium Agreement with and through the NLEA and its partners and will allocate staff time and resources to work cooperatively to finalize any formal agreements. The end result being to help increase high speed internet access throughout the regional area for both public access and economic development to contribute to the regional area.

Chairman of the Board

Clerk to the Board of Commissioners

ADMINISTRATOR'S REPORT

6-26-18

NLEA BROADBAND CONSORTIUM:

The NLEA has been working the last several years on the development of a broadband consortium that would establish a consortium through NLEA that will allow participating partners to access fiber optic bandwidth through the MERIT Fiber system. This would provide the ability of private sector businesses to access the MERIT Fiber system. NLEA has requested partner Counties submit a resolution of support for the consortium to provide to the NLEA Board of Directors for their July meeting. NLEA will have staff at the meeting to discuss the consortium.

STRAITS REGIONAL RIDE:

Straits Regional Ride will have two transit agreements with the Cheboygan-Otsego-Presque Isle Educational School District for Board approval at the July 10th, 2018 Board Meeting.

JAIL PROJECT:

Jail Contractor has completed pouring floors for addition area and continues with block wall construction.

Storage building contractor has poured footings and foundations for storage building. Contractor identified after the pour that the height of the building is low compared to the road grade. The Contractor has contacted the Architect to discuss options.

PLANNING COMMISSION:

The Planning Commission continues work on developing solar regulations. Draft language was reviewed at their June 20, 2018 meeting and is scheduled to continue at their July 11, 2018 meeting. The regulations provide for three levels of solar developments. Level 1 are small scale systems permitted in all districts with placement of solar arrays on structures. Level 2 facilities permit limited placement of ground mounted solar arrays within all districts to provide power for the buildings located on the property. Level 3 facilities are large solar farm production sites permitted by special use permit in Agricultural/Forest, Limited areas of Protection Lake and Stream, Commercial and Industrial Districts.



Cheboygan County

Board of Commissioners' Meeting

June 26, 2018

Title: Presentation for the Audit of the Financial Statements of Cheboygan County for the Year Ending December 31, 2017

Summary: The financial statements for the County of Cheboygan for the year ending December 31, 2017 will be presented by Gabridge & Company. Gabridge & Company is a CPA firm located in Grand Rapids, Michigan. This is the fourth year Gabridge & Company has performed the audit. The field work was completed during May.

The audit contained a clean “unqualified” opinion. The County’s financial statements are free of material budget violations and deficit fund balances.

The report will be submitted to the State before the deadline of June 30, 2018.

Financial Impact: N/A

Recommendation: Motion to accept the December 31, 2017 audited financial statements for Cheboygan County.

Prepared by: James Manko

Department: Finance



**COUNTY OF CHEBOYGAN, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017**

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INDEPENDENT AUDITORS' 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 Cheboygan County, Michigan (the "County") as of and for the year ended December 31, 2017, 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 Auditors' 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 percent of the assets, 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.

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, 2017, 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 June 26, 2018, 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 dark ink and is positioned above the typed name of the firm.

Gabridge & Company, PLC
Grand Rapids, MI
June 26, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of Cheboygan County (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, 2017. 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, 2017 by \$25,237,287. Of this amount, \$15,948,817 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased \$49,914 in 2017 compared to \$292,467 in 2016. Revenues for the County increased during the year by \$264,109 and expenses for the County increased by \$506,662 from the prior year.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$10,163,232, an increase of \$487,404 in comparison with the prior year. Approximately 79%, or \$8,035,234, of this amount is available for spending at the government's discretion (unassigned fund balance).
- At December 31, 2017, unassigned fund balance for the General Fund was \$8,035,234, or 69% 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., accrued interest expense and long-term debt).

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, Senior Citizen’s Millage, Inverness Township Sewer Debt, and Housing Commission 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, 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 Marina, 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 \$25,237,287 at the close of the most recent fiscal year. A large portion of the County's net position (35%, or \$8,898,946) represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, 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 (2%, or \$389,524) 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 (63%, or \$15,948,817) is comprised of unrestricted net position. These amounts may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Cheboygan County's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 10,050,967	\$ 9,718,523	\$ 8,819,906	\$ 8,492,920	\$ 18,870,873	\$ 18,211,443
Receivables	2,055,675	2,176,350	1,448,376	1,639,740	3,504,051	3,816,090
Current Portion of Notes Receivable	17,000	17,053	-	-	17,000	17,053
Current Portion of Leases Receivable	95,000	95,000	-	-	95,000	95,000
Due from Other Governments	259,889	7,365	93,369	-	353,258	7,365
Prepaid Items	-	-	392	372	392	372
Inventories	-	-	19,337	21,910	19,337	21,910
Land Held for Resale	-	-	50,460	-	50,460	-
Total Current Assets	12,478,531	12,014,291	10,431,840	10,154,942	22,910,371	22,169,233
<i>Noncurrent Assets</i>						
Advances to Other Governments	162,727	-	-	-	162,727	-
Capital Assets not Being Depreciated	2,084,238	1,896,578	-	-	2,084,238	1,896,578
Capital Assets being Depreciated	5,355,638	5,704,702	1,467,830	1,643,855	6,823,468	7,348,557
Notes Receivable	1,176,749	1,193,749	-	-	1,176,749	1,193,749
Leases Receivable	2,335,000	2,430,000	-	-	2,335,000	2,430,000
Total Assets	23,592,883	23,239,320	11,899,670	11,798,797	35,492,553	35,038,117
DEFERRED OUTFLOWS OF RESOURCES						
Pension	2,656,007	3,479,064	194,109	237,037	2,850,116	3,716,101
Total Deferred Outflows of Resources	2,656,007	3,479,064	194,109	237,037	2,850,116	3,716,101
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	177,449	129,029	18,824	23,659	196,273	152,688
Accrued Liabilities	169,789	154,831	9,196	9,738	178,985	164,569
Due to Governmental Units	66,957	32,363	19,628	11,311	86,585	43,674
Unearned Revenue	61,035	265,986	-	102	61,035	266,088
Current Portion of Long-term Debt	5,840	5,840	-	-	5,840	5,840
Total Current Liabilities	481,070	588,049	47,648	44,810	528,718	632,859
<i>Noncurrent Liabilities</i>						
Long-term Debt	2,920	8,762	-	-	2,920	8,762
Compensated Absences	317,813	292,965	11,760	10,965	329,573	303,930
Net Pension Liability	7,921,179	8,209,595	573,077	591,879	8,494,256	8,801,474
Total Liabilities	8,722,982	9,099,371	632,485	647,654	9,355,467	9,747,025
DEFERRED INFLOWS OF RESOURCES						
Revenues Intended to Finance a Subsequent Year	3,739,190	3,819,820	-	-	3,739,190	3,819,820
Pension	-	-	10,725	-	10,725	-
Total Deferred Inflows of Resources	3,739,190	3,819,820	10,725	-	3,749,915	3,819,820
NET POSITION						
Net Investment in Capital Assets	7,431,116	7,586,678	1,467,830	1,643,855	8,898,946	9,230,533
Restricted	389,524	354,423	-	-	389,524	354,423
Unrestricted	5,966,078	5,858,092	9,982,739	9,744,325	15,948,817	15,602,417
Total Net Position	\$ 13,786,718	\$ 13,799,193	\$ 11,450,569	\$ 11,388,180	\$ 25,237,287	\$ 25,187,373

The County's total net position increased \$49,914 during the year, from \$25,187,373 to \$25,237,287 as of December 31, 2017.

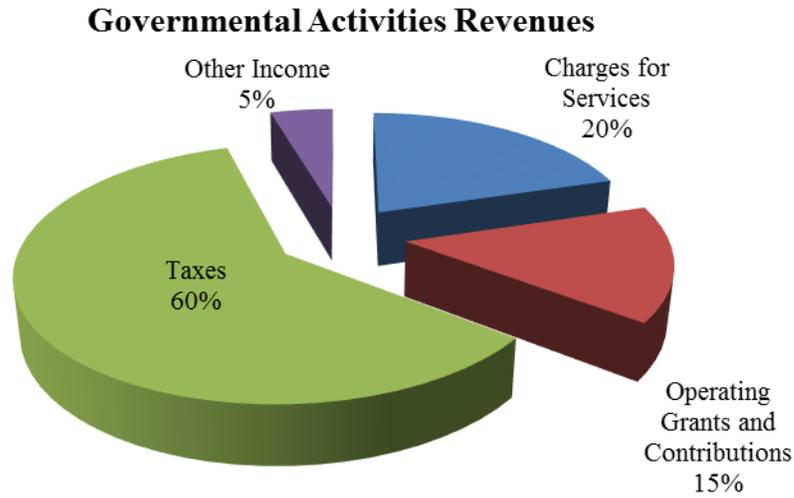
Cheboygan County's Change in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Revenue						
Program Revenues						
Charges for Services	\$ 3,225,190	\$ 3,229,492	\$ 1,401,063	\$ 1,770,950	\$ 4,626,253	\$ 5,000,442
Operating Grants and Contributions	2,369,953	2,121,727	480,845	496,589	2,850,798	2,618,316
Capital Grants and Contributions	-	-	1,000	61,589	1,000	61,589
Total Program Revenues	5,595,143	5,351,219	1,882,908	2,329,128	7,478,051	7,680,347
General Revenues						
Taxes	9,536,711	9,104,409	-	-	9,536,711	9,104,409
State Sources	592,034	564,104	-	-	592,034	564,104
Investment Income	130,075	119,019	36,973	41,856	167,048	160,875
Total General Revenues	10,258,820	9,787,532	36,973	41,856	10,295,793	9,829,388
Total Revenues	15,853,963	15,138,751	1,919,881	2,370,984	17,773,844	17,509,735
Expenses						
Legislative	131,986	135,856	-	-	131,986	135,856
Judicial	2,319,875	2,346,795	-	-	2,319,875	2,346,795
General Government	4,340,667	4,333,752	-	-	4,340,667	4,333,752
Public Safety	5,328,838	5,066,598	-	-	5,328,838	5,066,598
Health and Welfare	2,991,962	2,497,249	-	-	2,991,962	2,497,249
Recreation and Culture	301,671	327,834	-	-	301,671	327,834
Public Works	35,641	32,931	-	-	35,641	32,931
Community and Economic Development	336,637	369,816	-	-	336,637	369,816
Other Expenses	172,731	170,325	-	-	172,731	170,325
Interest on Long-term Debt	211,781	216,175	-	-	211,781	216,175
Marina	-	-	388,770	420,297	388,770	420,297
Tax Foreclosure	-	-	86,320	114,985	86,320	114,985
Straits Regional Ride	-	-	930,660	989,942	930,660	989,942
Jail Commissary	-	-	146,391	134,020	146,391	134,020
Delinquent Tax	-	-	-	60,693	-	60,693
Total Expenses	16,171,789	15,497,331	1,552,141	1,719,937	17,723,930	17,217,268
Changes in Net Position Before Transfers	(317,826)	(358,580)	367,740	651,047	49,914	292,467
Transfers - Net	305,351	169,027	(305,351)	(169,027)	-	-
Change in Net Position	(12,475)	(189,553)	62,389	482,020	49,914	292,467
<i>Net Position at the Beginning of Period</i>	<i>13,799,193</i>	<i>13,988,746</i>	<i>11,388,180</i>	<i>10,906,160</i>	<i>25,187,373</i>	<i>24,894,906</i>
Net Position at the End of Period	\$ 13,786,718	\$ 13,799,193	\$ 11,450,569	\$ 11,388,180	\$ 25,237,287	\$ 25,187,373

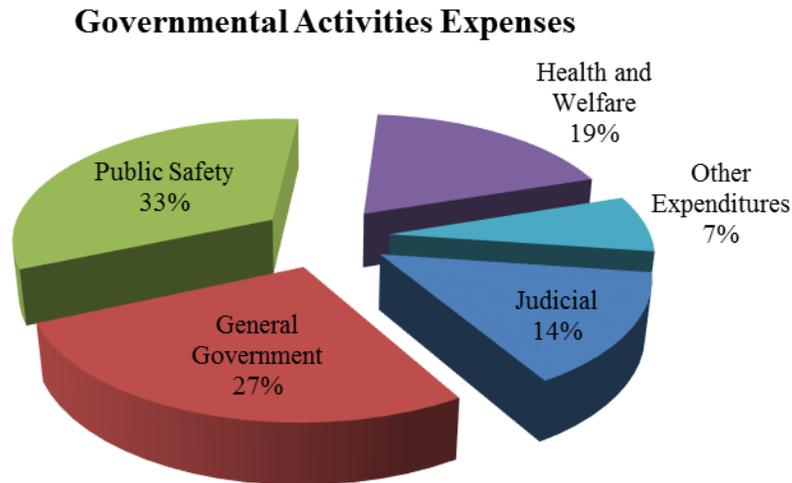
Governmental activities.

Governmental activities decreased the County's net position by \$12,475 in 2017, compared to a decrease of \$189,553 in 2016. This was primarily the result of an increase in property tax revenue from an increase in the millage rate for the County.

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 \$62,389 in 2017 compared to an increase of \$482,020 in 2016. This large change was primarily due to a decrease in charges for services within the tax foreclosure fund in 2017.

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 69% 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 \$331,049 from \$8,484,102 to \$8,815,151 during 2017; compared to \$304,740 during 2016. Total revenues for the General Fund increased by \$187,824 compared to the previous year. Total expenditures increased by \$132,889 compared to the previous year. The details of the significant changes in the General Fund revenues and expenditures are as follows:

General Fund Revenues

- Taxes increased by \$175,399 due to County increasing the millage rate for 2017.
- State sources increased by \$33,678 primarily due to the County's return to the state revenue sharing program.
- Refunds and reimbursements decreased by \$39,276 primarily due to a reduced return of net assets from the Michigan Municipal Risk Management insurance pool.
- Transfers in increased by \$317,414.

General Fund Expenditures

- Treasurer increased by \$82,613 due to staff paid entirely out of the General Fund that began in 2017
- Sheriff increased by \$34,733 primarily due to staff cost including expenses related to paying down the unfunded accrued liability related to the County pension plan.
- Corrections increased by \$34,903 due to staff costs including expenses related to paying down the unfunded accrued liability related to the County pension plan and inmate food costs and medical services.
- Planning Zoning decreased \$33,019 due to staff vacancies during the year.
- Transfers out increased by \$326,295.

Senior Citizen's Millage Fund Highlights

The Senior Citizen's Millage Fund's fund balance increased by \$33,609 from \$148,180 to \$181,789 during 2017; compared to an increase of \$55,986 during 2016. Total revenues increased by \$5,550 compared to the previous year. Total expenditures increased by \$27,927 compared to the previous year. The details of significant Senior Citizen's Millage Fund revenues and expenditures are as follows:

Senior Citizen's Millage Fund Expenditures

- Capital Outlay decreased by \$35,176. There was no capital outlay expenditure within the fund during 2017.
- Health and Welfare increased by \$63,103.

Inverness Township Sewer Debt Fund Highlights

The Inverness Township Sewer Debt Fund's fund balance increased by \$5 from \$5,355 to \$5,360 during 2017; compared to \$6 during 2016. Total revenues decreased by \$4,395 compared to the previous year. Total expenditures decreased by \$4,394 compared to the previous year. There were no significant changes to revenues or expenditures in the Inverness Township Sewer Debt Fund.

Housing Commission Fund Highlights

The Housing Commission Fund's fund balance increased by \$1,487 from \$200,888 to \$202,375 during 2017; compared to a \$16,902 increase during 2016. Total revenues increased by \$165,371 compared to the previous year. Total expenditures increased by \$180,786 compared to the previous year.

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 Marina, Straits Regional Ride, and Delinquent Tax funds as of year-end was \$75,343, (\$180,850), and \$9,431,004, respectively. The change in net position, respectively, for the proprietary funds was \$(43,660), (\$52,494), and \$120,292. In the Marina and Straits Regional Ride funds, the reason for this change was expense (primarily depreciation) in excess of revenue. In the Delinquent Tax fund, the reason for this change was revenue (primarily interest) in excess of expense.

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. The exception to this was the transfer from Major Equipment and Building to Capital Outlay (\$60,000) for the purchase of two sheriff patrol vehicles.

Senior Citizen's Millage Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any amendments to either the original estimated revenues or original budgeted appropriations.

Capital Asset and Debt Administration

Capital assets

As of December 31, 2017, the County's investment in capital assets for its governmental and business-type activities amounted to \$8,907,706 (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 decrease in the County's net capital assets for 2017 was \$337,429.

Significant capital asset additions during 2017 included:

Governmental Activities

- Humane Society (animal control) remodel project – phase III
- Doris Reid Building remodel project – phase II
- 2 Ford Explorers for the County Sheriff's Department
- 1 Ford F-250 and 1 Ford Fusion

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

	Governmental Activities	Business-type Activities	Total
Land	\$ 1,892,102	\$ -	\$ 1,892,102
Construction in progress	192,136	-	192,136
Land improvement	380,899	889,121	1,270,020
Building and improvements	4,413,347	119,710	4,533,057
Machinery and equipment	305,372	11,257	316,629
Vehicles	256,020	-	256,020
Transportation equipment	-	188,451	188,451
Docks	-	259,291	259,291
Total	\$ 7,439,876	\$ 1,467,830	\$ 8,907,706

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.

As of December 31, 2017, the primary government of the County had long-term debt outstanding of \$8,760 for a capital lease of a postage machine. Additional information on the County's long-term debt can be found in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Management estimates that \$15,745,453 of revenues will be available for appropriation in the General Fund in the upcoming budget. Expenditures are expected to exceed revenues by \$681,000; compared to \$822,000 in the 2017 originally adopted budget. The budget will be balanced by appropriating the use of fund balance. The County continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. The ongoing costs of providing essential services for the citizens of the County will again need to be monitored in order to maintain the financial condition of the County.

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

Cheboygan County
Statement of Net Position
December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 10,050,967	\$ 8,819,906	\$ 18,870,873	\$ 1,849,614
Receivables	569,008	1,174	570,182	1,244,621
Taxes Receivable	1,486,667	1,447,202	2,933,869	--
Current Portion of Notes Receivable	17,000	--	17,000	--
Current Portion of Leases Receivable	95,000	--	95,000	--
Due from Other Governments	259,889	93,369	353,258	1,294,740
Prepaid Items	--	392	392	109,394
Inventories	--	19,337	19,337	904,503
Land Held for Resale	--	50,460	50,460	--
Total Current Assets	12,478,531	10,431,840	22,910,371	5,402,872
<i>Noncurrent Assets</i>				
Advances to Other Governments	162,727	--	162,727	--
Capital Assets not Being Depreciated	2,084,238	--	2,084,238	7,409,510
Capital Assets Being Depreciated	5,355,638	1,467,830	6,823,468	27,107,028
Notes Receivable	1,176,749	--	1,176,749	--
Leases Receivable	2,335,000	--	2,335,000	--
Restricted Deposits	--	--	--	19,793
Total Assets	23,592,883	11,899,670	35,492,553	39,939,203
DEFERRED OUTFLOWS OF RESOURCES				
Pension	2,656,007	194,109	2,850,116	541,019
Total Deferred Outflows of Resources	2,656,007	194,109	2,850,116	541,019
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	177,449	18,824	196,273	52,323
Accrued Liabilities	169,789	9,196	178,985	142,709
Accrued Interest Payable	--	--	--	22,300
Due to Governmental Units	66,957	19,628	86,585	9,652
Advances and Deposits	--	--	--	129,615
Unearned Revenue	61,035	--	61,035	--
Current Portion of Long-term Debt	5,840	--	5,840	135,000
Total Current Liabilities	481,070	47,648	528,718	491,599
<i>Noncurrent Liabilities</i>				
Long-term Debt	2,920	--	2,920	1,715,000
Compensated Absences	317,813	11,760	329,573	235,170
Other Post-Employment Benefits	--	--	--	2,989,611
Net Pension Liability	7,921,179	573,077	8,494,256	11,022,475
Total Liabilities	8,722,982	632,485	9,355,467	16,453,855
DEFERRED INFLOWS OF RESOURCES				
Revenues Intended to Finance a Subsequent Year	3,739,190	--	3,739,190	1,201,182
Pension	--	10,725	10,725	185,471
Total Deferred Inflows of Resources	3,739,190	10,725	3,749,915	1,386,653
NET POSITION				
Net Investment in Capital Assets	7,431,116	1,467,830	8,898,946	32,702,898
<i>Restricted for:</i>				
Debt Service	5,360	--	5,360	--
Health and Welfare	384,164	--	384,164	--
<i>Unrestricted</i>	5,966,078	9,982,739	15,948,817	(10,063,184)
Total Net Position	\$ 13,786,718	\$ 11,450,569	\$ 25,237,287	\$ 22,639,714

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

Cheboygan County
Statement of Activities
For the Year Ended December 31, 2017

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	
Primary Government								
Governmental Activities:								
Legislative	\$ 131,986	\$ --	\$ --	\$ --	\$ (131,986)	\$ --	\$ (131,986)	\$ --
Judicial	2,319,875	691,061	924,601	--	(704,213)	--	(704,213)	--
General Government	4,340,667	1,414,775	238,247	--	(2,687,645)	--	(2,687,645)	--
Public Safety	5,328,838	895,418	265,281	--	(4,168,139)	--	(4,168,139)	--
Health and Welfare	2,991,962	30,155	897,114	--	(2,064,693)	--	(2,064,693)	--
Recreation and Culture	301,671	162,999	4,518	--	(134,154)	--	(134,154)	--
Other Expenses	172,731	--	--	--	(172,731)	--	(172,731)	--
Public Works	35,641	--	--	--	(35,641)	--	(35,641)	--
Community and Economic Development	336,637	30,782	40,192	--	(265,663)	--	(265,663)	--
Interest on Long-term Debt	211,781	--	--	--	(211,781)	--	(211,781)	--
Total Governmental Activities	16,171,789	3,225,190	2,369,953	--	(10,576,646)	--	(10,576,646)	--
Business-type Activities:								
Marina	388,770	345,110	--	--	--	(43,660)	(43,660)	--
Tax Foreclosure	86,320	222,612	--	--	--	136,292	136,292	--
Straits Regional Ride	930,660	308,282	480,845	1,000	--	(140,533)	(140,533)	--
Jail Commissary	146,391	153,358	--	--	--	6,967	6,967	--
Delinquent Tax	--	371,701	--	--	--	371,701	371,701	--
Total Business-type Activities	1,552,141	1,401,063	480,845	1,000	--	330,767	330,767	--
Total Primary Government	\$ 17,723,930	\$ 4,626,253	\$ 2,850,798	\$ 1,000	\$ (10,576,646)	\$ 330,767	\$ (10,245,879)	--
Component Units								
Road Commission	\$ 9,278,843	\$ 2,150,896	\$ 7,448,572	\$ --	--	--	--	320,625
Cheboygan Airport Authority	303,189	114,663	125,790	--	--	--	--	(62,736)
Total Component Units	\$ 9,582,032	\$ 2,265,559	\$ 7,574,362	\$ --	--	--	--	257,889
General Purpose Revenues and Transfers:								
Revenues								
Taxes					9,536,711	--	9,536,711	1,187,121
State Sources					592,034	--	592,034	--
Other Revenues					--	--	--	116,419
Interest and Rentals					130,075	36,973	167,048	2,713
Transfers					305,351	(305,351)	--	--
Total General Revenues and Transfers					10,564,171	(268,378)	10,295,793	1,306,253
Change in Net Position					(12,475)	62,389	49,914	1,564,142
<i>Net Position at Beginning of Period</i>					13,799,193	11,388,180	25,187,373	21,075,572
<i>Net Position at End of Period</i>					\$ 13,786,718	\$ 11,450,569	\$ 25,237,287	\$ 22,639,714

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

**Cheboygan County
Balance Sheet
Governmental Funds
December 31, 2017**

	Special Revenue					Other Governmental Funds	Total Governmental Funds
	General	Senior Citizen's Millage	Inverness Township Sewer Debt	Housing Commission			
ASSETS							
Cash and Investments	\$ 8,677,579	\$ 181,789	\$ 5,360	\$ 125,395	\$ 1,060,844	\$ 10,050,967	
Receivables	146,133	--	--	--	422,875	569,008	
Taxes Receivable	466,509	678,124	--	--	342,034	1,486,667	
Notes Receivable	--	--	--	1,193,749	--	1,193,749	
Leases Receivable	--	--	2,430,000	--	--	2,430,000	
Due from Other Governments	25,717	--	--	102,349	294,550	422,616	
Due from Other Funds	394,876	--	--	--	--	394,876	
Total Assets	\$ 9,710,814	\$ 859,913	\$ 2,435,360	\$ 1,421,493	\$ 2,120,303	\$ 16,547,883	
LIABILITIES							
Accounts Payable	\$ 105,238	\$ --	\$ --	\$ 852	\$ 71,359	\$ 177,449	
Accrued Liabilities	148,264	--	--	--	21,525	169,789	
Due to Governmental Units	--	--	--	163	66,794	66,957	
Unearned Revenue	60,555	--	--	--	480	61,035	
Due to Other Funds	--	--	--	24,354	370,522	394,876	
Total Liabilities	314,057	--	--	25,369	530,680	870,106	
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues	581,606	--	--	1,193,749	--	1,775,355	
Revenues Intended to Finance a Subsequent Year	--	678,124	2,430,000	--	631,066	3,739,190	
Total Liabilities and Deferred Inflows of Resources	895,663	678,124	2,430,000	1,219,118	1,161,746	6,384,651	
FUND BALANCE							
Restricted	--	181,789	5,360	202,375	--	389,524	
Committed	354,763	--	--	--	100	354,863	
Assigned	425,154	--	--	--	958,457	1,383,611	
Unassigned	8,035,234	--	--	--	--	8,035,234	
Total Fund Balance	8,815,151	181,789	5,360	202,375	958,557	10,163,232	
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,710,814	\$ 859,913	\$ 2,435,360	\$ 1,421,493	\$ 2,120,303	\$ 16,547,883	

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

Cheboygan County
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2017

Total Fund Balance - Governmental Funds	\$	10,163,232
General government capital assets of \$15,233,357, net of accumulated depreciation of \$7,793,481, are not financial resources and, accordingly, are not reported in the funds.		7,439,876
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(317,813)
Long-term liabilities are not due any payable in the current period and, therefore, are not reported in the funds.		(8,760)
Unavailable revenues are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the funds.		1,775,355
Net pension liability is not due and payable in the current period and is not reported in the funds.		(7,921,179)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds.		2,656,007
Total Net Position - Governmental Funds	\$	<u>13,786,718</u>

Cheboygan County
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue					Other Governmental Funds	Total Governmental Funds
	General	Senior Citizen's Millage	Inverness Township Sewer Debt	Housing Commission			
Revenues							
Taxes	\$ 8,293,874	\$ 673,662	\$ --	\$ --	\$ 336,950	\$ 9,304,486	
Licenses and Permits	48,718	--	--	--	14,564	63,282	
Federal Sources	114,523	--	--	158,502	418,347	691,372	
State Sources	1,210,129	--	--	--	881,955	2,092,084	
Local Sources	56,241	--	211,781	--	69,219	337,241	
Contributions	--	--	--	--	109,457	109,457	
Charges for Services	1,302,731	--	--	--	955,387	2,258,118	
Fines and Penalties	38,088	--	--	--	1,178	39,266	
Refunds and Reimbursement	180,764	--	--	--	--	180,764	
Other Revenues	7,515	--	--	35,205	325,048	367,768	
Interest and Rentals	89,273	--	5	125	102,956	192,359	
Total Revenues	<u>11,341,856</u>	<u>673,662</u>	<u>211,786</u>	<u>193,832</u>	<u>3,215,061</u>	<u>15,636,197</u>	
Expenditures							
Legislative	126,212	--	--	--	--	126,212	
Judicial	1,557,821	--	--	--	616,974	2,174,795	
General Government	3,447,354	--	--	--	493,407	3,940,761	
Public Safety	4,159,841	--	--	--	824,254	4,984,095	
Health and Welfare	467,157	640,053	--	192,345	1,619,867	2,919,422	
Community and Economic Development	317,752	--	--	--	--	317,752	
Recreation and Culture	116,795	--	--	--	168,703	285,498	
Other Expenditures	172,731	--	--	--	--	172,731	
Capital Outlay	215,714	--	--	--	102,135	317,849	
Debt Service - Principal	5,842	--	--	--	--	5,842	
Debt Service - Interest	--	--	211,781	--	--	211,781	
Total Expenditures	<u>10,587,219</u>	<u>640,053</u>	<u>211,781</u>	<u>192,345</u>	<u>3,825,340</u>	<u>15,456,738</u>	
Excess of Revenues Over (Under) Expenditures	<u>754,637</u>	<u>33,609</u>	<u>5</u>	<u>1,487</u>	<u>(610,279)</u>	<u>179,459</u>	
Other Financing Sources (Uses)							
Insurance Recoveries	2,594	--	--	--	--	2,594	
Transfers In	708,077	--	--	--	870,898	1,578,975	
Transfer Out	(1,134,259)	--	--	--	(139,365)	(1,273,624)	
Net Other Financing Sources (Uses)	<u>(423,588)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>731,533</u>	<u>307,945</u>	
Net Change in Fund Balance	331,049	33,609	5	1,487	121,254	487,404	
<i>Fund Balance at Beginning of Period</i>	8,484,102	148,180	5,355	200,888	837,303	9,675,828	
Fund Balance at End of Period	<u>\$ 8,815,151</u>	<u>\$ 181,789</u>	<u>\$ 5,360</u>	<u>\$ 202,375</u>	<u>\$ 958,557</u>	<u>\$ 10,163,232</u>	

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

Cheboygan County
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	487,404
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 \$317,849 are exceeded by depreciation expense of \$479,253.		(161,404)
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year decrease in compensated absences is to increase net position.		(24,848)
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.		5,842
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.		215,172
Changes to the net pension liability are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.		(534,641)
Changes in Net Position - Governmental Funds	\$	<u>(12,475)</u>

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

**Cheboygan County
Statement of Net Position
Proprietary Funds
December 31, 2017**

	Business-type Activities - Enterprise Funds				
	Marina	Straits Regional Ride	Delinquent Tax	Other Enterprise Funds	Total Enterprise Funds
ASSETS					
<i>Current Assets</i>					
Cash and Investments	\$ 107,725	\$ 111,130	\$ 7,983,802	\$ 617,249	\$ 8,819,906
Receivables	--	1,174	--	--	1,174
Taxes Receivable	--	--	1,447,202	--	1,447,202
Due from Governmental Units	--	93,369	--	--	93,369
Prepaid Items	392	--	--	--	392
Inventories	19,337	--	--	--	19,337
Land Held for Resale	--	--	--	50,460	50,460
Total Current Assets	127,454	205,673	9,431,004	667,709	10,431,840
<i>Noncurrent Assets</i>					
Capital Assets Being Depreciated	1,268,123	199,707	--	--	1,467,830
Total Assets	1,395,577	405,380	9,431,004	667,709	11,899,670
DEFERRED OUTFLOWS OF RESOURCES					
Pension	12,520	181,589	--	--	194,109
Total Deferred Outflows of Resources	12,520	181,589	--	--	194,109
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	580	7,777	--	10,467	18,824
Accrued Liabilities	--	9,196	--	--	9,196
Due to Governmental Units	--	19,628	--	--	19,628
Total Current Liabilities	580	36,601	--	10,467	47,648
<i>Noncurrent Liabilities</i>					
Compensated Absences	--	11,760	--	--	11,760
Net Pension Liability	53,326	519,751	--	--	573,077
Total Liabilities	53,906	568,112	--	10,467	632,485
DEFERRED INFLOWS OF RESOURCES					
Pension	10,725	--	--	--	10,725
Total Deferred Inflows of Resources	10,725	--	--	--	10,725
NET POSITION					
Net Investment in Capital Assets	1,268,123	199,707	--	--	1,467,830
<i>Unrestricted</i>	75,343	(180,850)	9,431,004	657,242	9,982,739
Total Net Position	\$ 1,343,466	\$ 18,857	\$ 9,431,004	\$ 657,242	\$ 11,450,569

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

Cheboygan County
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2017

Business-type Activities - Enterprise Funds

	<u>Marina</u>	<u>Straits Regional Ride</u>	<u>Delinquent Tax</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Revenues					
Federal Sources	\$ --	\$ 151,643	\$ --	\$ --	\$ 151,643
State Sources	--	329,202	--	--	329,202
Local Sources	--	10,296	--	--	10,296
Charges for Services	344,581	296,486	104,910	375,970	1,121,947
Interest and Rentals	--	--	266,791	--	266,791
Other Revenues	529	--	--	--	529
Total Operating Revenues	<u>345,110</u>	<u>787,627</u>	<u>371,701</u>	<u>375,970</u>	<u>1,880,408</u>
Operating Expenses					
Personal Services	55,902	557,649	--	7,288	620,839
Contractual Services	--	10,714	--	58,092	68,806
Utilities	14,952	3,590	--	--	18,542
Repair and Maintenance	6,994	91,527	--	--	98,521
Other Supplies and Expenses	233,777	168,300	--	167,331	569,408
Depreciation	77,145	98,880	--	--	176,025
Total Operating Expenses	<u>388,770</u>	<u>930,660</u>	<u>--</u>	<u>232,711</u>	<u>1,552,141</u>
Operating Income (Loss)	<u>(43,660)</u>	<u>(143,033)</u>	<u>371,701</u>	<u>143,259</u>	<u>328,267</u>
Non-Operating Revenues (Expenses)					
Gain on Sale of Assets	--	1,500	--	--	1,500
Interest and Rentals	--	--	35,746	1,227	36,973
Net Non-Operating Revenues (Expenses)	<u>--</u>	<u>1,500</u>	<u>35,746</u>	<u>1,227</u>	<u>38,473</u>
Income Before Contributions and Transfers	<u>(43,660)</u>	<u>(141,533)</u>	<u>407,447</u>	<u>144,486</u>	<u>366,740</u>
Federal Capital Assistance	--	800	--	--	800
State Capital Assistance	--	200	--	--	200
Transfers In	--	88,039	31,610	--	119,649
Transfer Out	--	--	(318,765)	(106,235)	(425,000)
Change In Net Position	<u>(43,660)</u>	<u>(52,494)</u>	<u>120,292</u>	<u>38,251</u>	<u>62,389</u>
<i>Net Position at Beginning of Period</i>	1,387,126	71,351	9,310,712	618,991	11,388,180
Net Position at End of Period	<u>\$ 1,343,466</u>	<u>\$ 18,857</u>	<u>\$ 9,431,004</u>	<u>\$ 657,242</u>	<u>\$ 11,450,569</u>

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

Cheboygan County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				
	Marina	Straits Regional Ride	Delinquent Tax	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities					
Cash Received from Customers or Users	\$ 345,008	\$ 309,510	\$ 182,988	\$ 376,766	\$ 1,214,272
Cash Received from Interest and Rentals	-	-	266,791	-	266,791
Cash Received from Governmental Units	-	455,095	-	-	455,095
Cash Payments to Suppliers	(253,140)	(281,071)	-	(223,348)	(757,559)
Cash Payments to Employees	(50,094)	(527,313)	(418)	(7,910)	(585,735)
Net Cash Provided (Used) by Operating Activities	41,774	(43,779)	449,361	145,508	592,864
Cash Flows from Noncapital Financing Activities					
Transfers In	-	88,039	31,610	-	119,649
Transfers Out	-	-	(318,765)	(106,235)	(425,000)
Net Cash Provided (Used) by Noncapital Financing Activities	-	88,039	(287,155)	(106,235)	(305,351)
Cash Flows from Capital and Related Financing Activities					
Federal Capital Assistance	-	800	-	-	800
State Capital Assistance	-	200	-	-	200
Gain on Sale of Assets	-	1,500	-	-	1,500
Net Cash Provided by Capital and Related Financing Activities	-	2,500	-	-	2,500
Cash Flows from Investing Activities					
Interest Received	-	-	35,746	1,227	36,973
Net Cash Provided by Investing Activities	-	-	35,746	1,227	36,973
Net Increase in Cash and Equivalents	41,774	46,760	197,952	40,500	326,986
<i>Cash and Investments - Beginning of Year</i>	<i>65,951</i>	<i>64,370</i>	<i>7,785,850</i>	<i>576,749</i>	<i>8,492,920</i>
Cash and Investments - End of Year	\$ 107,725	\$ 111,130	\$ 7,983,802	\$ 617,249	\$ 8,819,906

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

Cheboygan County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				
	Marina	Straits Regional Ride	Delinquent Tax	Other Enterprise Funds	Total Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (43,660)	\$ (143,033)	\$ 371,701	\$ 143,259	\$ 328,267
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation	77,145	98,880	-	-	176,025
(Increase) decrease in:					
Receivables	-	13,024	78,078	796	91,898
Prepays	(20)	-	-	-	(20)
Inventories	2,573	-	-	-	2,573
Due from Governmental Units	-	(44,363)	-	-	(44,363)
Accounts Payable	30	(6,940)	-	2,075	(4,835)
Compensated Absences	-	795	-	-	795
Accrued Liabilities	-	498	(418)	(622)	(542)
Unearned Revenue	(102)	-	-	-	(102)
Due to Governmental Units	-	8,317	-	-	8,317
Pension	5,808	29,043	-	-	34,851
Net Cash Provided (Used) by Operating Activities	\$ 41,774	\$ (43,779)	\$ 449,361	\$ 145,508	\$ 592,864

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

Cheboygan County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 843,511
<i>Total Assets</i>	<u>843,511</u>
LIABILITIES	
Assets Held on Behalf of Others	843,511
<i>Total Liabilities</i>	<u>\$ 843,511</u>

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

Cheboygan County
Combining Statement of Net Position
Component Units
December 31, 2017

	<u>Road Commission</u>	<u>Cheboygan Airport Authority</u>	<u>Total Component Units</u>
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ 1,783,917	\$ 65,697	\$ 1,849,614
Receivables	1,240,603	4,018	1,244,621
Due from Governmental Units	1,294,740	--	1,294,740
Prepaid Items	79,104	30,290	109,394
Inventories	903,746	757	904,503
Total Current Assets	<u>5,302,110</u>	<u>100,762</u>	<u>5,402,872</u>
<i>Noncurrent Assets</i>			
Capital Assets not Being Depreciated	7,027,326	382,184	7,409,510
Capital Assets Being Depreciated	25,179,331	1,927,697	27,107,028
Restricted Deposits	19,793	--	19,793
Total Assets	<u>37,528,560</u>	<u>2,410,643</u>	<u>39,939,203</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	541,019	--	541,019
Total Deferred Outflows of Resources	<u>541,019</u>	<u>--</u>	<u>541,019</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	48,626	3,697	52,323
Accrued Liabilities	134,502	8,207	142,709
Accrued Interest Payable	22,300	--	22,300
Due to Governmental Units	9,652	--	9,652
Advances and Deposits	129,615	--	129,615
Current Portion of Long-term Debt	135,000	--	135,000
Total Current Liabilities	<u>479,695</u>	<u>11,904</u>	<u>491,599</u>
<i>Noncurrent Liabilities</i>			
Long-term Debt	1,715,000	--	1,715,000
Compensated Absences	235,170	--	235,170
Other Post-Employment Benefits	2,989,611	--	2,989,611
Net Pension Liability	11,022,475	--	11,022,475
Total Liabilities	<u>16,441,951</u>	<u>11,904</u>	<u>16,453,855</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for a Subsequent Year	1,201,182	--	1,201,182
Pension	185,471	--	185,471
Total Deferred Inflows of Resources	<u>1,386,653</u>	<u>--</u>	<u>1,386,653</u>
NET POSITION			
Net Investment in Capital Assets	30,393,017	2,309,881	32,702,898
<i>Unrestricted</i>	(10,152,042)	88,858	(10,063,184)
Total Net Position	<u>\$ 20,240,975</u>	<u>\$ 2,398,739</u>	<u>\$ 22,639,714</u>

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

Cheboygan County
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2017

	<u>Road Commission</u>	<u>Cheboygan Airport Authority</u>	<u>Total Component Units</u>
Expenses			
Public Works	\$ 9,278,843	\$ 303,189	\$ 9,582,032
<i>Total Expenses</i>	<u>9,278,843</u>	<u>303,189</u>	<u>9,582,032</u>
Program Revenues			
Charges for services	2,150,896	114,663	2,265,559
Operating grants and contributions	7,448,572	125,790	7,574,362
Capital grants and contributions	--	--	--
<i>Total Program Revenues</i>	<u>9,599,468</u>	<u>240,453</u>	<u>9,839,921</u>
<i>Net Program Revenues (Expenses)</i>	<u>320,625</u>	<u>(66,736)</u>	<u>257,889</u>
General Revenue			
Taxes	1,187,121	--	1,187,121
Other Revenues	116,419	--	116,419
Interest and Rentals	2,713	--	2,713
<i>Total General Revenues</i>	<u>1,306,253</u>	<u>--</u>	<u>1,306,253</u>
<i>Change in Net Position</i>	<u>1,626,878</u>	<u>(62,736)</u>	<u>1,564,142</u>
<i>Net Position at Beginning of Period</i>	<u>18,614,097</u>	<u>2,461,475</u>	<u>21,075,572</u>
<i>Net Position at End of Period</i>	<u>\$ 20,240,975</u>	<u>\$ 2,398,739</u>	<u>\$ 22,639,714</u>

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

Notes to the Financial Statements

Cheboygan County

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

Cheboygan County

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 \$226,154 for the year ended December 31, 2017. 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, 2017. 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 prorata share of the remainder, based on telephone lines. The County's share for the year ended December 31, 2017 was \$430,762. 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.

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,

Cheboygan County

Notes to the Financial Statements

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 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.

Cheboygan County

Notes to the Financial Statements

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 **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 **Senior Citizen's Millage Fund** is used to account for expenditures incurred related to the senior population of the County. The primary source of revenue is property taxes.

The **Housing Commission Fund** is used to account for expenditures incurred related to housing. The primary source of revenue are grants and principal repayments on notes the County issues.

The County reports the following major enterprise funds:

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.

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 **Marina Fund** accounts for the operation of the County marina. The primary revenue source is charges for services.

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.

Cheboygan County

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 1st and July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Lease Receivable

On December 10, 2002, the County borrowed \$3,419,000 from the United States Department of Housing and Urban Development (HUD) 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,

Cheboygan County

Notes to the Financial Statements

among other things, that the County will finance a portion of this project in anticipation of sufficient 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.

Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both governmental-wide and fund financials statements.

Land Held for Resale

Land held for resale consists of property held by the County for the purpose of selling.

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 fair market 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.

Cheboygan County

Notes to the Financial Statements

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

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 taxes levied for subsequent periods. Additionally, the County recognized unavailable revenues in its fund level balance sheets for special assessments collectible in subsequent periods and for amounts due from other governmental units for future year's debt service obligations.

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.

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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, 2016 levy, was recognized as revenue in the fiscal year 2017. The general operating tax rate for this levy was at the maximum rate of 5.7319. The County also has a voter approved tax of .4993 mills for senior services, .2500 mills for ambulance services, and .9986 mills for road repair and maintenance.

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, 2017. 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.

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.

Cheboygan County

Notes to the Financial Statements

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 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.

Cheboygan County

Notes to the Financial Statements

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 1st and lapses on December 31st. 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.

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 - Budgetary Compliance

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 did not incur any expenditures in excess of appropriations during the year ended December 31, 2017.

Cheboygan County

Notes to the Financial Statements

Note 3 - Cash, Cash Equivalents, and Investments

The County utilizes various pooled cash accounts and investments for approximately fifty (50) 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 State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) 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.

Cheboygan County

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- (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.

Following is a reconciliation of deposit and investment balances (including both pooled cash and investments) as of December 31, 2017:

	Totals
Statement of Net Position	
Cash and investments	\$ 18,870,873
Statement of Fiduciary Net Position	
Cash and investments	843,511
<i>Total Deposits and Investments</i>	<i>\$ 19,714,384</i>
Deposits and Investments	
Bank deposits	\$ 16,597,463
Certificates of deposit	2,622,902
Investments	487,564
Cash on hand	6,455
<i>Total</i>	<i>\$ 19,714,384</i>

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, \$18,840,997 of the County's bank balance of \$20,340,997 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

Cheboygan County

Notes to the Financial Statements

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, 2017, 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.

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:

	Certificates of Deposits	Investments
	<u> </u>	<u> </u>
No maturity	\$ -	\$ 487,564
Due within 1 year	400,249	-
Due within 1-5 years	2,222,653	-
	<u>\$ 2,622,902</u>	<u>\$ 487,564</u>

Concentration of Credit Risk

The County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying its investments by security type and institution to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

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

Cheboygan County

Notes to the Financial Statements

unobservable inputs.

The County has the following recurring fair value measurements as of December 31, 2017:

- Investments held within Michigan CLASS totaled \$487,564. 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 based on availability are recognized in the government-wide statements.

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

	Revenues Intended to Finance Subsequent Year	Unavailable Revenues	Total
Governmental funds			
Property taxes receivable	\$ 1,020,158	\$ 581,606	\$ 1,601,764
Special assessments	289,032	-	289,032
Leases receivable	2,430,000	-	2,430,000
Notes receivable	-	1,193,749	1,193,749
Total	\$ 3,739,190	\$ 1,775,355	\$ 5,514,545

Cheboygan County

Notes to the Financial Statements

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 the year is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 870,898
General - Termination Liability	General Fund	80,000
General - Social Services	General Fund	1,463
General - Soldier's Relief	General Fund	2,232
General - Courthouse Preservation	General Fund	40,894
General - CCE 911	General Fund	50,733
Straits Regional Ride	General Fund	88,039
General Fund	Nonmajor Governmental Funds	107,755
General Fund	Delinquent Tax	318,765
General Fund	Nonmajor Enterprise Funds	106,235
Delinquent Tax	Nonmajor Governmental Funds	31,610

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.

Inter-fund receivables and payables as reported in the financial statements are comprised of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 370,522	\$ -
Housing Commission	24,354	24,354
Nonmajor Governmental Funds	-	370,522
Total	<u>\$ 394,876</u>	<u>\$ 394,876</u>

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.

Cheboygan County

Notes to the Financial Statements

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,892,102	\$ -	\$ -	\$ 1,892,102
Construction in process	4,476	187,660	-	192,136
Subtotal	<u>1,896,578</u>	<u>187,660</u>	<u>-</u>	<u>2,084,238</u>
<i>Capital assets being depreciated:</i>				
Land improvements	540,880	-	-	540,880
Buildings and improvements	9,958,135	-	-	9,958,135
Machinery and equipment	1,663,858	24,079	-	1,687,937
Vehicles	872,664	106,110	(16,607)	962,167
Subtotal	<u>13,035,537</u>	<u>130,189</u>	<u>(16,607)</u>	<u>13,149,119</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(126,711)	(33,270)	-	(159,981)
Buildings and improvements	(5,271,091)	(273,697)	-	(5,544,788)
Machinery and equipment	(1,282,254)	(100,311)	-	(1,382,565)
Vehicles	(650,779)	(71,975)	16,607	(706,147)
Subtotal	<u>(7,330,835)</u>	<u>(479,253)</u>	<u>16,607</u>	<u>(7,793,481)</u>
Net Capital Assets Being Depreciated	<u>5,704,702</u>	<u>(349,064)</u>	<u>-</u>	<u>5,355,638</u>
Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 7,601,280</u>	<u>\$ (161,404)</u>	<u>\$ -</u>	<u>\$ 7,439,876</u>

Cheboygan County

Notes to the Financial Statements

Depreciation expense was charged to the following governmental activities:

Governmental Activities:	
Judicial	\$ 26,675
General Government	233,322
Public Safety	126,163
Public Works	29,599
Health and Welfare	47,321
Recreation and Cultural	16,173
Total Governmental Activities	<u>\$ 479,253</u>

Capital asset activity for the business-type activities for the year ended December 31, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
<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	1,248,608	-	(104,374)	1,144,234
Docks	691,940	-	-	691,940
	<u>4,117,736</u>	<u>-</u>	<u>(104,374)</u>	<u>4,013,362</u>
 <i>Less accumulated depreciation for:</i>				
Buildings and improvements	(424,278)	(16,971)	-	(441,249)
Land improvements	(592,245)	(37,892)	-	(630,137)
Machinery and equipment	(83,729)	(1,985)	-	(85,714)
Transportation equipment	(963,262)	(96,895)	104,374	(955,783)
Docks	(410,367)	(22,282)	-	(432,649)
	<u>(2,473,881)</u>	<u>(176,025)</u>	<u>104,374</u>	<u>(2,545,532)</u>
Net Capital Assets Being Depreciated	<u>1,643,855</u>	<u>(176,025)</u>	<u>-</u>	<u>1,467,830</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 1,643,855</u>	<u>\$ (176,025)</u>	<u>\$ -</u>	<u>\$ 1,467,830</u>

Cheboygan County

Notes to the Financial Statements

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

Business-type Activities:	
Marina	\$ 77,145
Straits Regional Ride	98,880
Total Business-type Activities	<u>\$ 176,025</u>

Note 7 - Capital Lease

The County leases a Pitney Bowes postage machine under a capital lease with monthly payments of \$487 with no interest. The lease qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present values are as follows:

Year Ended	
December 31	Amount
2018	\$ 5,840
2019	2,920
Total	<u>\$ 8,760</u>

Note 8 - Long-term Debt

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.

Cheboygan County

Notes to the Financial Statements

A summary of vested employee benefits payable for the primary government as of December 31, 2017, is as follows:

Primary Government	Beginning Balances	Change (net)	Ending Balances
Vacation	\$ 178,448	\$ 34,752	\$ 213,200
Sick	125,482	(9,109)	116,373
Total	\$ 303,930	\$ 25,643	\$ 329,573

Note 9 - Retirement System

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.

Benefits Provided

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
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	Hybrid, 1.25%	-	3	60	-	-	6
HB - All FT Union & Non-Union Patrol	Hybrid, 1.25%	-	3	60	55/25	-	6

Cheboygan County

Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2016 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	13
Active plan members	<u>123</u>
Total employees covered by MERS	<u>240</u>

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, 2017, the County had the following contribution rates:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
01 - General - Closed	3.50%	18.81%
02 - Sheriff - Closed	3.50%	18.92%
10 - Elected/Appointed - Closed	3.50%	14.32%
20 - Sheriff POLC - Closed	3%	17.91%
HA - General and Non-Union	0%	7.35%
HB - All FT Union & Non-Union Patrol	0%	6.42%

Net Pension Liability

The County's net pension liability was measured as of December 31, 2016 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, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.5%
- Salary Increases: 3.75% in the long-term
- Investment rate of return: 7.75%, net of investment expense, including inflation

Cheboygan County

Notes to the Financial Statements

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 8.0%. 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.

Cheboygan County

Notes to the Financial Statements

Changes in Net Pension Liability

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 26,360,537	\$ 17,559,063	\$ 8,801,474
Service cost	606,305	-	606,305
Interest	2,081,552	-	2,081,552
Difference between expected and actual experience	236,900	-	236,900
Contributions - Employer	-	1,075,037	(1,075,037)
Contributions - Employee	-	185,646	(185,646)
Net investment income	-	2,006,495	(2,006,495)
Benefit payments, including refunds	(1,288,578)	(1,288,578)	-
Administrative expenses	-	(39,589)	39,589
Other changes	(4,386)	-	(4,386)
Net changes	1,631,793	1,939,011	(307,218)
Balance at December 31, 2016	\$ 27,992,330	\$ 19,498,074	\$ 8,494,256

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:

	Current		
	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the County	\$ 11,702,554	\$ 8,494,256	\$ 5,773,896

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.

Cheboygan County

Notes to the Financial Statements

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

For the year ended December 31, 2017, the County recognized pension expense of \$1,061,875. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 537,779	\$ -
Differences between expected and actual experience	414,939	-
Changes in assumptions	751,876	-
Employer contributions to the plan subsequent to the measurement date *	1,134,796	-
Total	\$ 2,839,390	\$ -

*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, 2018.

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

Years Ending December 31	Amount
2018	\$ 613,901
2019	613,901
2020	550,306
2021	(73,514)

Note 10 - Contingent Liabilities

Primary Government

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

Cheboygan County

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

Primary Government

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, 2017, 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.

Cheboygan County

Notes to the Financial Statements

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 in governmental funds.

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

	General Fund	Senior Citizen's Millage	Inverness Township Sewer Debt	Housing Commission	Other Governmental Funds	Total Governmental Funds
Restricted						
Senior Citizens	\$ -	\$ 181,789	\$ -	\$ -	\$ -	\$ 181,789
Housing	-	-	-	202,375	-	202,375
Debt Service	-	-	5,360	-	-	5,360
	<u>-</u>	<u>181,789</u>	<u>5,360</u>	<u>202,375</u>	<u>-</u>	<u>389,524</u>
Committed						
Caseflow Assistance	102,162	-	-	-	-	102,162
Local Grants	10,714	-	-	-	-	10,714
LEPC	6,260	-	-	-	-	6,260
Capital Improvements	235,627	-	-	-	-	235,627
Drain Fund	-	-	-	-	100	100
	<u>354,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>354,863</u>
Assigned						
Family Counseling	-	-	-	-	29,423	29,423
Termination Liability	53,976	-	-	-	-	53,976
Public Act 302 Training	-	-	-	-	8,836	8,836
Courthouse Preservation	-	-	-	-	-	-
Probation Enhancement	-	-	-	-	12,095	12,095
Victim's Restitution	-	-	-	-	539	539
Remuneration Grant	-	-	-	-	22,709	22,709
Community Projects	-	-	-	-	4,865	4,865
Doris Reid Building	-	-	-	-	82,986	82,986
Recycling	-	-	-	-	188,029	188,029
Public Improvement	-	-	-	-	6,041	6,041
Register of Deeds Automation	-	-	-	-	386,823	386,823
Disaster Contingency	10,000	-	-	-	-	10,000
Sheriff Special Projects	-	-	-	-	1,672	1,672
Concealed Pistol Licensing	-	-	-	-	29,822	29,822
Local Officer Training	-	-	-	-	23,014	23,014
D.A.R.E.	-	-	-	-	2,609	2,609
Drug Court	-	-	-	-	24,990	24,990
Sobriety Court	-	-	-	-	13,435	13,435
Veterans Assistance	-	-	-	-	21,927	21,927
ORV	-	-	-	-	1,763	1,763
SAYPA	-	-	-	-	1,729	1,729
Child Care	-	-	-	-	70,236	70,236
Veterans Trust	-	-	-	-	284	284
DAV Van	-	-	-	-	600	600
DHHS Building Fund	-	-	-	-	24,030	24,030
CCE 911 Development	361,178	-	-	-	-	361,178
	<u>425,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>958,457</u>	<u>1,383,611</u>
Unassigned	<u>8,035,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,035,234</u>
Total fund balances - governmental funds	<u>\$ 8,815,151</u>	<u>\$ 181,789</u>	<u>\$ 5,360</u>	<u>\$ 202,375</u>	<u>\$ 958,557</u>	<u>\$ 10,163,232</u>

Cheboygan County

Notes to the Financial Statements

Note 13 - Tax Abatement Disclosure

Municipalities within the County have entered into tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Tax Exemption, or “IFT”) PA 198 of 1974, as amended. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50% for those businesses.

City of Cheboygan Tax Abatements

For the year ended December 31, 2017, the County’s property taxes were reduced by \$591 under this program.

Required Supplementary Information

Cheboygan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				Final to Actual
Revenues				
Taxes	\$ 8,287,498	\$ 8,287,498	\$ 8,293,874	\$ 6,376
Licenses and Permits	37,923	37,923	48,718	10,795
Federal Sources	105,484	157,237	114,523	(42,714)
State Sources	1,161,631	1,170,128	1,210,129	40,001
Local Sources	54,297	55,697	56,241	544
Charges for Services	1,185,068	1,196,889	1,302,731	105,842
Fines and Penalties	16,000	19,800	38,088	18,288
Interest and Rentals	75,334	75,334	89,273	13,939
Refunds and Reimbursements	132,944	132,944	180,764	47,820
Other Revenue	10,000	10,000	7,515	(2,485)
Total Revenues	<u>11,066,179</u>	<u>11,143,450</u>	<u>11,341,856</u>	<u>198,406</u>
Other Financing Sources				
Insurance Recoveries	--	2,594	2,594	(0)
Transfers In	467,044	785,809	708,077	(77,732)
Total Revenues and Other Financing Sources	<u>11,533,223</u>	<u>11,931,853</u>	<u>12,052,527</u>	<u>120,674</u>
Expenditures				
Legislative				
Board of Commissioners	143,637	141,067	126,212	14,855
Judicial				
Circuit Court	312,461	318,302	278,288	40,014
District Court	623,024	635,238	617,172	18,066
Victim's Rights	84,143	71,559	68,489	3,070
Jury Board	10,810	10,810	6,521	4,289
Probate Court	596,964	606,311	587,351	18,960
Total Judicial	<u>1,627,402</u>	<u>1,642,220</u>	<u>1,557,821</u>	<u>84,399</u>
General Government				
Elections	9,618	9,218	--	9,218
Finance	323,314	325,848	289,782	36,066
Administrative Office	221,776	227,785	215,090	12,695
County Clerk/Register of Deeds	447,393	447,349	434,556	12,793
Equalization	257,468	259,193	212,437	46,756
Information Systems	264,077	265,801	199,703	66,098
Prosecuting Attorney	608,258	646,057	589,852	56,205
GIS	68,605	69,237	68,906	331
Treasurer	262,257	317,514	308,687	8,827
Tax Allocation Board	950	950	--	950
Maintenance	471,834	479,050	464,886	14,164
Major Equipment and Building	143,000	83,649	50,249	33,400
Human Resources	5,895	5,895	4,883	1,012
Drain Commission	6,090	6,090	2,982	3,108
County Surveyor	1,750	1,950	1,950	--
MSU Extension	130,860	131,931	131,648	283
Soil Conservation	13,720	13,720	13,232	488
Termination Liability	80,000	80,000	26,025	53,975
Disaster Contingency	10,000	10,000	--	10,000
General	501,538	500,771	432,486	68,285
Total General Government	<u>3,828,403</u>	<u>3,882,008</u>	<u>3,447,354</u>	<u>434,654</u>

Cheboygan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
Expenditures				
Public Safety				
Sheriff	\$ 1,666,212	\$ 1,712,558	\$ 1,673,554	\$ 39,004
ORV Enforcement	19,474	19,474	17,428	2,046
CCE 911	482,095	482,095	451,024	31,071
Marine Safety	107,148	109,620	101,427	8,193
Snowmobile Safety	9,804	9,412	9,367	45
Secondary Road Patrol	75,800	77,853	74,878	2,975
Stoneward	32,100	72,376	40,192	32,184
Enforcement Grants	12,983	24,460	12,391	12,069
Local Grants	9,885	9,845	6,942	2,903
Canine Unit	10,000	10,000	6,123	3,877
Corrections/Communications	1,477,271	1,556,836	1,531,928	24,908
Emergency Management Services	82,503	82,503	82,008	495
Animal Control	155,440	155,440	152,579	2,861
Total Public Safety	4,140,715	4,322,472	4,159,841	162,631
Community and Economic Development				
Planning and Zoning	360,611	360,161	317,752	42,409
Health and Welfare				
Health Department	226,654	226,654	226,154	500
Mental Health	111,995	111,995	111,995	--
Medical Examiner	19,507	19,508	11,888	7,620
Soldier's Relief	5,220	5,220	2,232	2,988
Social Services Medical	7,400	7,400	1,463	5,937
Veteran's Services	122,725	128,867	113,425	15,442
Total Health and Welfare	493,501	499,644	467,157	32,487
Recreation and Culture				
Airport Operations	86,575	86,575	80,000	6,575
Fairgrounds and Events	47,772	47,794	36,795	10,999
Veteran's Park	7,000	7,000	--	7,000
Total Recreation and Culture	141,347	141,369	116,795	24,574
Other Expenditures				
Insurance	188,000	188,000	172,528	15,472
Other Miscellaneous	157,671	157,671	203	157,468
Total Other Expenditures	345,671	345,671	172,731	172,940
Debt Service	5,841	5,842	5,842	--
Capital Outlay	203,300	299,517	215,714	83,803
Total Expenditures	11,290,428	11,639,973	10,587,219	1,052,754
Other Financing Uses				
Transfers Out	1,074,907	1,506,580	1,134,259	372,321
Total Expenditures and Other Financing Uses	12,365,335	13,146,552	11,721,478	1,425,074
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	(832,112)	(1,214,699)	331,049	1,545,748
Net Change in Fund Balance	(832,112)	(1,214,699)	331,049	1,545,748
<i>Fund Balance at Beginning of Period</i>	8,484,102	8,484,102	8,484,102	--
Fund Balance at End of Period	\$ 7,651,990	\$ 7,269,403	\$ 8,815,151	\$ 1,545,748

Cheboygan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Senior Citizen's Millage
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 678,439	\$ 678,439	\$ 673,662	\$ (4,777)
<i>Total Revenues</i>	<u>678,439</u>	<u>678,439</u>	<u>673,662</u>	<u>(4,777)</u>
Expenditures				
Health and Welfare	678,439	678,439	640,053	38,386
<i>Total Expenditures</i>	<u>678,439</u>	<u>678,439</u>	<u>640,053</u>	<u>38,386</u>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over Expenditures</i>	--	--	33,609	33,609
<i>Net Change in Fund Balance</i>	--	--	33,609	33,609
<i>Fund Balance at Beginning of Period</i>	148,180	148,180	148,180	--
<i>Fund Balance at End of Period</i>	<u>\$ 148,180</u>	<u>\$ 148,180</u>	<u>\$ 181,789</u>	<u>\$ 33,609</u>

Cheboygan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Inverness Township Sewer Debt
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Local Sources	\$ 214,094	\$ 214,094	\$ 211,781	\$ (2,313)
Interest and Rentals	--	--	5	5
Total Revenues	<u>214,094</u>	<u>214,094</u>	<u>211,786</u>	<u>(2,308)</u>
Expenditures				
Debt Service	214,094	214,094	211,781	2,313
Total Expenditures	<u>214,094</u>	<u>214,094</u>	<u>211,781</u>	<u>2,313</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	5	5
Net Change in Fund Balance	--	--	<u>5</u>	<u>5</u>
Fund Balance at Beginning of Period	5,355	5,355	5,355	--
Fund Balance at End of Period	<u>\$ 5,355</u>	<u>\$ 5,355</u>	<u>\$ 5,360</u>	<u>\$ 5</u>

Cheboygan County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Housing Commission
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Federal Sources	\$ 186,440	\$ 186,440	\$ 158,502	\$ (27,938)
Other Revenue	4,700	4,700	35,205	30,505
Interest and Rentals	--	--	125	125
<i>Total Revenues</i>	<u>191,140</u>	<u>191,140</u>	<u>193,832</u>	<u>2,692</u>
Expenditures				
Health and Welfare	319,140	319,140	192,345	126,795
<i>Total Expenditures</i>	<u>319,140</u>	<u>319,140</u>	<u>192,345</u>	<u>126,795</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>(128,000)</u>	<u>(128,000)</u>	<u>1,487</u>	<u>129,487</u>
<i>Net Change in Fund Balance</i>	<u>(128,000)</u>	<u>(128,000)</u>	<u>1,487</u>	<u>129,487</u>
<i>Fund Balance at Beginning of Period</i>	200,888	200,888	200,888	--
<i>Fund Balance at End of Period</i>	<u>\$ 72,888</u>	<u>\$ 72,888</u>	<u>\$ 202,375</u>	<u>\$ 129,487</u>

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

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 606,305	\$ 641,356	\$ 593,125
Interest	2,081,552	1,860,889	1,808,149
Differences Between Expected & Actual Experience	236,900	163,725	-
Changes in Assumptions	-	1,253,128	-
Benefit Payments, Including Refunds	(1,288,578)	(1,114,294)	(1,048,189)
Other Changes	(4,386)	58,153	-
Net Change in Pension Liability	<u>1,631,793</u>	<u>2,862,957</u>	<u>1,353,085</u>
<i>Total Pension Liability - Beginning</i>	<u>26,360,537</u>	<u>23,497,580</u>	<u>22,144,495</u>
Total Pension Liability - Ending (a)	<u>\$ 27,992,330</u>	<u>\$ 26,360,537</u>	<u>\$ 23,497,580</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,075,037	\$ 793,069	\$ 723,370
Contributions - Member	185,646	309,950	178,124
Net Investment Income	2,006,495	(273,612)	1,078,034
Benefit Payments, Including Refunds	(1,288,578)	(1,114,294)	(1,048,189)
Administrative Expenses	(39,589)	(39,544)	(39,659)
Net Change in Plan Fiduciary Net Position	<u>1,939,011</u>	<u>(324,431)</u>	<u>891,680</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>17,559,063</u>	<u>17,883,494</u>	<u>16,991,814</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,498,074</u>	<u>\$ 17,559,063</u>	<u>\$ 17,883,494</u>
Net Pension Liability - Ending (a) - (b)	\$ 8,494,256	\$ 8,801,474	\$ 5,614,086
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.66%	66.61%	76.11%
Covered Employee Payroll	\$ 5,057,284	\$ 5,595,966	\$ 5,171,109
Net Pension Liability as a Percentage of Covered Employee Payroll	167.96%	157.28%	108.57%

* Built prospectively upon implementation on GASB 68

**Cheboygan County
Required Supplementary Information
Schedule of Contributions
Last Four Fiscal Years**

	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,134,796	\$ 825,037	\$ 748,069	\$ 723,370
Contributions in Relation to the Actuarially Determined Contribution	1,134,796	1,075,037	793,069	723,370
Contribution Excess (Deficiency)	\$ -	\$ 250,000	\$ 45,000	\$ -
Covered Employee Payroll	5,807,595	5,057,284	5,595,966	5,171,109
Contributions as a Percentage of Covered Employee Payroll	20%	21%	14%	14%

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	20-23 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

Combining and Individual Fund Statements and Schedules

Cheboygan County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2017

	General Fund	Termination Liability	Disaster Contingency	Courthouse Preservation	CCE 911 Capital	Social Services	Soldier's Relief	Total General Funds
ASSETS								
Cash and Equivalents	\$ 8,251,484	\$ 54,778	\$ 10,000	\$ --	\$ 361,178	\$ 139	\$ --	\$ 8,677,579
Receivables	146,133	--	--	--	--	--	--	146,133
Taxes Receivable	466,509	--	--	--	--	--	--	466,509
Due from Other Governments	25,717	--	--	--	--	--	--	25,717
Due from Other Funds	394,876	--	--	--	--	--	--	394,876
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 9,284,719</u>	<u>\$ 54,778</u>	<u>\$ 10,000</u>	<u>\$ --</u>	<u>\$ 361,178</u>	<u>\$ 139</u>	<u>\$ --</u>	<u>\$ 9,710,814</u>
LIABILITIES								
Accounts Payable	\$ 105,099	\$ --	\$ --	\$ --	\$ --	\$ 139	\$ --	\$ 105,238
Accrued Liabilities	147,462	802	--	--	--	--	--	148,264
Unearned Revenue	60,555	--	--	--	--	--	--	60,555
<i>Total Liabilities</i>	<u>313,116</u>	<u>802</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>139</u>	<u>--</u>	<u>314,057</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenues	581,606	--	--	--	--	--	--	581,606
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>894,722</u>	<u>802</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>139</u>	<u>--</u>	<u>895,663</u>
FUND BALANCE								
Committed	354,763	--	--	--	--	--	--	354,763
Assigned	--	53,976	10,000	--	361,178	--	--	425,154
Unassigned	8,035,234	--	--	--	--	--	--	8,035,234
<i>Total Fund Balance</i>	<u>8,389,997</u>	<u>53,976</u>	<u>10,000</u>	<u>--</u>	<u>361,178</u>	<u>--</u>	<u>--</u>	<u>8,815,151</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 9,284,719</u>	<u>\$ 54,778</u>	<u>\$ 10,000</u>	<u>\$ --</u>	<u>\$ 361,178</u>	<u>\$ 139</u>	<u>\$ --</u>	<u>\$ 9,710,814</u>

Cheboygan County
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Funds Treated as General
For the Year Ended December 31, 2017

	<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>Total General Funds</u>
Revenues								
Taxes	\$ 8,293,874	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,293,874
Licenses and Permits	48,718	--	--	--	--	--	--	48,718
Federal Sources	114,523	--	--	--	--	--	--	114,523
State Sources	1,210,129	--	--	--	--	--	--	1,210,129
Local Sources	56,241	--	--	--	--	--	--	56,241
Charges for Services	1,302,731	--	--	--	--	--	--	1,302,731
Fines and Penalties	38,088	--	--	--	--	--	--	38,088
Refunds and Reimbursement	180,764	--	--	--	--	--	--	180,764
Other Revenues	7,415	--	--	100	--	--	--	7,515
Interest and Rentals	89,273	--	--	--	--	--	--	89,273
Total Revenues	<u>11,341,756</u>	<u>--</u>	<u>--</u>	<u>100</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,341,856</u>
Expenditures								
Legislative	126,212	--	--	--	--	--	--	126,212
Judicial	1,557,821	--	--	--	--	--	--	1,557,821
General Government	3,421,329	26,025	--	--	--	--	--	3,447,354
Public Safety	4,140,108	--	--	--	19,733	--	--	4,159,841
Health and Welfare	463,462	--	--	--	--	1,463	2,232	467,157
Community and Economic Development	317,752	--	--	--	--	--	--	317,752
Recreation and Culture	116,795	--	--	--	--	--	--	116,795
Other Expenditures	172,731	--	--	--	--	--	--	172,731
Capital Outlay	155,188	--	--	60,526	--	--	--	215,714
Debt Service - Principal	5,842	--	--	--	--	--	--	5,842
Total Expenditures	<u>10,477,240</u>	<u>26,025</u>	<u>--</u>	<u>60,526</u>	<u>19,733</u>	<u>1,463</u>	<u>2,232</u>	<u>10,587,219</u>
Excess of Revenues Over (Under) Expenditures	<u>864,516</u>	<u>(26,025)</u>	<u>--</u>	<u>(60,426)</u>	<u>(19,733)</u>	<u>(1,463)</u>	<u>(2,232)</u>	<u>754,637</u>
Other Financing Sources (Uses)								
Insurance Recoveries	2,594	--	--	--	--	--	--	2,594
Transfers In	532,755	80,000	--	40,894	50,733	1,463	2,232	708,077
Transfer Out	(1,134,259)	--	--	--	--	--	--	(1,134,259)
Net Other Financing Sources (Uses)	<u>(598,910)</u>	<u>80,000</u>	<u>--</u>	<u>40,894</u>	<u>50,733</u>	<u>1,463</u>	<u>2,232</u>	<u>(423,588)</u>
Net Change in Fund Balance	265,606	53,975	--	(19,532)	31,000	--	--	331,049
Fund Balance at Beginning of Period	8,124,391	1	10,000	19,532	330,178	--	--	8,484,102
Fund Balance at End of Period	\$ 8,389,997	\$ 53,976	\$ 10,000	\$ --	\$ 361,178	\$ --	\$ --	\$ 8,815,151

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue						
	Family Counseling	PA 302 Training	Public Act 106	Probation Enhancement	Victim's Restitution	Remonumentation Grant	Community Projects
ASSETS							
Cash and Investments	\$ 29,423	\$ 8,836	\$ --	\$ 12,145	\$ 539	\$ --	\$ 4,865
Receivables	--	--	--	--	--	27,341	--
Taxes Receivable	--	--	--	--	--	--	--
Due from Other Governments	--	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 29,423</u>	<u>\$ 8,836</u>	<u>\$ --</u>	<u>\$ 12,145</u>	<u>\$ 539</u>	<u>\$ 27,341</u>	<u>\$ 4,865</u>
LIABILITIES							
Accounts Payable	\$ --	\$ --	\$ --	\$ 50	\$ --	\$ --	\$ --
Accrued Liabilities	--	--	--	--	--	--	--
Due to Governmental Units	--	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to Other Funds	--	--	--	--	--	4,632	--
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>50</u>	<u>--</u>	<u>4,632</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES							
Revenues Intended to Finance a Subsequent Year	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>50</u>	<u>--</u>	<u>4,632</u>	<u>--</u>
FUND BALANCE							
Committed	--	--	--	--	--	--	--
Assigned	29,423	8,836	--	12,095	539	22,709	4,865
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>29,423</u>	<u>8,836</u>	<u>--</u>	<u>12,095</u>	<u>539</u>	<u>22,709</u>	<u>4,865</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 29,423</u>	<u>\$ 8,836</u>	<u>\$ --</u>	<u>\$ 12,145</u>	<u>\$ 539</u>	<u>\$ 27,341</u>	<u>\$ 4,865</u>

**Cheboygan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue						
	Friend of the Court	Ambulance Millage	Doris Reid Building	Recycling	Cellular Phone	911 4% Surcharge	DNR Forest Flow Through
ASSETS							
Cash and Investments	\$ --	\$ --	\$ 83,260	\$ 191,212	\$ --	\$ 137	\$ --
Receivables	57,073	1,398	786	302,063	--	--	--
Taxes Receivable	--	342,034	--	--	--	--	--
Due from Other Governments	20,942	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 78,015</u>	<u>\$ 343,432</u>	<u>\$ 84,046</u>	<u>\$ 493,275</u>	<u>\$ --</u>	<u>\$ 137</u>	<u>\$ --</u>
LIABILITIES							
Accounts Payable	\$ 1,495	\$ --	\$ 580	\$ 15,205	\$ --	\$ 137	\$ --
Accrued Liabilities	7,674	--	--	1,009	--	--	--
Due to Governmental Units	--	--	--	--	--	--	--
Unearned Revenue	--	--	480	--	--	--	--
Due to Other Funds	68,846	1,398	--	--	--	--	--
<i>Total Liabilities</i>	<u>78,015</u>	<u>1,398</u>	<u>1,060</u>	<u>16,214</u>	<u>--</u>	<u>137</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES							
Revenues Intended to Finance a Subsequent Year	--	342,034	--	289,032	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>78,015</u>	<u>343,432</u>	<u>1,060</u>	<u>305,246</u>	<u>--</u>	<u>137</u>	<u>--</u>
FUND BALANCE							
Committed	--	--	--	--	--	--	--
Assigned	--	--	82,986	188,029	--	--	--
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>--</u>	<u>--</u>	<u>82,986</u>	<u>188,029</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 78,015</u>	<u>\$ 343,432</u>	<u>\$ 84,046</u>	<u>\$ 493,275</u>	<u>\$ --</u>	<u>\$ 137</u>	<u>\$ --</u>

**Cheboygan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue						
	Public Improvement	Building Department	Register of Deeds Automation	Sheriff Special Projects	Concealed Pistol	Local Officer Training	DARE
ASSETS							
Cash and Investments	\$ 6,041	\$ 6,669	\$ 386,892	\$ 1,672	\$ 29,822	\$ 23,320	\$ 2,609
Receivables	--	--	--	--	--	--	--
Taxes Receivable	--	--	--	--	--	--	--
Due from Other Governments	--	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 6,041</u>	<u>\$ 6,669</u>	<u>\$ 386,892</u>	<u>\$ 1,672</u>	<u>\$ 29,822</u>	<u>\$ 23,320</u>	<u>\$ 2,609</u>
LIABILITIES							
Accounts Payable	\$ --	\$ 561	\$ --	\$ --	\$ --	\$ 306	\$ --
Accrued Liabilities	--	6,108	69	--	--	--	--
Due to Governmental Units	--	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to Other Funds	--	--	--	--	--	--	--
<i>Total Liabilities</i>	<u>--</u>	<u>6,669</u>	<u>69</u>	<u>--</u>	<u>--</u>	<u>306</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES							
Revenues Intended to Finance a Subsequent Year	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>6,669</u>	<u>69</u>	<u>--</u>	<u>--</u>	<u>306</u>	<u>--</u>
FUND BALANCE							
Committed	--	--	--	--	--	--	--
Assigned	6,041	--	386,823	1,672	29,822	23,014	2,609
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>6,041</u>	<u>--</u>	<u>386,823</u>	<u>1,672</u>	<u>29,822</u>	<u>23,014</u>	<u>2,609</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 6,041</u>	<u>\$ 6,669</u>	<u>\$ 386,892</u>	<u>\$ 1,672</u>	<u>\$ 29,822</u>	<u>\$ 23,320</u>	<u>\$ 2,609</u>

**Cheboygan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue						
	Drug Court	Sobriety Court	Law Library	Veteran's Assistance	SAYPA Program	Child Care	Veteran's Trust
ASSETS							
Cash and Investments	\$ 7,957	\$ 13,550	\$ 1,129	\$ 21,927	\$ --	\$ 178,372	\$ 284
Receivables	21,168	--	--	--	12,446	--	--
Taxes Receivable	--	--	--	--	--	--	--
Due from Other Governments	--	--	--	--	73,608	--	--
Total Assets	\$ 29,125	\$ 13,550	\$ 1,129	\$ 21,927	\$ 86,054	\$ 178,372	\$ 284
LIABILITIES							
Accounts Payable	\$ 2,884	\$ 115	\$ 1,129	\$ --	\$ --	\$ 36,867	\$ --
Accrued Liabilities	1,251	--	--	--	298	4,475	--
Due to Governmental Units	--	--	--	--	--	66,794	--
Unearned Revenue	--	--	--	--	--	--	--
Due to Other Funds	--	--	--	--	84,027	--	--
Total Liabilities	4,135	115	1,129	--	84,325	108,136	--
DEFERRED INFLOWS OF RESOURCES							
Revenues Intended to Finance a Subsequent Year	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	4,135	115	1,129	--	84,325	108,136	--
FUND BALANCE							
Committed	--	--	--	--	--	--	--
Assigned	24,990	13,435	--	21,927	1,729	70,236	284
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	24,990	13,435	--	21,927	1,729	70,236	284
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 29,125	\$ 13,550	\$ 1,129	\$ 21,927	\$ 86,054	\$ 178,372	\$ 284

**Cheboygan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue					
	Senior Citizens Busing	DAV Van	County Fair	Sheriff Work Crew	ORV Fund	Township Road Loan Program
ASSETS						
Cash and Investments	\$ --	\$ 600	\$ 11,853	\$ --	\$ 1,763	\$ --
Receivables	--	--	--	600	--	--
Taxes Receivable	--	--	--	--	--	--
Due from Other Governments	--	--	--	--	--	200,000
Total Assets	\$ --	\$ 600	\$ 11,853	\$ 600	\$ 1,763	\$ 200,000
LIABILITIES						
Accounts Payable	\$ --	\$ --	\$ 193	\$ --	\$ --	\$ --
Accrued Liabilities	--	--	227	414	--	--
Due to Governmental Units	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--
Due to Other Funds	--	--	11,433	186	--	200,000
Total Liabilities	--	--	11,853	600	--	200,000
DEFERRED INFLOWS OF RESOURCES						
Revenues Intended to Finance a Subsequent Year	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	--	--	11,853	600	--	200,000
FUND BALANCE						
Committed	--	--	--	--	--	--
Assigned	--	600	--	--	1,763	--
Unassigned	--	--	--	--	--	--
Total Fund Balance	--	600	--	--	1,763	--
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ --	\$ 600	\$ 11,853	\$ 600	\$ 1,763	\$ 200,000

**Cheboygan County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	<u>Capital Projects</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>DHHS Building</u>	<u>Revolving Drain Fund</u>	<u>Doris Reid Capital Project</u>	<u>Animal Control Project</u>	
ASSETS					
Cash and Investments	\$ 24,030	\$ 100	\$ 6,047	\$ 5,790	\$ 1,060,844
Receivables	--	--	--	--	422,875
Taxes Receivable	--	--	--	--	342,034
Due from Other Governments	--	--	--	--	294,550
<i>Total Assets</i>	<u>\$ 24,030</u>	<u>\$ 100</u>	<u>\$ 6,047</u>	<u>\$ 5,790</u>	<u>\$ 2,120,303</u>
LIABILITIES					
Accounts Payable	\$ --	\$ --	\$ 6,047	\$ 5,790	\$ 71,359
Accrued Liabilities	--	--	--	--	21,525
Due to Governmental Units	--	--	--	--	66,794
Unearned Revenue	--	--	--	--	480
Due to Other Funds	--	--	--	--	370,522
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>6,047</u>	<u>5,790</u>	<u>530,680</u>
DEFERRED INFLOWS OF RESOURCES					
Revenues Intended to Finance a Subsequent Year	--	--	--	--	631,066
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>--</u>	<u>6,047</u>	<u>5,790</u>	<u>1,161,746</u>
FUND BALANCE					
Committed	--	100	--	--	100
Assigned	24,030	--	--	--	958,457
Unassigned	--	--	--	--	--
<i>Total Fund Balance</i>	<u>24,030</u>	<u>100</u>	<u>--</u>	<u>--</u>	<u>958,557</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 24,030</u>	<u>\$ 100</u>	<u>\$ 6,047</u>	<u>\$ 5,790</u>	<u>\$ 2,120,303</u>

Cheboygan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue						
	Family Counseling	PA 302 Training	Public Act 106	Probation Enhancement	Victim's Restitution	Remonumentatio n Grant	Community Projects
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--
State Sources	--	3,607	137,796	--	--	45,195	--
Local Sources	--	--	--	--	--	--	--
Contributions	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	--	--
Fines and Penalties	--	--	--	1,178	--	--	--
Other Revenues	2,860	--	--	--	357	--	500
Interest and Rentals	--	--	--	--	--	--	--
Total Revenues	<u>2,860</u>	<u>3,607</u>	<u>137,796</u>	<u>1,178</u>	<u>357</u>	<u>45,195</u>	<u>500</u>
Expenditures							
Judicial	--	--	--	--	--	--	--
General Government	--	--	137,796	--	--	45,795	--
Public Safety	--	4,383	--	3,398	--	--	1,034
Health and Welfare	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>4,383</u>	<u>137,796</u>	<u>3,398</u>	<u>--</u>	<u>45,795</u>	<u>1,034</u>
Excess of Revenues Over (Under) Expenditures	<u>2,860</u>	<u>(776)</u>	<u>--</u>	<u>(2,220)</u>	<u>357</u>	<u>(600)</u>	<u>(534)</u>
Other Financing Sources (Uses)							
Transfers In	--	--	--	--	--	--	--
Transfer Out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>2,860</u>	<u>(776)</u>	<u>--</u>	<u>(2,220)</u>	<u>357</u>	<u>(600)</u>	<u>(534)</u>
Fund Balance at Beginning of Period	26,563	9,612	--	14,315	182	23,309	5,399
Fund Balance at End of Period	<u>\$ 29,423</u>	<u>\$ 8,836</u>	<u>\$ --</u>	<u>\$ 12,095</u>	<u>\$ 539</u>	<u>\$ 22,709</u>	<u>\$ 4,865</u>

Cheboygan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue						
	Friend of the Court	Ambulance Millage	Doris Reid Building	Recycling	Cellular Phone	911 4% Surcharge	DNR Forest Flow Through
Revenues							
Taxes	\$ --	\$ 336,950	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--
Federal Sources	311,726	--	--	--	--	--	3,218
State Sources	39,359	--	--	--	--	--	--
Local Sources	56,469	--	--	12,750	--	--	--
Contributions	--	--	--	--	--	--	--
Charges for Services	22,249	--	--	306,495	--	--	--
Fines and Penalties	--	--	--	--	--	--	--
Other Revenues	--	--	--	--	152,169	163,245	--
Interest and Rentals	--	--	83,760	--	--	--	--
Total Revenues	<u>429,803</u>	<u>336,950</u>	<u>83,760</u>	<u>319,245</u>	<u>152,169</u>	<u>163,245</u>	<u>3,218</u>
Expenditures							
Judicial	495,333	--	--	--	--	--	--
General Government	--	--	27,366	264,877	--	--	--
Public Safety	--	--	--	--	152,169	163,245	--
Health and Welfare	--	336,950	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	3,218
Capital Outlay	--	--	--	--	--	--	--
Total Expenditures	<u>495,333</u>	<u>336,950</u>	<u>27,366</u>	<u>264,877</u>	<u>152,169</u>	<u>163,245</u>	<u>3,218</u>
Excess of Revenues Over (Under) Expenditures	<u>(65,530)</u>	<u>--</u>	<u>56,394</u>	<u>54,368</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources (Uses)							
Transfers In	65,530	--	--	--	--	--	--
Transfer Out	--	--	(43,764)	--	--	--	--
Net Other Financing Sources (Uses)	<u>65,530</u>	<u>--</u>	<u>(43,764)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>12,630</u>	<u>54,368</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance at Beginning of Period	<u>--</u>	<u>--</u>	<u>70,356</u>	<u>133,661</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 82,986</u>	<u>\$ 188,029</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Cheboygan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue						
	Public Improvement	Building Department	Register of Deeds Automation	Sheriff Special Projects	Concealed Pistol	Local Officer Training	DARE
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	14,564	--	--
Federal Sources	--	--	--	--	--	--	--
State Sources	--	--	--	--	--	--	--
Local Sources	--	--	--	--	--	--	--
Contributions	--	--	--	--	--	--	--
Charges for Services	--	392,419	34,430	200	--	8,039	--
Fines and Penalties	--	--	--	--	--	--	--
Other Revenues	--	--	--	--	--	--	--
Interest and Rentals	--	--	374	--	22	--	--
Total Revenues	<u>--</u>	<u>392,419</u>	<u>34,804</u>	<u>200</u>	<u>14,586</u>	<u>8,039</u>	<u>--</u>
Expenditures							
Judicial	--	--	--	--	--	--	--
General Government	--	--	17,573	--	--	--	--
Public Safety	--	465,751	--	448	--	7,817	321
Health and Welfare	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>465,751</u>	<u>17,573</u>	<u>448</u>	<u>--</u>	<u>7,817</u>	<u>321</u>
Excess of Revenues Over (Under) Expenditures	<u>--</u>	<u>(73,332)</u>	<u>17,231</u>	<u>(248)</u>	<u>14,586</u>	<u>222</u>	<u>(321)</u>
Other Financing Sources (Uses)							
Transfers In	--	73,331	--	--	--	--	--
Transfer Out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>73,331</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>--</u>	<u>(1)</u>	<u>17,231</u>	<u>(248)</u>	<u>14,586</u>	<u>222</u>	<u>(321)</u>
Fund Balance at Beginning of Period	<u>6,041</u>	<u>1</u>	<u>369,592</u>	<u>1,920</u>	<u>15,236</u>	<u>22,792</u>	<u>2,930</u>
Fund Balance at End of Period	<u>\$ 6,041</u>	<u>\$ --</u>	<u>\$ 386,823</u>	<u>\$ 1,672</u>	<u>\$ 29,822</u>	<u>\$ 23,014</u>	<u>\$ 2,609</u>

Cheboygan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue						
	Drug Court	Sobriety Court	Law Library	Veteran's Assistance	SAYPA Program	Child Care	Veteran's Trust
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--
Federal Sources	90,957	--	--	--	12,446	--	--
State Sources	3,787	--	--	--	--	627,211	--
Local Sources	--	--	--	--	--	--	--
Contributions	500	--	--	247	73,708	--	--
Charges for Services	3,523	6,334	--	--	--	8,549	--
Fines and Penalties	--	--	--	--	--	--	--
Other Revenues	--	--	3,500	--	--	--	594
Interest and Rentals	--	--	--	--	--	--	--
Total Revenues	98,767	6,334	3,500	247	86,154	635,760	594
Expenditures							
Judicial	102,849	5,462	13,330	--	--	--	--
General Government	--	--	--	--	--	--	--
Public Safety	--	--	--	--	--	--	--
Health and Welfare	--	--	--	1,110	16,468	1,239,578	761
Recreation and Culture	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
Total Expenditures	102,849	5,462	13,330	1,110	16,468	1,239,578	761
Excess of Revenues Over (Under) Expenditures	(4,082)	872	(9,830)	(863)	69,686	(603,818)	(167)
Other Financing Sources (Uses)							
Transfers In	14,873	--	9,830	--	--	613,846	--
Transfer Out	(9,621)	--	--	--	(75,823)	--	--
Net Other Financing Sources (Uses)	5,252	--	9,830	--	(75,823)	613,846	--
Net Change in Fund Balance	1,170	872	--	(863)	(6,137)	10,028	(167)
Fund Balance at Beginning of Period	23,820	12,563	--	22,790	7,866	60,208	451
Fund Balance at End of Period	\$ 24,990	\$ 13,435	\$ --	\$ 21,927	\$ 1,729	\$ 70,236	\$ 284

Cheboygan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	<u>Senior Citizens</u>			<u>Sheriff Work</u>			<u>Township Road</u>
	<u>Busing</u>	<u>DAV Van</u>	<u>County Fair</u>	<u>Crew</u>	<u>ORV Fund</u>		<u>Loan Program</u>
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--
State Sources	25,000	--	--	--	--	--	--
Local Sources	--	--	--	--	--	--	--
Contributions	--	--	--	--	--	--	--
Charges for Services	--	--	162,446	10,703	--	--	--
Fines and Penalties	--	--	--	--	--	--	--
Other Revenues	--	--	1,823	--	--	--	--
Interest and Rentals	--	--	--	--	--	--	--
Total Revenues	<u>25,000</u>	<u>--</u>	<u>164,269</u>	<u>10,703</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures							
Judicial	--	--	--	--	--	--	--
General Government	--	--	--	--	--	--	--
Public Safety	--	--	--	25,688	--	--	--
Health and Welfare	25,000	--	--	--	--	--	--
Recreation and Culture	--	--	165,485	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
Total Expenditures	<u>25,000</u>	<u>--</u>	<u>165,485</u>	<u>25,688</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of Revenues Over							
(Under) Expenditures	--	--	(1,216)	(14,985)	--	--	--
Other Financing Sources (Uses)							
Transfers In	--	--	11,370	14,985	--	--	--
Transfer Out	--	--	(10,157)	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>1,213</u>	<u>14,985</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	--	--	(3)	--	--	--	--
Fund Balance at Beginning of Period	--	600	3	--	1,763	--	--
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ 600</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,763</u>	<u>\$ --</u>	<u>\$ --</u>

Cheboygan County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Capital Projects				Total Nonmajor Governmental Funds
	DHHS Building	Revolving Drain Fund	Doris Reid Capital Project	Animal Control Project	
Revenues					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 336,950
Licenses and Permits	--	--	--	--	14,564
Federal Sources	--	--	--	--	418,347
State Sources	--	--	--	--	881,955
Local Sources	--	--	--	--	69,219
Contributions	--	--	--	35,002	109,457
Charges for Services	--	--	--	--	955,387
Fines and Penalties	--	--	--	--	1,178
Other Revenues	--	--	--	--	325,048
Interest and Rentals	18,800	--	--	--	102,956
Total Revenues	18,800	--	--	35,002	3,215,061
Expenditures					
Judicial	--	--	--	--	616,974
General Government	--	--	--	--	493,407
Public Safety	--	--	--	--	824,254
Health and Welfare	--	--	--	--	1,619,867
Recreation and Culture	--	--	--	--	168,703
Capital Outlay	--	--	44,006	58,129	102,135
Total Expenditures	--	--	44,006	58,129	3,825,340
Excess of Revenues Over (Under) Expenditures	18,800	--	(44,006)	(23,127)	(610,279)
Other Financing Sources (Uses)					
Transfers In	--	--	44,006	23,127	870,898
Transfer Out	--	--	--	--	(139,365)
Net Other Financing Sources (Uses)	--	--	44,006	23,127	731,533
Net Change in Fund Balance	18,800	--	--	--	121,254
<i>Fund Balance at Beginning of Period</i>	5,230	100	--	--	837,303
Fund Balance at End of Period	\$ 24,030	\$ 100	\$ --	\$ --	\$ 958,557

Cheboygan County
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2017

	Enterprise		Total Enterprise Funds
	Tax Foreclosure	Jail Commissary	
ASSETS			
<i>Current Assets</i>			
Cash and Equivalents	\$ 574,530	\$ 42,719	\$ 617,249
Land Held for Resale	50,460	--	50,460
Total Assets	624,990	42,719	667,709
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	--	10,467	10,467
Total Liabilities	--	10,467	10,467
NET POSITION			
<i>Unrestricted</i>	624,990	32,252	657,242
Total Net Position	\$ 624,990	\$ 32,252	\$ 657,242

Cheboygan County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Tax Foreclosure</u>	<u>Jail Commissary</u>	
Operating Revenues			
Charges for Services	\$ 222,612	\$ 153,358	\$ 375,970
<i>Total Operating Revenues</i>	<u>222,612</u>	<u>153,358</u>	<u>375,970</u>
Operating Expenses			
Personal Services	7,288	--	7,288
Contractual Services	58,092	--	58,092
Other Supplies and Expenses	20,940	146,391	167,331
<i>Total Operating Expenses</i>	<u>86,320</u>	<u>146,391</u>	<u>232,711</u>
<i>Operating Income (Loss)</i>	<u>136,292</u>	<u>6,967</u>	<u>143,259</u>
Non-Operating Revenues (Expenses)			
Interest and Rentals	1,227	--	1,227
<i>Net Non-Operating Revenues (Expenses)</i>	<u>1,227</u>	<u>--</u>	<u>1,227</u>
Transfers	137,519	6,967	144,486
Transfers In	--	--	--
Transfer Out	(106,235)	--	(106,235)
<i>Change In Net Position</i>	<u>31,284</u>	<u>6,967</u>	<u>38,251</u>
<i>Net Position at Beginning of Period</i>	593,706	25,285	618,991
<i>Net Position at End of Period</i>	<u>\$ 624,990</u>	<u>\$ 32,252</u>	<u>\$ 657,242</u>

Cheboygan County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Tax Foreclosure</u>	<u>Jail Commissary</u>	
Cash Flows from Operating Activities			
Cash Received from Customers or Users	\$ 223,408	\$ 153,358	\$ 376,766
Cash Payments to Suppliers	(79,032)	(144,316)	(223,348)
Cash Payments to Employees	(7,910)	-	(7,910)
Net Cash Provided (Used) by Operating Activities	<u>136,466</u>	<u>9,042</u>	<u>145,508</u>
Cash Flows from Noncapital Financing Activities			
Transfers Out	(106,235)	-	(106,235)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(106,235)</u>	<u>-</u>	<u>(106,235)</u>
Cash Flows from Investing Activities			
Interest received	1,227	-	1,227
Net Cash Provided by Investing Activities	<u>1,227</u>	<u>-</u>	<u>1,227</u>
Net Increase (Decrease) in Cash and Equivalents	31,458	9,042	40,500
<i>Cash and Equivalents - Beginning of Year</i>	543,072	33,677	576,749
Cash and Equivalents - End of Year	<u>\$ 574,530</u>	<u>\$ 42,719</u>	<u>\$ 617,249</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ 136,292	\$ 6,967	\$ 143,259
Adjustments to Reconcile Operating Income to Net Cash			
Provided (Used) by Operating Activities			
(Increase) decrease in:			
Receivables	796	-	796
Accounts Payable	-	2,075	2,075
Accrued Liabilities	(622)	-	(622)
Net Cash Provided by Operating Activities	<u>\$ 136,466</u>	<u>\$ 9,042</u>	<u>\$ 145,508</u>

Cheboygan County
Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Agency					
	T & A	Friend of the Court Agency	Library	District Court	Inmate Trust Fund	Total
ASSETS						
Cash and Equivalents	\$ 678,852	\$ 200	\$ 146,939	\$ 5,254	\$ 12,266	\$ 843,511
<i>Total Assets</i>	678,852	200	146,939	5,254	12,266	843,511
LIABILITIES						
Assets Held on Behalf of Others	678,852	200	146,939	5,254	12,266	843,511
<i>Total Liabilities</i>	\$ 678,852	\$ 200	\$ 146,939	\$ 5,254	\$ 12,266	\$ 843,511



**CHEBOYGAN COUNTY, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED DECEMBER 31, 2017**

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

June 26, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 26, 2018, 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
June 26, 2018

Cheboygan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Passed-through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Pass-through programs from the Michigan Department of Natural Resources</i>				
DNR Forest	10.665	N/A	\$ -	\$ 3,218
U.S. DEPARTMENT OF JUSTICE:				
<i>Pass-through programs from the Michigan State Police</i>				
Byrne JAG	16.738	2015-MU-BX-0964	-	90,957
Byrne JAG	16.738	2015-MU-BX-0964	-	12,446
Total U.S. Department of Justice			-	103,403
U.S. DEPARTMENT OF TRANSPORTATION:				
<i>Pass-through programs from the Michigan Department of Transportation</i>				
Capital Grant - Section 5309	20.500	2017-0032/P3	-	800
Operating Grant - Section 5311	20.509	2017-0032/P1	-	151,643
<i>Pass-through programs from the Michigan State Police</i>				
Traffic Enforcement Grant	20.616	N/A	-	12,392
Total U.S. Department of Transportation			-	164,835
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<i>Pass-through programs from the Michigan Department of Health and Human Services</i>				
Title IV-D Incentive Payment	93.563	FIP2017	-	37,284
PA Title IV-D Reimbursement - 10/1/16 to 9/30/21	93.563	CSPA17-16002	-	61,939
FOC Title IV-D Reimbursement - 10/1/16 to 9/30/21	93.563	CSFOC17-16001	-	274,442
Total U.S. Department of Health and Human Services			-	373,665
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<i>Pass-through programs from the Michigan Department of State Police, Emergency Management Division</i>				
Fiscal Year 2014 Homeland Security Grant Operation Stonegarden	97.067	EMW-2014-SS-00059	-	40,192
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<i>Pass-through programs from the Michigan Economic Development Corporation</i>				
Fiscal Year 2015 Community Development Block Grant	14	MSC-2015-0730-HOA	-	158,502
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 843,815

Cheboygan County

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, 2017. 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, 2017, 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:

Federal sources reported in the financial statements	
Governmental funds	\$ 691,372
Business-type funds, operating revenues	151,643
Business-type funds, capital assistance	800
Total expenditures of federal awards	<u>\$ 843,815</u>

**INDEPENDENT AUDITORS' 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 Cheboygan County, Michigan (the "County"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2018. 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
June 26, 2018

**INDEPENDENT AUDITORS' 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 Cheboygan County, 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, 2017. The County's major federal programs are identified in the summary of auditors' 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, 2017. 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 Auditors' 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, 2017.

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
June 26, 2018

Cheboygan County
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' 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 auditors' 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?	No

SECTION II - FINANCIAL STATEMENT FINDINGS
--

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
--

No matters were reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

No findings or questioned costs in the prior year.

June 26, 2018

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 Cheboygan County, Michigan (the "County") as of and for the year ended December 31, 2017. 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 April 2, 2018. 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, 2017. 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 June 26, 2018.

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
June 26, 2018



Cheboygan County Board of Commissioners' Meeting June 26, 2018

Title: Audit of the Financial Statements of *Straits Regional Ride* for the Year Ending December 31, 2017

Summary: This year's audit was performed by Gabridge & Company; the same auditors that perform the County-wide audit. Although the financial statements for Cheboygan County for the year ending December 31, 2017 contained information on Straits Regional Ride (SRR), MDOT requires that a separate audit be performed in accordance with the Audit Guide for Transportation Authorities and Agencies in Michigan.

The audit fieldwork took place during May. The audit contained a clean "unqualified" opinion.

This report is due to the State of Michigan by June 30, 2018.

Financial Impact: N/A

Recommendation: Motion to accept the December 31, 2017 audited financial statements for Straits Regional Ride.

Prepared by: James Manko

Department: Finance

STRAITS REGIONAL RIDE
(an enterprise fund of the County of Cheboygan, Michigan)

ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Commissioners
County of Cheboygan
Cheboygan, Michigan 49721

Report on the Financial Statements

We have audited the accompanying financial statements of Straits Regional Ride ("SRR") of the County of Cheboygan, Michigan, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise SRR'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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SRR as of December 31, 2017, and the 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 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SRR's basic financial statements. The accompanying supplemental information provided, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental schedules 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 supplemental information (except for those stated below) are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental information required by the Michigan Department of Transportation, the Nonurban Regular Service Nonfinancial Report, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of SRR'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 SRR'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 SRR'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, Michigan
June 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Straits Regional Ride Management's Discussion and Analysis

As management of Straits Regional Ride ("SRR"), we offer readers of SRR's financial statements this narrative overview and analysis of the financial activities of SRR for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

- The assets and deferred outflows of SRR exceeded its liabilities at the close of this fiscal year by \$18,857 (shown as *net position*). Unrestricted net position had a deficit balance of \$180,850.
- SRR received \$876,666 in revenues and contributions, incurred \$930,660 in expenses, and had a gain on disposal of an asset of \$1,500 during the year resulting in a decrease in net position of \$52,494.
- SRR remained free of long-term debt during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SRR's basic financial statements. SRR's basic financial statements are comprised of three components: 1) management's discussion and analysis, 2) financial statements, and 3) the notes to the financial statements.

Financial Statements. The financial statements of SRR report information about SRR using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

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

The *statement of revenues, expenses, and changes in net position* presents information showing how SRR's net position changed during the 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 the related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods.

To assess the overall health of SRR one needs to consider additional nonfinancial factors such as changes in the condition of SRR's buses and changes in the laws related to the operating assistance received from the federal and state governments.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the information provided in the financial statements.

Required Supplementary Information. Required supplementary information related to SRR's portion of the County's pension plan can be found following the notes to the financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information required by the Michigan Department of Transportation on schedules of mileage, vehicle hours, and number of passengers transported which are presented immediately following the required supplementary information.

Financial Analysis of SRR

For the year ended December 31, 2017, assets and deferred outflows exceeded liabilities by \$18,857. Unrestricted net position increased by \$46,386 while the investment in capital assets decreased by \$98,880 during 2017. The investment in capital assets decreased due to depreciation expense of \$98,880 that was recorded during the year without any capital asset additions (purchases).

The following table reflects a comparative analysis of SRR's net position:

Straits Regional Ride's Net Position

	2017	2016
ASSETS		
<i>Current Assets</i>		
Cash and Equivalents	\$ 111,130	\$ 64,370
Accounts Receivable	1,174	14,198
Due from Governmental Units	93,369	49,006
Total Current Assets	205,673	127,574
<i>Noncurrent Assets</i>		
Capital Assets Being Depreciated	199,707	298,587
Total Assets	405,380	426,161
DEFERRED OUTFLOWS OF RESOURCES		
Pension	181,589	226,300
Total Deferred Outflows of Resources	181,589	226,300
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	7,777	14,717
Accrued Liabilities	9,196	8,698
Due to Governmental Units	19,628	11,311
Total Current Liabilities	36,601	34,726
<i>Noncurrent Liabilities</i>		
Net Pension Liability	519,751	535,419
Compensated Absences	11,760	10,965
Total Liabilities	568,112	581,110
NET POSITION		
Investment in Capital Assets	199,707	298,587
<i>Unrestricted</i>	(180,850)	(227,236)
Total Net Position	\$ 18,857	\$ 71,351

SRR's net position decreased by \$52,494 during the year. The following table shows a comparative analysis of revenues, expenses, and changes in net position summarizing how the decrease in net position occurred:

Straits Regional Ride's Changes in Net Position

	2017	2016
Operating Revenues		
Federal Operating Assistance	\$ 151,643	\$ 155,108
State Operating Assistance	329,202	341,481
Local Sources	10,296	14,312
Charges for Services	296,486	294,897
<i>Total Revenues</i>	787,627	805,798
Operating Expenses		
Personal Services	557,649	596,253
Contractual Services	10,714	5,860
Utilities	3,589	4,059
Repair and Maintenance	91,527	95,823
Other Supplies and Expenses	168,301	163,901
Depreciation	98,880	124,046
<i>Total Operating Expenses</i>	930,660	989,942
Non-Operating Revenues (Expenses)		
Insurance Recoveries	-	33,750
Gain on Sale of Assets	1,500	440
<i>Income (Loss) Before Contributions and Transfers</i>	(141,533)	(149,954)
State and Federal Capital Assistance	1,000	61,589
Transfers In	88,039	70,015
<i>Change In Net Position</i>	(52,494)	(18,350)
<i>Net Position at Beginning of Period</i>	71,351	89,701
<i>Net Position at End of Period</i>	\$ 18,857	\$ 71,351

Operating revenues were down by \$18,171 compared to 2016. This decrease was primarily due to decreased state and federal operating assistance, which are reimbursement grants. Expenses were down during 2017 compared to 2016 and, accordingly, operating assistance experienced a similar, pro-rata, decrease.

Personal services decreased by \$38,604 during 2017. SRR was able to operate with 11 full-time employee equivalents during 2017 compared to 12 full-time equivalent employees during 2016. This change contributed to the decreased personal services.

State and federal capital assistance decreased by \$60,589 during 2017. SRR received a state and federal capital grant during 2016 to purchase a new bus for its fleet. There were no significant capital asset additions during 2017 and, accordingly, capital grant revenues decreased.

Finally, insurance recoveries were \$33,750 during 2016 as a result of a one-time loss that was insured. There were no such losses, or related recoveries, during 2017.

Capital Assets

SRR defines a capital asset as an asset whose cost exceeds \$5,000 and useful life is greater than one year. Included in the cost of a capital asset are items such as labor, freight, and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives. At December 31, 2017, SRR had \$199,707 invested in capital assets. This amount represents a net decrease of \$98,880, or approximately 33.1%, as follows:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 46,016	\$ 46,016
Vehicles	1,144,234	1,248,608
Accumulated Depreciation	(990,543)	(996,037)
Totals	<u>\$ 199,707</u>	<u>\$ 298,587</u>

The only capital asset reduction during the year, other than depreciation expense, was the disposal of a bus with an initial cost, and accumulated depreciation, of \$104,374. No new capital assets were placed into service during 2017. The notes to the financial statements provide additional information on SRR’s capital assets.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered in preparing SRR’s budget for the 2017 fiscal year:

- SRR is anticipating 39.1900% of eligible expenses to be reimbursed by the Michigan Department of Transportation for the fiscal year ending 2018, which is up from 38.9955% for the fiscal year ended 2017. SRR is anticipating that 18.50% of federal expenses to be reimbursed during fiscal year 2018, which is equal to the 2017 federal reimbursement rate.
- Operating expenses continue to grow, but the comprehensive transportation fund does not.

Requests for Information

This financial report is designed to provide the wide variety of users of this document with a general overview of SRR’s finances and demonstrate SRR’s accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to:

Michael Couture, Transportation Director
 1520 Levering Road
 Cheboygan, Michigan 49721

BASIC FINANCIAL STATEMENTS

**Straits Regional Ride
Statement of Net Position
December 31, 2017**

ASSETS

Current Assets

Cash and Equivalents	\$	111,130
Accounts Receivable		1,174
Due from Governmental Units		93,369
<i>Total Current Assets</i>		205,673

Noncurrent Assets

Capital Assets Being Depreciated		199,707
<i>Total Assets</i>		405,380

DEFERRED OUTFLOWS OF RESOURCES

Pension		181,589
<i>Total Deferred Outflows of Resources</i>		181,589

LIABILITIES

Current Liabilities

Accounts Payable		7,777
Accrued Liabilities		9,196
Due to Governmental Units		19,628
<i>Total Current Liabilities</i>		36,601

Noncurrent Liabilities

Net Pension Liability		519,751
Compensated Absences		11,760
<i>Total Liabilities</i>		568,112

NET POSITION

Investment in Capital Assets		199,707
<i>Unrestricted (Deficit)</i>		(180,850)
<i>Total Net Position</i>	\$	18,857

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

Straits Regional Ride
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2017

Operating Revenues	
Federal Operating Assistance	\$ 151,643
State Operating Assistance	329,202
Local Sources	10,296
Charges for Services	296,486
<i>Total Operating Revenues</i>	<u>787,627</u>
Operating Expenses	
Personal Services	557,649
Contractual Services	10,714
Utilities	3,589
Repair and Maintenance	91,527
Other Supplies and Expenses	168,301
Depreciation	98,880
<i>Total Operating Expenses</i>	<u>930,660</u>
<i>Operating Income (Loss)</i>	<u>(143,033)</u>
Non-Operating Revenues (Expenses)	
Gain on Sale of Assets	1,500
<i>Net Non-Operating Revenues (Expenses)</i>	<u>1,500</u>
<i>Income Before Contributions and Transfers</i>	(141,533)
Federal Capital Assistance	800
State Capital Assistance	200
Transfers In	88,039
<i>Change In Net Position</i>	<u>(52,494)</u>
<i>Net Position at Beginning of Period</i>	71,351
<i>Net Position at End of Period</i>	<u>\$ 18,857</u>

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

**Straits Regional Ride
Statement of Cash Flows
For the Year Ended December 31, 2017**

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 309,510
Cash Received from Governmental Units	455,095
Cash Payments to Suppliers for Goods and Services	(281,071)
Cash Payments to Employees	(527,313)
Net Cash Used by Operating Activities	<u>(43,779)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	88,039
Net Cash Provided by Noncapital Financing Activities	<u>88,039</u>
Cash Flows from Capital Financing Activities	
Gain on Sale of Capital Assets	1,500
State and Federal Capital Grants	1,000
Net Cash Provided by Capital Financing Activities	<u>2,500</u>
Net Increase in Cash and Equivalents	46,760
Cash and Equivalents - Beginning of Year	64,370
Cash and Equivalents - End of Year	<u>\$ 111,130</u>
Reconciliation of Operating Loss to	
Net Cash Used by Operating Activities	
Operating Loss	\$ (143,033)
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Depreciation	98,880
Change in Net Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	13,024
(Increase) Decrease in Due from Governmental Units	(44,363)
(Increase) Decrease in Deferred Outflows for Pensions	44,711
Increase (Decrease) in Accounts Payable	(6,940)
Increase (Decrease) in Accrued Liabilities	498
Increase (Decrease) in Compensated Absences	795
Increase (Decrease) in Net Pension Liability	(15,668)
Increase (Decrease) in Due to Governmental Units	8,317
Net Cash Used by Operating Activities	<u>\$ (43,779)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Straits Regional Ride

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Straits Regional Ride (“SRR” or “government”), an enterprise fund of the County of Cheboygan, Michigan conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Because SRR provides a service to citizens financed by a user charge and federal and state operating grants, the accounts of SRR are accounted for as an enterprise fund. The following is a summary of the significant accounting policies used by SRR:

Reporting Entity

In accordance with the criteria established by the Governmental Accounting Standards Board, SRR is considered an enterprise fund of the County of Cheboygan (the “County”) for financial accounting and reporting purposes. These criteria include: the extent of oversight responsibility, selection of governing authority, designation of management, the ability of the County to significantly influence operations, the accountability for fiscal matters including the level of County financing and/or moral or legal responsibility for long-term debt. Therefore, the financial statements of SRR is presented in the financial statements as an enterprise fund, which is an integral part of the financial reporting oversight unit of the County.

As of October 1, 2006, SRR provides transportation services covering approximately 1,885 square miles to the residents of Cheboygan, Emmet, and Presque Isle Counties.

Enterprise Fund Accounting

SRR is accounted for as an enterprise fund, a proprietary fund type as defined by Governmental Accounting Standards Board. The enterprise fund is used to account for operations; a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Straits Regional Ride

Notes to the Financial Statements

Non-operating Revenues and Expenses

Enterprise funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of the enterprise fund relates to charges to customers for services and state and federal operating grants. Operating expenses for enterprise funds include the cost of sales and services, and administrative expenses. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Grants

SRR receives two distinct types of grants from governmental agencies:

- Operating grants are used to fund SRR's day-to-day operations and to meet normal expenses of those operations.
- Capital grants are used for capital expenses. All capital funds used to pay for operating expenses are subtracted out as ineligible expenses.

Assets, Liabilities, and Net Position

Cash and Equivalents

Cash and equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Deposits are recorded at cost.

Accounts Receivable

Receivables have been recognized for all significant amounts due to the fund. Management considers all accounts receivable as collectible; therefore, no allowance for bad debts has been recorded.

Capital Assets

Capital assets, which include vehicles and equipment, are reported in the financial statements. Capital assets are defined by SRR as assets with an estimated useful life in excess of one year and a cost of more than \$5,000. Included in the cost of a capital asset are items such as labor, freight, and any other costs associated with bringing the asset into full operation. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of all exhaustible fixed assets used by an enterprise fund is charged as an expense against operations. Accumulated depreciation is reported on the statement of net position.

Straits Regional Ride

Notes to the Financial Statements

Depreciation has been expensed over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Description</u>	<u>Useful Life</u>
Equipment	5 to 7 years
Vehicles	3 to 7 years

Compensated Absences

It is the County's, and SRR'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 financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

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 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.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows 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 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.

Straits Regional Ride

Notes to the Financial Statements

Note 2 - Deposits and Investments

The carrying amount of SRR's deposits was \$111,130 as of year-end.

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

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

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

Straits Regional Ride

Notes to the Financial Statements

- 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.

SRR's deposits are in accordance with statutory authority. All deposits are carried at cost.

Investment and Deposit Risk

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

Credit risk. The County's investment policy does not have specific limits in excess of state law on investment credit risk. The County and SRR have no investments for which ratings are required.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. Uninsured deposits are not determinable as SRR is pooled with other county funds.

Note 3 - Due to / from Other Governments

Due to / from Governmental Units

SRR receives funding from the U.S. Department of Transportation under Section 5311 Operating Grants and the State of Michigan for the Local Bus Operating Assistance Program. Payments are based on budgeted expenditures; therefore, if actual expenses are more than budgeted expenditures, SRR receives more funding than budgeted. Conversely, if actual expenses are less than budgeted expenses, SRR receives less funding than budgeted.

Straits Regional Ride

Notes to the Financial Statements

The following amounts were payable to other governmental units at December 31, 2017:

2009/10 Contract - Federal	\$	5,085
2014/15 Contract - Federal		370
2015/16 Contract - Federal		329
2014/15 Contract - State		1,303
2016/17 Contract - State		6,696
2017/18 Contract - State		5,845
<i>Due to Governmental Units</i>	\$	<u>19,628</u>

The following amounts were receivable from other governmental units at December 31, 2017:

2016/17 Contract - Federal	\$	44,890
2017/18 Contract - Federal		39,450
2015/16 Contract - State		81
2017 Balances from Other Local Units		8,948
<i>Due from Governmental Units</i>	\$	<u>93,369</u>

Note 4 - Accounts Receivable

Accounts receivable as of year end for SRR are \$1,174. Management has deemed accounts receivable to be fully collectable and, accordingly, has not established an allowance for doubtful accounts.

Note 5 - Capital Assets

Capital asset activity was as follows for the year ending December 31, 2017:

	Balance at January 1, 2017	Additions	Disposals	Balance at December 31, 2017
Capital Assets Being Depreciated				
Equipment	\$ 46,016	\$ -	\$ -	\$ 46,016
Vehicles	1,248,608	-	104,374	1,144,234
<i>Total Capital Assets, Being Depreciated</i>	<u>1,294,624</u>	<u>-</u>	<u>104,374</u>	<u>1,190,250</u>
Less Accumulated Depreciation				
Equipment	32,776	1,985	-	34,761
Vehicles	963,261	96,895	104,374	955,782
<i>Total Accumulated Depreciation</i>	<u>996,037</u>	<u>98,880</u>	<u>104,374</u>	<u>990,543</u>
Capital Assets Being Depreciated, Net	<u>\$ 298,587</u>	<u>\$ (98,880)</u>	<u>\$ -</u>	<u>\$ 199,707</u>

Depreciation expense for the year totaled \$98,880.

Straits Regional Ride

Notes to the Financial Statements

Note 6 - Risk Management / Self-Insurance Programs

SRR is insured under the County's Michigan Municipal Risk Management Authority membership and the County's workers' compensation policy, as described below.

Cheboygan County

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, 2017, 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 7 - Retirement System

Defined Benefit Pension Plan

Eligible SRR employees may participate in the County's defined benefit pension plan. The description and details of that plan, as a whole, are given below.

Straits Regional Ride

Notes to the Financial Statements

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.

Benefits Provided

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
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	Hybrid, 1.25%	-	3	60	-	-	6
HB - All FT Union & Non-Union Patrol	Hybrid, 1.25%	-	3	60	55/25	-	6

Employees Covered by Benefit Terms

At the December 31, 2016 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	13
Active plan members	123
Total employees covered by MERS	<u>240</u>

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.

Straits Regional Ride

Notes to the Financial Statements

For the year ended December 31, 2017, the County had the following contribution rates:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
01 - General - Closed	3.50%	18.81%
02 - Sheriff - Closed	3.50%	18.92%
10 - Elected/Appointed - Closed	3.50%	14.32%
20 - Sheriff POLC - Closed	3%	17.91%
HA - General and Non-Union	0%	7.35%
HB - All FT Union & Non-Union Patrol	0%	6.42%

Net Pension Liability

The County's net pension liability was measured as of December 31, 2016 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, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.5%
- 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.

Straits Regional Ride

Notes to the Financial Statements

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 8.0%. 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:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 26,360,537	\$ 17,559,063	\$ 8,801,474
Service cost	606,305	-	606,305
Interest	2,081,552	-	2,081,552
Difference between expected and actual experience	236,900	-	236,900
Contributions - Employer	-	1,075,037	(1,075,037)
Contributions - Employee	-	185,646	(185,646)
Net investment income	-	2,006,495	(2,006,495)
Benefit payments, including refunds	(1,288,578)	(1,288,578)	-
Administrative expenses	-	(39,589)	39,589
Other changes	(4,386)	-	(4,386)
Net changes	1,631,793	1,939,011	(307,218)
Balance at December 31, 2016	\$ 27,992,330	\$ 19,498,074	\$ 8,494,256

Straits Regional Ride

Notes to the Financial Statements

Straits Regional Ride portion of net pension liability was \$519,751.

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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the County	\$ 11,702,554	\$ 8,494,256	\$ 5,773,896

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, 2017, the County recognized pension expense of \$1,061,875. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 537,779	\$ -
Differences in experience	414,939	-
Changes in assumptions	751,876	-
Employer contributions to the plan subsequent to the measurement date *	1,134,796	-
Total	\$ 2,839,390	\$ -

* 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, 2018.

Straits Regional Ride

Notes to the Financial Statements

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

Years Ending December 31	Amount
2018	\$ 613,901
2019	613,904
2020	550,306
2021	(73,517)

Note 8 - Compensated Absences

Vacation is earned in varying amounts depending on the number of years of services of an employee and is made available to the employee at their anniversary date, not to exceed a total accumulation of 25 days for union employees, 25 days for administrative and nonunion supervisory employees. Vacation is payable to 100% of employees when they terminate employment. Sick leave is accumulated at the rate of 1 day for each month of services, not to exceed a total accumulation of 30 days for all employees. The amount of vested employee benefits payable for the Fund at December 31, 2017 is \$11,760.

Note 9 - Commitments, Contingencies, and Compliance

SRR receives significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds from the various programs generally requires compliance with terms and conditions specified in the applicable grant agreement and are subject to examination. Any disallowed claims could become a liability of the fund. It is the opinion of management that any such disallowed claims will not have a material effect on any of the financial statements of the fund.

Note 10 - Assurances

Cost Allocation Plans (CAP)

SRR used a cost allocation plan prepared by a third party in compliance with 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" which has yet to be approved by OPT. Although not yet approved by OPT, the cost allocation plan was adhered to in the preparation of the financial statements.

Nonfinancial Methodology

The methodology used for compiling mileage on Schedule 4N (NonUrban Regular Service) has been reviewed and the recording method has been found to be adequate and reliable.

Straits Regional Ride

Notes to the Financial Statements

Depreciation

The depreciation expense reported in 51300 was \$110,989. Ineligible depreciation reported in 55007 was reported as \$98,119 as state and federal capital grants were used to purchase the underlying capital assets. Depreciation expense of \$12,870 that was included as eligible only includes assets purchased with local funds where the useful life of the asset was determined pursuant to Appendix A of the Local Public Transit Revenue and Expense Manual or approved by OPT.

Capital Used to Pay for Operating

No operating expenses are subtracted out as ineligible because no capital money was used to pay for operating expenses.

Expenses Associated with 406 and 407

There are no expenses associated with 406xx Auxiliary Transportation Revenue and/or 407xx Non-transportation and, therefore, no expenses need to be subtracted out as ineligible. No expenses were incurred because the Non-transportation revenues resulted from the sale of a fully depreciated capital asset.

Retirement Benefits

Pension costs incurred for SRR's portion of the Michigan Municipal Employees Retirement System were calculated pursuant to the MERS GASB 68 Implementation Guide (the "Guide"). The total pension expense recognized as calculated in step 6 of the Guide is \$95,179. The entire amount of \$95,179 was expensed in the general ledger and is reported in 50220 DB Pensions on the quarterly OAR reports as submitted to MDOT. SRR paid \$60,059, therefore, \$35,120 is subtracted out under 58020 Ineligible DB Pension for the fiscal year ended September 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

County of Cheboygan
Straits Regional Ride
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Three Years (Schedule is built prospectively upon implementation of GASB 68)

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 606,305	\$ 641,356	\$ 593,125
Interest	2,081,552	1,860,889	1,808,149
Differences Between Expected & Actual Experience	236,900	163,725	-
Changes in Assumptions	-	1,253,128	-
Benefit Payments, Including Refunds	(1,288,578)	(1,114,294)	(1,048,189)
Other Changes	(4,386)	58,153	-
Net Change in Pension Liability	<u>1,631,793</u>	<u>2,862,957</u>	<u>1,353,085</u>
<i>Total Pension Liability - Beginning</i>	<u>26,360,537</u>	<u>23,497,580</u>	<u>22,144,495</u>
Total Pension Liability - Ending (a)	<u>\$ 27,992,330</u>	<u>\$ 26,360,537</u>	<u>\$ 23,497,580</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,075,037	\$ 793,069	\$ 723,370
Contributions - Member	185,646	309,950	178,124
Net Investment Income	2,006,495	(273,612)	1,078,034
Benefit Payments, Including Refunds	(1,288,578)	(1,114,294)	(1,048,189)
Administrative Expenses	(39,589)	(39,544)	(39,659)
Net Change in Plan Fiduciary Net Position	<u>1,939,011</u>	<u>(324,431)</u>	<u>891,680</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>17,559,063</u>	<u>17,883,494</u>	<u>16,991,814</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,498,074</u>	<u>\$ 17,559,063</u>	<u>\$ 17,883,494</u>
Net Pension Liability - Ending (a) - (b)	\$ 8,494,256	\$ 8,801,474	\$ 5,614,086
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.66%	66.61%	76.11%
Covered Employee Payroll	\$ 5,057,284	\$ 5,595,966	\$ 5,171,109
Net Pension Liability as a Percentage of Covered Employee Payroll	167.96%	157.28%	108.57%

* Built prospectively upon implementation on GASB 68

**County of Cheboygan
Straits Regional Ride
Required Supplementary Information
Schedule of Contributions
Last Four Fiscal Years**

	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,134,796	\$ 825,037	\$ 748,069	\$ 723,370
Contributions in Relation to the Actuarially Determined Contribution	1,134,796	1,075,037	793,069	723,370
Contribution Excess (Deficiency)	\$ -	\$ 250,000	\$ 45,000	\$ -
 Covered Employee Payroll	 5,807,595	 5,057,284	 5,595,966	 5,171,109
 Contributions as a Percentage of Covered Employee Payroll	 20%	 21%	 14%	 14%

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	20-23 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

**Straits Regional Ride
Schedule 1
Local Operating Revenues
For the Year Ended December 31, 2017**

	<u>1/1/2017 to 9/30/2017</u>	<u>10/1/2017 to 12/31/2017</u>	<u>Total</u>
Local Revenue:			
Passenger Fares	\$ 58,119	\$ 15,629	\$ 73,748
Contract Fares	166,489	56,249	222,738
Gain on Sale of Asset	1,500	-	1,500
Revenue from Counties:			
Cheboygan County Appropriations	27,196	14,090	41,286
Emmet County Appropriations	5,246	3,460	8,706
Presque Isle County Appropriations	794	796	1,590
Total Local Revenues	<u>\$ 259,344</u>	<u>\$ 90,224</u>	<u>\$ 349,568</u>

**Straits Regional Ride
Schedule 1A
Local Operating Revenues
Based on the September 30, 2017 Year End**

	10/1/2016 to 12/31/2016	1/1/2017 to 9/30/2017	Total
Local Revenue:			
Passenger Fares	\$ 14,811	\$ 58,119	\$ 72,930
Contract Fares	55,573	166,489	222,062
Gains from Sale of Capital Assets	440	1,500	1,940
Revenue from Counties:			
Cheboygan County Appropriations	16,011	27,196	43,207
Emmet County Appropriations	2,741	5,246	7,987
Presque Isle County Appropriations	615	794	1,409
Total Local Revenues	\$ 90,191	\$ 259,344	\$ 349,535

**Straits Regional Ride
Schedule 2
Schedule of Expenditures of Federal and State Awards (1) (2)
For the Year Ended December 31, 2017**

Federal Grantor / Pass Through Grantor Program Title	Federal CFDA Number	State Grantor Number	Award Amount	Current Year Expenditures			Prior Year's Expended	Award Amount Remaining
				Total	Federal	State		
Michigan Department of Transportation (MDOT)								
Operating Assistance								
Local Bus Operating Assistance (Act 51) - Reconciliation	N/A	FY16	\$ 9,216	\$ 9,216	\$ -	\$ 9,216	\$ -	\$ -
Local Bus Operating Assistance (Act 51)	N/A	FY17	317,836	236,416	-	236,416	81,420	-
Local Bus Operating Assistance (Act 51)	N/A	FY18	83,570	83,570	-	83,570	-	-
Capital Grants								
Capital Grant - Section 5309	N/A	FY17	400	200	-	200	-	200
Total State Assistance				329,402	-	329,402	81,420	200
U.S. Department of Transportation								
Passed Through MDOT								
Operating Assistance								
Operating Assistance - Section 5311 - 2016 Reconciled	20.509	2017-0032/P1	399	399	399	-	-	-
Operating Assistance - Section 5311 - 2017	20.509	2017-0032/P1	150,416	111,794	111,794	-	38,622	-
Operating Assistance - Section 5311 - 2018	20.509	2017-0032/P1	39,450	39,450	39,450	-	-	-
Capital Grants								
Capital Grant - Section 5309	20.509	2017-0032/P3	1,600	800	800	-	-	800
Total Federal Assistance				152,443	152,443	-	38,622	800
Total State & Federal Assistance				\$ 481,845	\$ 152,443	\$ 329,402	\$ 120,042	\$ 1,000

Straits Regional Ride
Schedule 2A - Schedule of Federal & State Awards
Operating Revenue Only
For the Year Ended December 31, 2017

	<u>1/1/2017 to 9/30/2017</u>	<u>10/1/2017 to 12/31/2017</u>	<u>Total</u>
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 236,416	\$ 83,570	\$ 319,986
Prior Year Settlement	9,216	-	9,216
Capital Grants	-	200	200
Federal Transit Administration			
Section 5311 - Operating	111,794	39,450	151,244
Prior Year Settlement	399	-	399
Capital Grants	-	800	800
Total	<u>\$ 357,825</u>	<u>\$ 124,020</u>	<u>\$ 481,845</u>

Straits Regional Ride
Schedule 2B - Schedule of Federal & State Awards
Operating Revenue Only
Based on the September 30, 2017 Year End

	<u>10/1/2016</u> to <u>12/31/2016</u>	<u>1/1/2017</u> to <u>9/30/2017</u>	<u>Total</u>
Michigan Department of Transportation			
Local Bus Operating (Act 51)	\$ 81,420	\$ 236,416	\$ 317,836
Prior Year Settlement	-	9,216	9,216
Federal Transit Administration			
Section 5311 - Operating	38,622	111,794	150,416
Prior Year Settlement	-	399	399
Total	<u>\$ 120,042</u>	<u>\$ 357,825</u>	<u>\$ 477,867</u>

Straits Regional Ride
Schedule 3A - Operating Expenses Split Between
a September 30 and December 31 Year End
For the Year Ending December 31, 2017

	<u>1/1/2017</u> <u>to</u> <u>9/30/2017</u>	<u>10/1/2017</u> <u>to</u> <u>12/31/2017</u>	<u>Total</u>
Expenses			
Labor	\$ 257,017	\$ 111,901	\$ 368,918
Fringe Benefits	120,797	67,934	188,731
Services	138,537	18,910	157,447
Materials and Supplies	53,517	29,669	83,186
Utilities	2,493	1,096	3,589
Insurance	9,284	-	9,284
Miscellaneous Expenses	1,691	934	2,625
Operating Leases and Rentals	13,500	4,500	18,000
Depreciation	74,160	24,720	98,880
Total	\$ 670,996	\$ 259,664	\$ 930,660

Straits Regional Ride
Schedule 3B - Operating Expenses by Program
Based on the September 30, 2017 Year End

	<u>10/1/2016</u> to <u>12/31/2016</u>	<u>1/1/2017</u> to <u>9/30/2017</u>	<u>Total</u>
Expenses			
Labor	\$ 110,410	\$ 257,017	\$ 367,427
Fringe Benefits	80,056	120,797	200,853
Services	25,903	138,537	164,440
Materials and Supplies	17,647	53,517	71,164
Utilities	1,255	2,493	3,748
Insurance	-	9,284	9,284
Miscellaneous Expenses	901	1,691	2,592
Operating Leases and Rentals	4,500	13,500	18,000
Depreciation	36,829	74,160	110,989
Total	<u>\$ 277,501</u>	<u>\$ 670,996</u>	<u>\$ 948,497</u>

**Straits Regional Ride
Schedule 4R
Nonurban Regular Service Revenue Report
For the Year Ended September 30, 2017**

Code	Description	Amount
401:	Farebox Revenue	
40100	Passenger Fares	\$ 72,930
40200	Contract Fares	222,062
407:	Non Trans Revenues	
40760	Gain from the Sale of Capital Assets	1,940
409:	Local Revenue	
40910	Local Operating Assistance (Current year net operating loss)	52,603
411:	State Formula and Contracts	
41101	State Operating Assistance	317,836
413:	Federal Contracts	
41301	Federal Section 5311 Operating Assistance	150,416
Total Revenues		\$ 817,787

**Straits Regional Ride
OAR Schedule 4E
Nonurban Regular Service Expense Report
For the Year Ended September 30, 2017**

Code	Description	Operations	Maintenance	General Administration	Total
501:	Labor				
50101	Operators Salaries and Wages	\$ 255,732	\$ -	\$ -	\$ 255,732
50102	Other Salaries and Wages	-	-	84,796	84,796
50103	Dispatchers' Salaries and Wages	26,899	-	-	26,899
502:	Fringe Benefits				
50200	Other Fringe Benefits	72,714	-	32,960	105,674
50220	DB Pensions	46,357	-	48,822	95,179
503:	Services				
50302	Advertising Fees	-	-	942	942
80305	Audit Cost	-	-	2,000	2,000
50399	Other Services (Vehicle Maintenance, OMS Compliance Services - Drug and Alcohol Testing, Pre-employment Physicals and Finger-printing for Operations, radio tower rental fees, and Cost Allocation Plan Expense for General Administration)	109,540	-	51,958	161,498
504:	Materials and Supplies				
50401	Fuel and Lubricants	61,023	-	-	61,023
50402	Tires and Tubes	5,224	-	-	5,224
50499	Other Materials and Supplies (Office Equipment and Supplies, Printed Matter, and Internet Access)	-	-	4,917	4,917
505:	Utilities				
50500	Utilities	-	-	3,748	3,748
506:	Insurance				
50699	Other Insurance	9,284	-	-	9,284
509:	Miscellaneous Expense				
50902	Travel, Meetings & Training	-	-	1,616	1,616
50903	Association Dues & Subscriptions	-	-	976	976
512:	Operating Leases & Rentals				
51200	Operating Leases & Rentals	-	-	18,000	18,000
513:	Depreciation				
51300	Depreciation	110,989	-	-	110,989
550:	Ineligible Expenses				
55007	Depreciation	98,119	-	-	98,119
58020	Ineligible DB Pension	-	-	35,120	35,120
55009	Ineligible Percent of Association Dues	-	-	200	200
Total Expenses					948,497
Total Ineligible Expenses					133,439
Total Eligible Expenses					815,058

**Straits Regional Ride
Schedule 4N
Nonurban Regular Service Nonfinancial Report
For the Year Ended September 30, 2017**

Public Service

Code	Description	Weekday DR	Saturday DR	Sunday DR	Total
610	Vehicle Hours	14,336	-	-	14,336
611	Vehicle Miles	294,531	-	-	294,531
615	Passengers - Regular	9,869	-	-	9,869
616	Passengers - Elderly	2,366	-	-	2,366
617	Passengers - Persons with Disabilities	19,673	-	-	19,673
618	Passengers - Elderly Persons with Disabilities	4,752	-	-	4,752
622	Total Demand-Response Passengers	36,660	-	-	36,660
625	Days Operated	247	-	-	247
Total Passengers:		36,660			

Vehicle Information

Code	Description	Quantity
655	Total Demand-Response Vehicles	11
656	Demand-Response Vehicles with Lifts	11
658	Total Transit Vehicles	11

Total Vehicles: 11

Miscellaneous Information

Code	Description	Quantity Dr
660	Diesel/Gasoline Gallons Consumed	35,111
661	Total Transit Agency Employees (Full-Time Equivalents)	11

**Straits Regional Ride
Schedule 5
Operating Assistance Calculation
For the Year Ended September 30, 2017**

	Nonurban
Total Expenses	\$ 948,497
Less Ineligible Expenses:	
Depreciation	\$ 98,119
MPTA Dues	200
Defined Benefit Pension Expense	35,120
Total Ineligible Expenses	\$ 133,439
Total State Eligible Expenses	\$ 815,058
<hr/>	
Eligible Expense for State Reimbursement	\$ 815,058
x Reimbursement Percentage	0.389955
State Operating Assistance	\$ 317,836
<hr/>	
Total Federal Eligible Expenses	
Less Additional Federal Ineligible Expense - Audit Costs	\$ 2,000
<hr/>	
Eligible Expenses for Federal Reimbursement	\$ 813,058
x Reimbursement Percentage	0.18500
Federal Section 5311 Operating Assistance	\$ 150,416
<hr/>	

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*

June 15, 2018

To the Members of the Board of Commissioners
County of Cheboygan
Cheboygan, Michigan 49721

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 Straits Regional Ride ("SRR"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise SRR's basic financial statements, and have issued our report thereon dated June 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SRR'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 SRR's internal control. Accordingly, we do not express an opinion on the effectiveness of SRR'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 SRR'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.

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, Michigan
June 15, 2018

June 15, 2018

To the Members of the Board of Commissioners
Cheboygan County
Cheboygan, Michigan 49721

We have audited the financial statements of Straits Regional Ride (“SRR”) of Cheboygan County, Michigan, for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 April 2, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SRR are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by SRR 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 SRR’s financial statements were:

- Management’s estimate of the useful lives 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 to calculate the actuarial report and net present value of pension benefits.

We evaluated the key factors and assumptions used to develop management’s estimated useful lives of depreciable capital assets, management’s estimate of accrued compensated absences, and management’s

assumptions used in the actuarial report in determining that they are reasonable in relation to the financial statements taken as a whole.

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 SRR's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 15, 2018.

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 SRR'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 SRR'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 and the required pension 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 supplemental information required by the Michigan Department of Transportation, which accompanies 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.

We were not engaged to report on the Nonurban Regular Service Nonfinancial Report, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, Michigan

Cheboygan County Board of Commissioners' Meeting

June 26, 2018

Title: Property Foreclosures First Right of Refusal

Summary: Attached is a list of properties that were foreclosed upon as of April 2, 2018. Before selling these properties at a public auction, the County Treasurer must first offer them to the DNR who has the right to purchase any and all properties at fair market value. Any properties remaining must then be offered to the local municipality who has the right to purchase by paying minimum bid as set by the County Treasurer. Any properties not purchased by the DNR or local municipalities must then be offered to the County who has the right to purchase by paying minimum bid. Any property purchased by the local municipality or County must be used for public purposes.

Financial Impact: Any properties sold at public auction will be put back on the tax roll providing revenue to the County, Township, School Districts, Library, Senior Citizens, Ambulance, Intermediate School Districts, Etc.

Recommendation: Authorize Chairperson John B. Wallace to sign the waiver of First Right of Refusal in accordance with Act 123 P.A. 1999

Prepared by: Buffy Jo Weldon

Department: Cheboygan County Treasurer



CHEBOYGAN COUNTY TREASURER

Buffy Jo Weldon, Treasurer
COUNTY BUILDING P.O. BOX 70
CHEBOYGAN, MICHIGAN 49721

Telephone: (231) 627-8821

Fax: (231) 627-8415

From: Buffy Jo Weldon, County Treasurer

RE: Waiver of First Right of Refusal

To: Jeff Lawson

Enclosed please find a list of properties that were foreclosed on under PA 123. Pursuant to PA 123, Cheboygan County may purchase any or all of these properties by paying the minimum bid prior to the public auction that will be held in August. Properties purchased can only be used for public purpose.

If the County is interested in purchasing any of the properties, please complete the enclosed Application to obtain Real Property for Public Purpose and submit to the Cheboygan County Treasurer for further review.

If the County is not interested in purchasing any of the properties please complete the enclosed waiver and return to this office as soon as possible.

Please contact me if you have any questions.

Enc.

WAIVER OF FIRST RIGHT OF REFUSAL

Date

Cheboygan County Treasurer
PO Box 70
Cheboygan, Michigan 49721

Cheboygan County Treasurer:

SUBJECT: Act 123, P.A. 1999

In accordance with Act 123, The County has the "first right of refusal" to acquire tax-foreclosed parcels. At this time, we are waving our first right of refusal to all parcels that were foreclosed upon in March of 2018.

John B. Wallace, Chairman
Board of Commissioners

WAIVER OF FIRST RIGHT OF REFUSAL

Date

Cheboygan County Treasurer
PO Box 70
Cheboygan, Michigan 49721

Cheboygan County Treasurer:

SUBJECT: Act 123, P.A. 1999

In accordance with Act 123, The County has the "first right of refusal" to acquire tax-foreclosed parcels. At this time, we are waving our first right of refusal to all parcels that were foreclosed upon in March of 2018, with the exception of the following described parcel:

TO BE DETERMINED

At the _____ meeting the Board of Commissioners voted to purchase the above property for the minimum bid of \$_____.

John B. Wallace, Chairman
Board of Commissioners



CHEBOYGAN COUNTY
2018
PUBLIC LAND AUCTION

Buffy Jo Weldon, Treasurer
COUNTY BUILDING P.O. BOX 49721

Telephone: (231) 627-8821

Fax: (231) 627-8415

DATE OF SALE:
AUGUST 13, 2018

LOCATION:
THE ELLISON PLACE
150 DALE DRIVE
GAYLORD, MI 49735

SALES WILL BE HELD PURSUANT TO THE PROVISIONS OF SECTION
211.78M OF PUBLIC ACT OF 1999 AS AMENDED.

ITEMS LISTED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE.

INFORMATION ON PARCELS TO BE OFFERED CAN ALSO BE OBTAINED
ON THE INTERNET AT: www.tax-sale.info

INTERNET BIDS CAN BE PLACED VIA: www.tax-sale.info

BIDDER REGISTRATION – 11:30 AM
AUCTION START – 12:00 PM

Rules and Regulations

1. Registration

Registration will begin 30 minutes before the stated start time unless otherwise noted. No bids will be accepted unless the bidder has registered and received a pre-numbered bid card. A Driver's license, passport, or other state issued I.D. must be presented in order to receive a bid card.

2. Properties Offered

A. Overview

"Foreclosing Governmental Unit" ("FGU") is a term used by the Michigan tax foreclosure statute and is typically the office of the County Treasurer in the county where the offered property is located. However, in some instances the FGU is the State of Michigan Department of Treasury.

Unless otherwise noted, the "Seller" is the County Treasurer, acting as the "FGU".

The attached list of parcels has been approved for sale at public auction and each is identified by a sale unit number. The Seller reserves the right to pull parcels from the sale at any time prior to the auction.

According to state statutes, **ALL PRIOR** liens (other than certain DEQ liens and other limited exceptions), encumbrances and taxes are cancelled by Circuit Court Order. The FGU has attempted to include in the minimum bid, liens that have accrued since foreclosure, such as nuisance or water bills; **all other outstanding bills since foreclosure are the responsibility of the buyer.** These properties are subject to any state, county, or local zoning or building ordinances. The FGU does not guarantee the usability or access to any of these lands.

B. Know What You Are Buying

It is the **responsibility of the prospective purchaser to DO HIS OR HER OWN RESEARCH** as to the suitability of any offered property for any intended purpose. The FGU makes no warranty, guaranty or representation concerning, but not limited to, the merchantability of title, boundary lines, location of improvements, availability of land divisions, easements or right to access by public street, utility presence or location, or any other physical, structural, or legal condition.

Prospective buyers should, prior to the auction, **personally visit and inspect any offered property** they wish to purchase. However, prior to purchase at the auction, **STRUCTURES MAY NOT BE ENTERED** without the **WRITTEN PERMISSION** of the FGU. Some structures may be occupied and occupants should not be disturbed.

C. Reservations

At the sole option of the FGU, a reverter clause may be included in any deed issued to a winning bidder which prohibits the future severing of mineral rights (if any) and/or splitting/subdividing any purchased property into smaller parcels which do not meet local zoning rules or otherwise comply with applicable regulations relating to the splitting of property. If such a reverter clause is included, a violation thereof will result the property reverting to the FGU without refund.

Pursuant to state statutes, where the State of Michigan Department of Treasury is acting as FGU, deeds issued may contain the following reservations and stipulations:

- *"Excepting and reserving to the State of Michigan, all aboriginal antiquities including mounds, earthworks, forts, burial and village sites, mines or other relics and also reserving the right to explore and excavate for the same, by and through its duly authorized agents and employees, pursuant to the provisions of Part 761, Aboriginal Records and Antiquities, of the Natural Resources and Environmental Protection Act, Act 451 of the Public Acts of 1994, MCL 324.76101 to 324.76118 as amended."*
- *"Saving and reserving unto the People of the State of Michigan the rights of ingress and egress over and across all of the above-mentioned descriptions of land lying along any watercourse or stream, pursuant to the provisions of Part 5, Act 451, P.A. 1994, as amended, MCL 324.503, as amended."*

Additionally, the State may, in its discretion, reserve the mineral rights to offered property as follows:

- *"Saving and excepting and always reserving unto the said State of Michigan, all mineral, coal, oil and gas, lying and being on, within or under the said lands whereby conveyed, except sand, gravel, clay or other nonmetallic minerals with full and free liberty and power to the said State of Michigan, its duly authorized officers, representatives and assigns, and its or their lessees, agents and workmen, and all other persons by its or their authority or permission, whether already given or hereafter to be given at any time and from time to time, to enter upon said lands and take all usual, necessary, or convenient means for exploring, mining, working, piping, getting, laying up, storing, dressing, make merchantable, and taking away the said mineral, coal, oil and gas, except sand, gravel, clay or other nonmetallic minerals."*

If the State does not reserve mineral rights as described above, the State may nonetheless restrict the severance of mineral rights from offered property as follows:

- *"This conveyance hereby restricts the Grantee from severing oil, gas, mineral and other subsurface rights from the surface rights any time in the future. If the Grantee severs the subsurface rights from the surface rights, the subsurface rights will revert to the State of Michigan."*

3. Bidding

A. Overview

Generally, each sale unit will be offered separately and in the order appearing on the attached list. Sales are typically conducted both online and live on-site, simultaneously. The sale will be awarded to the individual bidding the highest amount equal to or greater than the starting bid by either method. Typically, the auctioneer will make available a list of parcels prior-to-sale and will provide an opportunity for on-site bidders to designate "parcels of interest" prior to the start of the sale. The auctioneer may skip over those parcels upon which no party has placed an online bid or designated as a parcel of interest prior to the start of the sale. **Parcels that do not have online bids and that have not been designated as parcels of interest prior to the start of the sale and in the manner prescribed by the auctioneer are not guaranteed to be offered.** The auctioneer, in their sole discretion, may offer a second request round of unsold parcels after the first round of bidding has been completed at the minimum bid sale only. Such second request round will be available to those online and on-site bidders as may be in attendance at that time.

B. Starting Bid Price

The starting bid prices are shown on the list included in the sale book. At auctions with a minimum bid, no sales can be made for less than the starting price indicated. The starting bid for no-minimum-bid sales will be at the discretion of the FGU or auctioneer.

However, any person who held an interest in a property offered for sale at the time a judgment of foreclosure was entered against such property **must pay at least minimum bid** for such property even if purchased at a no-minimum auction.

C. Bid Increments

Bids will only be accepted in the following increments:

<u>Bid Amount</u>	<u>Increment</u>
\$100 to \$999	\$ 50.00
\$1000 to \$9999	\$ 100.00
Over \$10,000	\$ 250.00

Floor bidders MUST bid in the same increments as online and absentee bidders. **We will not accept irregular bid increments** in fairness to online and absentee bidders.

D. Eligible Bidders

Any person who meets the following requirements may register as a bidder and receive a pre-numbered bid card:

- The person does not directly or indirectly hold more than a *de minimus* legal interest in any property with delinquent property taxes which is located in the county in which the person intends to purchase property.
- The person is not directly or indirectly responsible for any unpaid civil fines for a violation of any ordinance, including but not limited to any ordinance authorized by section 4/ of The Home Rule City Act, 1909 PA 279, as amended, MCL 117.4/ in the local tax collection unit in which the person intends to purchase property.
- The person has not been banned or otherwise excluded by the FGU from participation in the public sale.

Any person unable to attend the sale can be represented at the sale by an agent or other representative with authority to bid and otherwise represent the person. However, any party utilizing an agent to bid on their behalf must still meet the above listed requirements. **The registered bidder is legally and financially responsible for all parcels bid upon whether acting on their own behalf or as the agent of another.**

E. Absentee Bidding

Absentee bids will be accepted in increments up to the amount that you pre-approve. Absentee bids require a \$1,000 pre-authorization on a major credit card or a \$1,000 deposit before the bid will be accepted. Absentee bids must be submitted 48 hours prior to the date of the auction by calling 1-800-259-7470. An absentee bid form is also available on www.tax-sale.info. Additionally, absentee bids may be submitted up until one hour before the sale if submitted online.

F. Online Bidding

On-line bidding will be available on the day of the auction at www.tax-sale.info.

G. Bids are Binding

An oral bid accepted at public auction is a legal and binding contract to purchase. No sealed bids will be accepted and the FGU reserves the right to reject any or all bids.

H. Limitations on Bidding

The FGU and auctioneer reserve the right to limit the number of bids placed per auction for any bidder or group or bidders for any reason.

I. Attempts to Bypass These Rules and Regulations

The FGU and auctioneer reserve the right to reject the bids of any bidder who appears to be acting on behalf of another person who is ineligible to bid on their own.

4. Terms of Sale

A. Payment

- **Live On-Site Bidders**
 - The full purchase price must be paid in full on the day of the sale, within half an hour of the end of the Auction. No purchases can be made on a time-payment plan.
 - NO CASH will be accepted.
 - If the total purchase price is *less than \$1,000.00*, full payment may be made by certified check, personal check, money order, Visa, MasterCard, or Discover.
 - If the total purchase price is *greater than \$1,000.00*, a portion of the total purchase price must be paid by *certified funds* as follows:
 - ! If the total purchase price is *greater than \$1,000.00 but less than \$50,000.00*, the *first \$1,000.00 must be paid in certified funds*.
 - ! If the total purchase price is *\$50,000.00 or greater*, the *first \$5,000.00 must be paid in certified funds*.
 - *Any remaining balance* beyond the required certified funds may be paid by certified check, personal check, money order, Visa, MasterCard, or Discover.
- **Online & Absentee Bidders**
 - The full purchase price must be paid in full **WITHIN 5 DAYS OF THE SALE**. Payment may be made by certified funds, money order, Visa, MasterCard, Discover, or wire transfer. No purchases can be made on a time-payment plan.
 - Online and absentee bidding require a \$1,000 pre-authorization on a Visa, MasterCard, or Discover credit card or a \$1,000 deposit before any bids will be accepted. Buyer's failure to consummate an online or absentee purchase will result in the forfeiture of this \$1,000.

The full purchase price consists of the final bid price *plus* a buyer's premium of 10% of the bid price, any outstanding taxes due on the property including associated fees and penalties, and a \$30.00 deed recording fee. ***Any portion of the purchase price paid by credit card will be assessed an additional fee of 2.75%.***

B. Refund Checks

In some instances it may be necessary to refund to a buyer some or all of the payment tendered by such buyer. This can occur, for example, when a buyer tenders certified funds in an amount greater than their total obligation or if the sale is cancelled under any provision of these Rules and Regulations. Refund checks will be processed and mailed to buyer within approximately ten days of the time such refund becomes due to buyer. Buyer shall cash such refund check within 90 days of the date listed on such refund check. If buyer fails to cash such refund check within 90 days, such refund check shall become void and buyer shall forfeit any refunded amount.

C. Dishonored Payment

A buyer whose payment is dishonored for any reason will forfeit any purchase price paid as follows:

- A buyer whose total purchase price was less than \$1,000.00 will forfeit any portion of the total purchase price tendered and not dishonored including any credit card chargebacks which are successfully reversed by Seller.
- A buyer whose total purchase price was greater than \$1,000.00 will forfeit that portion of their total purchase price which was required to be tendered in certified funds as required by part 4A above.

Furthermore, the FGU may seek to prosecute any buyer whose payment is dishonored or who fails to consummate a purchase.

Any buyer who fails to consummate a purchase will be banned from bidding at all future land auctions. The venue for litigation or arbitration resulting from any disputes or matters involving or arising out of bidding or purchases, whether online or on-site, shall be fixed as Kalamazoo County in the State of Michigan.

The buyer's premium is not subject to any broker fees. There are no co-brokerage or other fees or rebates available.

D. Eligible Buyers

In order to take title to purchased property, each party that will be listed on the deed must meet **ALL of the following requirements at the time their winning bid is accepted:**

- i. The party does not directly or indirectly hold more than a *de minimus* legal interest in any property with delinquent property taxes which is located in the county in which the purchased property is located
- ii. The party is not directly or indirectly responsible for any unpaid civil fines for a violation of any ordinance, including but not limited to any ordinance authorized by section 4/ of The Home Rule City Act, 1909 PA 279, as amended, MCL 117.4/, in the local tax collection unit in which the purchased property is located.
- iii. The party is not purchasing, for less than minimum bid, any property in which the party held an interest at the time a judgment of foreclosure was entered against such property nor is the party purchasing property, for less than minimum bid, on behalf of any other party who held such an interest.

At the time payment is tendered after the auction, the buyer will be required to execute an affidavit affirming, **under penalty of perjury**, that each party that the buyer desires to have listed on the deed to purchased property meets the above requirements.

The FGU **will not issue a deed** and the sale will be canceled if the buyer did not meet the above requirements at the time their bid was accepted, the buyer fails to execute this affidavit, or if any affirmations made in this affidavit are untrue. If the FGU is forced to cancel any sale due to the buyer's noncompliance with this provision, the buyer will **forfeit the first \$350 paid** on each parcel and any buyer's premium paid as liquidated damages for breach of contract by the buyer. Furthermore, the FGU may pursue **CRIMINAL PERJURY CHARGES** against any buyer who makes a false affirmation on the affidavit required under this or any other provision of these Rules and Regulations.

E. Sale to Entities

In order to ensure that individuals do not utilize legal entities to circumvent the sale and ownership restrictions contained in MCL 211.78m(2), the FGU will only sell property to legal entities under certain circumstances. Any buyer desiring to deed a purchased property to a legal entity must disclose the name and address of all officers, shareholders, partners, members, or other parties, regardless of title, who own any portion of that entity. However, such disclosure will not be required if one or more of the following exceptions are applicable:

- The Entity held a prior recorded interest in each purchased property.
- The Entity is a division, agency, or instrumentality of federal, state, or local government.
- The Entity is a Homeowners Association, Condo Association, or other such organization that exercises control over each purchased property.
- The Entity is a publicly traded company listed on a national securities exchange.
- The Entity is a nonprofit corporation and is qualified as tax exempt under IRC §501.

At the time payment is tendered after the auction, any buyer desiring to deed a purchased property to a legal entity will be required to execute an affidavit affirming, **under penalty of perjury**, that the entity is exempt from disclosure under one of the five exceptions listed above, or in the event that no exception is applicable, the names and addresses of all parties owning any portion of that legal entity.

F. Cancellation Policy

The FGU reserves the right **TO CANCEL ANY SALE, AT ANY TIME, FOR ANY REASON** prior to the issuance of the deed.

G. Property Transfer Affidavit

It is the responsibility of the buyer to file a **Property Transfer Affidavit** with the assessor for the city or township where the property is located **within 45 days of the transfer**. If it is not timely filed, a **penalty of \$5/day (maximum \$200)** applies. The information on this Property Transfer Affidavit is **NOT CONFIDENTIAL**.

5. Purchase Receipts

Successful bidders at the sale will be issued a receipt for their purchases upon payment. This receipt does not convey an interest in title to the purchased property unless and until a deed has been issued and recorded. Buyers will be entitled to deeds for the property descriptions identified by the sale unit numbers noted on the receipt unless the sale is cancelled under these Rules and Regulations or other statutory authority.

6. Title Being Conveyed

Quit-claim deeds will be issued conveying **only such title as received by the FGU through tax foreclosure**. Title insurance companies may or may not issue title insurance on properties purchased at this sale. The FGU makes no representation as to the availability of title insurance and the **unavailability of title insurance is not grounds for reconveyance to the FGU**. The purchaser may incur legal costs for Quiet Title Action to satisfy the requirements of title insurance companies in order to obtain title insurance.

7. Special Assessments

Special assessment instalments through the most recent tax year are included in the starting bids. Seller has attempted to identify those parcels subject to special assessments with a note on the parcel detail page. Parcels sold are subject to property taxes for the entire current tax year, as well as current and future instalments of any outstanding bonded assessments. All bidders should contact the appropriate city, village, or township offices to determine if there are any outstanding bonded assessments for future tax years on the properties being offered.

8. Possession of Property

A. Possession Pending Deed Delivery

It is recommend that the buyer **DOES NOT** take physical possession of any purchased property until a deed has been executed and delivered to the buyer. The buyer risks financial loss for any improvements or investments made on purchased property *before the delivery of a deed* in the event that the Foreclosing Governmental Unit exercises their right to cancel the sale. Until the buyer receives a deed, no activities should be conducted on the site other than:

I. Securing the Property

Buyer should take steps to protect their equity in purchased property by **securing vacant structures against entry and obtaining (homeowners) insurance for occupied property**. Buyer is responsible for contacting local units of government to prevent possible demolition of structures situated on purchased property.

II. Assessing Potential Contamination

Buyer may immediately wish to conduct a Baseline Environmental Assessment (BEA) to assess the condition of potentially contaminated properties. More information about BEAs can be found at http://www.michigan.gov/deq/0,4561,7-135-3311_4109_4212--,00.html

B. Occupied Property

Buyers will be responsible for all procedures and legal requirements for conducting evictions. Occupants of purchased property should be treated as tenants holding over under an expired lease. This means that legal eviction and/or possession proceedings will be necessary to effectuate control over such property if occupants will not otherwise leave voluntarily. You may wish to consult a licensed attorney for additional guidance.

9. Conditions

The purchaser accepts the premises in its present "as is" condition, and releases the Foreclosing Governmental Unit and employees and agents from all liability whatsoever arising from any condition of the premises, whether now known or subsequently discovered, including but not limited to all claims based on environmental contamination of the premises.

A person who acquires property that is contaminated (a "facility" pursuant to Section 20201(1)(1) of Natural Resources and Environmental Act (NREPA), 1994 P.A. 451, as amended) as a result of release(s) of a hazardous substance(s) may become liable for all costs of cleaning up the property and any other properties impacted by the release(s). Liability may be imposed upon the person acquiring the property even in the absence of any personal responsibility for, or knowledge of, the release. Protection from such liability may be obtained by conducting a Baseline Environmental Assessment (BEA) as provided for under Section 20126(1) (c) of NREPA. However, the BEA must be conducted prior to or within 45 days of the earliest date of purchase or occupancy of the property. Persons who acquire contaminated property may have "due care" obligations under Section 20107a of NREPA even if they conduct a BEA and are not liable for the contamination.

Pursuant to part 201 of NREPA, the person(s) responsible for an activity causing a release at the property is obligated to pursue response activities at the property. Consequently, the non-labile purchaser may be required to provide access to the liable party to conduct response activities at the property in the future. Section 20116 of the NREPA requires that a person who has knowledge that their property is contaminated provide a written notice to the purchaser or other person to whom the property is transferred which discloses the general nature and extent of the release. Additional disclosure obligations may also apply at the time the property, or an interest in the property, is transferred. Accordingly, the Foreclosing Governmental Unit recommends that a person who is interested in acquiring property at this auction contact an attorney or an environmental consultant for advice prior to the acquisition of any property that may be contaminated.

10. Deeds

A. Deed Execution and Delivery

All monies collected will initially be deposited in escrow. Once payment is cleared and verified, funds will be disbursed to the FGU and deeds will be executed and recorded as required by law. The FGU will deliver the deeds to the Register of Deeds for recording and remit them to the buyer after recording is complete. IT CAN TAKE 6 TO 8 WEEKS FOR DEEDS TO ARRIVE. PLEASE BE PATIENT.

B. Restrictive Covenants

Some counties sell properties with deed covenants that will attach to the property. These parcels will be noted online, along with the terms being required. Please carefully review the information for each specific parcel to make sure you understand the terms of sale.

11. Property Taxes & Other Fees

All property taxes and associated fees that have accrued on or after April 1 in the year that a property is auctioned must be paid at the time of checkout after the auction along with the final bid price, buyer's premium, and deed recording fee.

Furthermore, please understand that the buyer is responsible for all other fees and liens that accrue against a property on or after April 1 in the year that a property is auctioned. These items are not prorated. They include, but are not limited to municipal utility or ordinance fees, and condo or property owner association fees or dues. This can also include demolition and other nuisance abatement costs. These fees and expenses are not collected at the auction and must be paid by the buyer after taking title to any purchased property which is subject to such fees and expenses.

12. Other

A. Personal Property

Personal property (*items not attached to buildings and lands such as furnishings, automobiles, etc.*) located on offered property or within structures situated on offered property was not taxed as part of the real estate, does not belong to the FGU, and is not sold to the buyer of the real estate in this transaction. You are advised to contact former owners of any purchased property and provide them an opportunity to reclaim contents. A certified and first class mail notice to their last known address is strongly advised. It is your responsibility to identify and properly handle items of personal property. Seller makes no representations or warranties as to the presence of personal property or as to the legal requirements for dispensing with such property.

Mobile Homes may be titled separately and considered *personal property*. It is the buyer's responsibility to determine the legal status of any mobile home located on purchased property. A useful first step could include determining whether an Affidavit of Affixture of Manufactured Home has been executed and recorded as outlined in MCL 125.2330i.

B. Mineral Rights

You will receive any and all title that the FGU obtains via their tax foreclosure through a quit-claim deed. If the owner of the surface rights to the property also owned the mineral rights, those will become part of your title interest. However this will be subject to the rights of any outstanding leaseholders of oil, gas, mineral or storage rights. You would be obligated to honor the balance of any remaining lease (with automatic renewals if so written). However if the mineral rights have been severed (split from the surface rights) and are owned by a third party, they have not been foreclosed by the FGU and are not included in the mineral rights conveyed to you. In either instance, the leaseholder still has the right to explore for and/or extract minerals under the terms of any outstanding agreement.

C. Applicability of These Rules and Regulations

All sales are subject to these Rules and Regulations. Furthermore, additional terms and conditions which apply to one or more specific auction lots may be printed in the auction sale booklets and/or online at www.tax-sale.info ("Additional Terms"). If such Additional Terms apply, they will be listed under the heading "Additional Terms and Conditions" on the online lot description page and/or in the printed sale book for the lot(s) to which they apply. Such Additional Terms, if existing, shall be considered a part of these Rules and Regulations for the specific auction lots to which they apply. In some cases, the auctioneer is required to relate certain information orally on the day of sale when it is not possible to include such information in the printed sale booklets or in these Rules and Regulations ("Oral Terms"). In such a situation, the auctioneer will clearly state that they are relating an additional condition of sale which either has not been previously printed or which modifies some portion of these Rules and Regulations. If the auctioneer makes such a specific announcement, the Oral Terms shall take precedence over these Rules and Regulations where applicable. Finally, additional conditions are included on the printed auction receipt given to the buyer at the time of checkout ("Terms of Sale"). All sales are subject to these Terms of Sale as well. These Rules and Regulations, Additional Terms, Oral Terms, and Terms of Sale are intended to be compatible. To the extent that a conflict arises between any of these sources, they shall be interpreted in the following order of priority: Oral Terms, Additional Terms, Terms of Sale, Rules and Regulations.

These Rules and Regulations are subject to change at any time and should be reviewed frequently.

NOTE: Please review the terms at the top of each online catalog and the addendum pages in the printable sale books for county-specific purchase terms. Failure to follow the specific rules posted for each county could result in a cancellation of the sale and the retention of part or all of the purchase proceeds by the FGU.

Michigan DNR Land Sales Rules and Regulations

1. Registration

Registration will begin 30 minutes before the stated start time unless otherwise noted. No bids will be accepted unless the bidder has registered and received a pre-numbered bid card. A Driver's license, passport, or other state issued I.D. must be presented in order to receive a bid card.

2. Properties Offered

A. Overview

The parcels on the attached list have been approved by the State of Michigan (the "State") for sale at public auction and are individually identified by a sale unit number. The State reserves the right to pull parcels from the sale at any time prior to the auction.

These properties are subject to any state, county, or local zoning or building ordinances. The State of Michigan does not guarantee the usability or access to any of these lands. The properties are sold based upon their LEGAL DESCRIPTION ONLY (Subdivision name and Lot number, or Metes and Bounds measured description). While effort has been made to ensure that the addresses, parcel sizes, maps, and/or photos are accurate, you are relying on your own investigation and information when purchasing this property. All parcels are sold "as is where is" and there are NO REFUNDS.

B. Know What You Are Buying

It is the responsibility of the prospective purchaser to DO HIS OR HER OWN RESEARCH as to the suitability of any offered property for any intended purpose. The State makes no warranty, guaranty or representation concerning, but not limited to, the merchantability of title, boundary lines, location of improvements, easements or right to access by public street, utility presence or location, or any other physical, structural, or legal condition.

Prospective buyers should, prior to the auction, personally visit and inspect any offered property they wish to purchase. However, prior to purchase at the auction, STRUCTURES MAY NOT BE ENTERED without the WRITTEN PERMISSION of the State. Some structures may be occupied and occupants should not be disturbed.

C. Reservations

Pursuant to state statutes, deeds issued may contain the following reservations and stipulations:

- *"Excepting and reserving to the State of Michigan, all aboriginal antiquities including mounds, earthworks, forts, burial and village sites, mines or other relics and also reserving the right to explore and excavate for the same, by and through its duly authorized agents and employees, pursuant to the provisions of Part 761, Aboriginal Records and Antiquities, of the Natural Resources and Environmental Protection Act, Act 451 of the Public Acts of 1994, as amended."*
- *"Saving and reserving unto the People of the State of Michigan the rights of ingress and egress over and across all of the above-mentioned descriptions of land lying along any watercourse or stream, pursuant to the provisions of Part 5, Act 451, P.A. 1994, as amended."*

Additionally, the State may, in its discretion, reserve the mineral rights to offered property as follows:

- *"Saving and excepting and always reserving unto the said State of Michigan, all mineral, coal, oil and gas, lying and being on, within or under the said lands whereby conveyed, except sand, gravel, clay or other nonmetallic minerals with full and free liberty and power to the said State of Michigan, its duly authorized officers, representatives and assigns, and its or their lessees, agents and workmen, and all other persons by its or their authority or permission, whether already given or hereafter to be given at any time and from time to time, to enter upon said lands and take all usual, necessary, or convenient means for exploring, mining, working, piping, getting, laying up, storing, dressing, make merchantable, and taking away the said mineral, coal, oil and gas, except sand, gravel, clay or other nonmetallic minerals."*

If the State does not reserve mineral rights as described above, the State may nonetheless restrict the severance of mineral rights from offered property as follows:

- *"This conveyance hereby restricts the Grantee from severing oil, gas, mineral and other subsurface rights from the surface rights any time in the future. If the Grantee severs the subsurface rights from the surface rights, the subsurface rights will revert to the State of Michigan."*

3. Bidding

A. Overview

Generally, each sale unit will be offered separately and in the order appearing on the attached list. Sales are typically conducted both online and live on-site, simultaneously. The sale will be awarded to the individual bidding the highest amount equal to or greater than the starting bid by either method. Typically, the auctioneer will make available a list of parcels prior-to-sale and will provide an opportunity for on-site bidders to designate "parcels of interest" prior to the start of the sale. The auctioneer may skip over those parcels upon which no party has placed an online bid or designated as a parcel of interest prior to the start of the sale. **Parcels that do not have online bids and that have not been designated as parcels of interest prior to the start of the sale and in the manner prescribed by the auctioneer are not guaranteed to be offered.** The auctioneer, in their sole discretion, may offer a second request round of unsold parcels after the first round of bidding has been completed. Such second request round will be available to those online and on-site bidders as may be in attendance at that time.

B. Starting Bid Price

The starting bid prices are shown on the list included in the sale book. At auctions with a minimum bid, no sales can be made for less than the starting price indicated. The starting bid for no minimum bid sales will be at the discretion of the State or auctioneer.

C. Bid Increments

Bids will **only** be accepted in the following increments:

<u>Bid Amount</u>	<u>Increment</u>
\$100 to \$999	\$ 50.00
\$1000 to \$9999	\$ 100.00
Over \$10,000	\$ 250.00

Floor bidders **MUST** bid in the same increments as online and absentee bidders. **We will not accept irregular bid increments** in fairness to online and absentee bidders.

D. Eligible Bidders

Any registered person may bid on the properties offered. Any person unable to attend the sale can be represented at the sale by an agent or other representative with authority to bid and otherwise represent the person. **The registered bidder is legally and financially responsible for all parcels bid upon whether acting on their own behalf or as the agent of another.**

E. Absentee Bidding

Absentee bids will be accepted in increments up to the amount that you pre-approve. Absentee bids require a \$1,000 pre-authorization on a major credit card or a \$1,000 deposit before the bid will be accepted. Absentee bids must be submitted 48 hours prior to the date of the auction by calling 1-800-259-7470. An absentee bid form is also available on www.tax-sale.info.

F. Online Bidding

On-line bidding will be available on the day of the auction at www.tax-sale.info.

G. Bids are Binding

An oral bid accepted at public auction is a legal and binding contract to purchase. No sealed bids will be accepted and the State reserves the right to reject any or all bids.

H. Attempts to Bypass These Rules and Regulations

The State and the auctioneer reserve the right to reject the bids of any bidder who appears to be acting on behalf of another person who is ineligible to bid on their own.

4. Terms of Sale

A. Payment

- **Live On-Site Bidders**
 - **The full purchase price must be paid in full on the day of the sale, within half an hour of the end of the Auction.** No purchases can be made on a time-payment plan.
 - **No cash will be accepted!**
 - **THE FIRST \$5,000 OF THE PURCHASE PRICE MUST BE PAID IN CERTIFIED FUNDS!** This \$5,000 will only be needed if you are successful as the winning bidder on a parcel. The balance may be paid by certified check, personal check, money order, Visa, MasterCard, or Discover.
- **Online & Absentee Bidders**
 - **The full purchase price must be paid in full WITHIN 5 DAYS OF THE SALE.** Payment may be made by certified funds, money order, Visa, MasterCard, Discover, or wire transfer. No purchases can be made on a time-payment plan.
 - Online and absentee bidding require a \$1,000 pre-authorization on a major credit card or a \$1,000 deposit before any bids will be accepted. Buyer's failure to consummate an online or absentee purchase will result in the forfeiture of this \$1,000.

The full purchase price consists of the final bid price *plus* a buyer's premium of 10% of the bid price and a \$10.00 deed-processing fee. **Any portion of the purchase price paid by credit card will be assessed an additional fee of 2.75%.**

B. Dishonored Payment

Any buyer whose payment is DISHONORED FOR ANY REASON will forfeit the purchase price up to the required **certified funds deposit made to the State. The State may prosecute any buyer who bounces a check or fails to consummate a purchase.**

Any buyer who fails to consummate a purchase will be banned from bidding at all future land auctions. The venue for litigation or arbitration resulting from any disputes or matters involving or arising out of bidding or purchases, whether online or on-site, shall be fixed as Kalamazoo County in the State of Michigan.

The buyer's premium is not subject to any broker fees. There are no co-brokerage or other fees or rebates available.

C. Cancellation Policy

The State reserves the right **TO CANCEL ANY SALE, AT ANY TIME, FOR ANY REASON** prior to the issuance of the deed.

D. Property Transfer Affidavit

It is the responsibility of the buyer to file a **Property Transfer Affidavit** with the Assessor for the city or township where the property is located **within 45 days of the transfer**. If it is not timely filed, a **penalty of \$5/day (maximum \$200)** applies. The information on this Property Transfer Affidavit is NOT CONFIDENTIAL.

5. Purchase Receipts

Successful bidders at the sale will be issued a receipt for their purchases upon payment. This receipt does not convey an interest in title to the purchased property unless and until a deed has been issued and recorded. Buyers will be entitled to deeds for the property descriptions identified by the sale unit numbers noted on the receipt unless the sale is cancelled under these Rules and Regulations or other statutory authority.

6. Title Being Conveyed

Quit-claim deeds will be issued conveying **only such title as possessed by the State at the time of sale**. Title insurance companies may or may not issue title insurance on properties purchased at this sale. The State makes no representation as to the availability of title insurance and the **unavailability of title insurance is not grounds for reconveyance to the State**. The purchaser may incur legal costs for Quiet Title Action to satisfy the requirements of title insurance companies in order to obtain title insurance.

7. Special Assessments

Parcels sold are subject to property taxes that become due and payable on or after the day of auction, as well as current and future installments of any outstanding bonded assessments. All bidders should contact the appropriate city, village, or township offices to determine if there are any outstanding bonded assessments for future tax years on the properties being offered.

8. Possession of Property

A. Possession Pending Deed Delivery

It is recommended that the buyer DOES NOT take physical possession of any purchased property until a deed has been executed and delivered to the buyer. The buyer risks financial loss for any improvements or investments made on purchased property *before the delivery of a deed* in the event that the State exercises its right to cancel the sale. Until the buyer receives a deed, no activities should be conducted on the site other than:

I. Securing the Property

Buyer should take steps to protect their equity in purchased property by **securing vacant structures against entry and obtaining (homeowners) insurance for occupied property**. Buyer is responsible for contacting local units of government to **prevent possible demolition of structures situated on purchased property**.

II. Assessing Potential Contamination

Buyer may immediately wish to conduct a Baseline Environmental Assessment (BEA) to assess the condition of potentially contaminated properties. More information about BEAs can be found at http://www.michigan.gov/deq/0,4561,7-135-3311_4109_4212--,00.html

B. Occupied Property

Buyers will be responsible for all procedures and legal requirements for conducting evictions. Occupants of purchased property should be treated as tenants holding over under an expired lease. This means that legal eviction and/or possession proceedings will be necessary to effectuate control over such property.

9. Conditions

The purchaser accepts the premises in its present "as is" condition, and releases the State and employees and agents from all liability whatsoever arising from any condition of the premises, whether now known or subsequently discovered, including but not limited to all claims based on environmental contamination of the premises.

A person who acquires property that is contaminated (a "facility" pursuant to Section 20201(1)(1) of Natural Resources and Environmental Act (NREPA), 1994 P.A. 451, as amended) as a result of release(s) of a hazardous substance(s) may become liable for all costs of cleaning up the property and any other properties impacted by the release(s). Liability may be imposed upon the person acquiring the property even in the absence of any personal responsibility for, or knowledge of, the release. Protection from such liability may be obtained by conducting a Baseline Environmental Assessment (BEA) as provided for under Section 20126(1) (c) of NREPA. However, the BEA must be conducted prior to or within 45 days of the earliest date of purchase or occupancy of the property. Persons who acquire contaminated property may have "due care" obligations under Section 20107a of

NREPA even if they conduct a BEA and are not liable for the contamination.

Pursuant to part 201 of NREPA, the person(s) responsible for an activity causing a release at the property is obligated to pursue response activities at the property. Consequently, the non-labile purchaser may be required to provide access to the liable party to conduct response activities at the property in the future. Section 20116 of the NREPA requires that a person who has knowledge that their property is contaminated provide a written notice to the purchaser or other person to whom the property is transferred which discloses the general nature and extent of the release. Additional disclosure obligations may also apply at the time the property, or an interest in the property, is transferred. Accordingly, the State recommends that a person who is interested in acquiring surplus County property contact an attorney or an environmental consultant for advice prior to the acquisition of any surplus County property that may be contaminated.

10. Deeds

All monies collected will remain in escrow for a period not to exceed 20 days. Once payment is cleared and verified, funds will be disbursed to the State and deeds will be executed and recorded as required by law. The State will deliver the deeds to the Register of Deeds for recording and remit them to the buyer after recording is complete. IT CAN TAKE 6 TO 8 WEEKS FOR DEEDS TO ARRIVE. PLEASE BE PATIENT.

11. Property Taxes & Other Fees

All property taxes that become due and payable on or after the day of auction will be the responsibility of the buyer. The buyer is responsible for all other fees and liens that accrue against the property on or after the day of the auction. These items include, but are not limited to municipal utility or ordinance fees and condo or property owner association fees or dues. This can also include demolition and other nuisance abatement costs. These fees and expenses are not collected at the auction and must be paid by the buyer after taking title to any purchased property which is subject to such fees and expenses.

12. Other

A. Personal Property

Personal property (*items not attached to buildings and lands such as furnishings, automobiles, etc.*) located on offered property or within structures situated on offered property does not belong to the State and is not sold to the buyer of the real estate in this transaction. You are advised to contact former owners of any purchased property and provide them an opportunity to reclaim contents. A certified and first class mail notice to their last known address is strongly advised.

Mobile Homes may be titled separately and considered *personal property*. It is the buyer's responsibility to determine if an Affidavit of Affixture of Manufactured Home has been executed and recorded as outlined in MCL 125.2330i.

B. Applicability of These Rules and Regulations

All sales are subject to these Rules and Regulations, all terms and conditions printed in sale booklets, posted at the physical sale location, online at <http://www.tax-sale.info>, and made verbally at the location of sale on the day of the auction. Furthermore, additional Terms of Sale are included on the printed auction receipt given to the buyer at the time of checkout. In the event of a conflict between these Rules and Regulations and the Terms of Sale printed on the auction receipt, those Terms of Sale on the auction receipt shall be controlling.

These Rules and Regulations are subject to change at any time and should be reviewed frequently.

NOTE: Please review the terms at the top of each online catalog and the addendum pages in the printable sale books for sale-specific purchase terms. Failure to follow the specific rules posted for each sale could result in a cancellation of the sale and the retention of part or all of the purchase proceeds by the State.

DEED INFORMATION CHANGE REQUEST

Bidder Information

Name: _____	Date: _____
Email Address: _____	Phone: _____

Lot Information

Auction Lot #: _____	Original Auction Date: _____
Lot County: _____	Lot Parcel ID: _____

Original Deed Information

Original Grantee Name(s): _____
Original Address: _____

Requested Change

--

Payment Information

Card Type: Visa <input type="checkbox"/> MasterCard <input type="checkbox"/> Discover <input type="checkbox"/>
Card Number: _____ CID: _____ Exp. Date: _____
OR (check box)
<input type="checkbox"/> I am paying with the enclosed check, payable to Title Check, LLC Escrow Account

Terms and Condition

I understand and agree that I will be assessed a **\$50.00 fee** in order to make the changes listed above to the original deed information which I approved at the time of purchase, as evidenced by the sworn affidavit I executed at that time. I further understand and agree that if the original deed has already been recorded, I will be charged an additional **\$30.00 re-recording fee**.

By signing below I hereby affirm that the amended deed information I have provided above is accurate and that I authorize Title Check, LLC to charge the credit card listed above (if any) for the fees associated with implementing this deed change.

Signature

Date

**RETURN THIS FORM AND ANY ACCOMPANYING
FEES AS SOON AS POSSIBLE**

Fax to: (269) 585-5993	Email to: auctionhelp@tax-sale.info
<p style="text-align: center;">Mail to:</p> <p style="text-align: center;">Title Check, LLC Attn: Auction Dept. 622 W Kalamazoo Ave Kalamazoo, MI 49007</p>	

Need Additional Help? Call (800) 259-7470 or (269) 226-2600

MANUAL AUTHORIZATION FORM

Bidder Information

Name: _____	Date: _____		
Address: _____			
street	city	state	zip
Email Address: _____	Phone: _____		
State ID #: _____	Country: _____		
Desired Online Username: _____			

Payment Information

Card Type:	Visa <input type="checkbox"/>	MasterCard <input type="checkbox"/>	Discover <input type="checkbox"/>
Card Number: _____	CID: _____	Exp. Date: _____	

Terms and Condition

I understand and agree that in order to bid online at www.tax-sale.info, Title Check, LLC will place a \$ 1000 "hold" on the credit card listed above and I hereby authorize such credit card transaction. I further understand and agree that if I am the winning bidder at any online auction and fail to complete the purchase, I will forfeit this \$1000 to the Foreclosing Governmental Unit to whom the purchased property belongs and the property may be resold to another bidder.

I understand and agree that if the credit card provided above is declined for any reason, I will **not be authorized to bid online**. It is my responsibility to ensure that my account has been authorized in time for any auction in which I would like to participate.

I understand and agree that auctions held by www.tax-sale.info occur both live in person and online simultaneously. I further understand and agree that I will be bidding against live floor bidders as well as other online and absentee bidders for the duration of each auction.

I understand and agree that the **full purchase price must be paid within five days of the conclusion of the auction** at which any property is purchased in accordance with the Rules and Regulations. Such Rules and Regulations are available online at www.tax-sale.info/forms/Standard-Rules.pdf and are hereby incorporated by reference. **The Foreclosing Governmental Unit may prosecute any bidder who bounces a check or fails to consummate a purchase.** Any bidder who fails to consummate a purchase will be banned from bidding at all future land auctions.

By signing below I acknowledge that I have read, understand, and agree to the Rules and Regulations as well as these Terms and Conditions.

Signature

Date

**COMPLETED FORM MUST BE RECEIVED BY TITLE
CHECK, LLC AT LEAST 48 HOURS BEFORE THE DAY
OF THE NEXT AUCTION IN WHICH YOU WISH TO
PARTICIPATE AS AN ONLINE BIDDER.**

Fax to: (269) 585-5993	Email to: auctionhelp@tax-sale.info
<p style="text-align: center;">Mail to:</p> <p style="text-align: center;">Title Check, LLC Attn: Auction Dept. 622 W Kalamazoo Ave Kalamazoo, MI 49007</p>	

Need Additional Help? Call (800) 259-7470 or (269) 226-2600

Property Transfer Affidavit

This form is issued under authority of P.A. 415 of 1994. Filing is mandatory.

This form must be filed whenever real estate or some types of personal property are transferred (even if you are not recording a deed). It is used by the assessor to ensure the property is assessed properly and receives the correct taxable value. **It must be filed by the new owner with the assessor for the city or township where the property is located within 45 days of the transfer.** If the Property Transfer Affidavit is not timely filed, a statutory penalty applies (see page 2). The information on this form is NOT CONFIDENTIAL.

1. Street Address of Property		2. County	3. Date of Transfer (or land contract signed)
4. Location of Real Estate (Check appropriate field and enter name in the space below.) <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village		5. Purchase Price of Real Estate	
7. Property Identification Number (PIN). If you don't have a PIN, attach legal description. PIN. This number ranges from 10 to 25 digits. It usually includes hyphens and sometimes includes letters. It is on the property tax bill and on the assessment notice.		6. Seller's (Transferor) Name	
		8. Buyer's (Transferee) Name and Mailing Address	
		9. Buyer's (Transferee) Telephone Number	

Items 10 - 15 are optional. However, by completing them you may avoid further correspondence.

10. Type of Transfer. Transfers include deeds, land contracts, transfers involving trusts or wills, certain long-term leases and interest in a business. See page 2 for list. <input type="checkbox"/> Land Contract <input type="checkbox"/> Lease <input type="checkbox"/> Deed <input type="checkbox"/> Other (specify) _____		
11. Was property purchased from a financial institution? <input type="checkbox"/> Yes <input type="checkbox"/> No	12. Is the transfer between related persons? <input type="checkbox"/> Yes <input type="checkbox"/> No	13. Amount of Down Payment:
14. If you financed the purchase, did you pay market rate of interest? <input type="checkbox"/> Yes <input type="checkbox"/> No	15. Amount Financed (Borrowed)	

EXEMPTIONS

The Michigan Constitution limits how much a property's **taxable value** can increase while it is owned by the same person. Once the property is transferred, the taxable value must be adjusted by the assessor in the following year to 50 percent of the property's usual selling price (**State Equalized Value**). Certain types of transfers are exempt from adjustment. Below are brief descriptions of the types of exempt transfers; full descriptions are in MCL Section 211.27a(7)(a-n). If you believe this transfer is exempt, indicate below the type of exemption you are claiming. If you claim an exemption, your assessor may request more information to support your claim.

- transfer from one spouse to the other spouse
- change in ownership solely to exclude or include a spouse
- transfer is by blood or affinity to the first degree
- transfer of that portion of a property subject to a life lease or life estate (until the life lease or life estate expires)
- transfer to effect the foreclosure or forfeiture of real property
- transfer by redemption from a tax sale
- transfer into a trust where the settlor or the settlor's spouse conveys property to the trust and is also the sole beneficiary of the trust
- transfer resulting from a court order unless the order specifies a monetary payment
- transfer creating or ending a joint tenancy if at least one person is an original owner of the property (or his/her spouse)
- transfer to establish or release a security interest (collateral)
- transfer of real estate through normal public trading of stocks
- transfer between entities under common control or among members of an affiliated group
- transfer resulting from transactions that qualify as a tax-free reorganization
- transfer of qualified agricultural property when the property remains qualified agricultural property and affidavit has been filed.
- transfer of qualified forest property when the property remains qualified forest property and affidavit has been filed.
- transfer of land with qualified conservation easement (land only - not improvements)
- other, specify: _____

CERTIFICATION

I certify that the information above is true and complete to the best of my knowledge.

Signature		Date
Name and title, if signer is other than the owner	Daytime Phone Number	E-mail Address

Instructions:

This form must be filed when there is a transfer of real property or one of the following types of personal property:

- Buildings on leased land.
- Leasehold improvements, as defined in MCL Section 211.8(h).
- Leasehold estates, as defined in MCL Section 211.8(i) and (j).

Transfer of ownership means the conveyance of title to or a present interest in property, including the beneficial use of the property. It includes, but is not limited to, the following conveyances:

- Deed.
- Land contract.
- Transfer into a trust, unless the sole beneficiary is the settlor (creator of the trust), the settlor's spouse, or both.
- Transfer from a trust, unless the distributee is the sole present beneficiary, the spouse of the sole present beneficiary, or both.
- Changes in the sole present beneficiary of a trust, unless the change only adds or substitutes the spouse of the sole present beneficiary.
- Distributions by a will or intestate succession, unless to the decedent's spouse.
- Leases, if the total duration of the lease is more than 35 years, including the initial term and all options for renewal, or if the lease grants the lessee the right to purchase the property at the end of the lease for not more than 80 percent of the property's projected true cash value at the end of the lease. This only applies to the portion of the property subject to the lease described above.
- Transfers of more than a 50 percent interest in the ownership of a business, unless the ownership is gained through the normal public trading of shares of stock.
- Transfers of property held as a tenancy in common, except the portion of the property not subject to the ownership interest conveyed.
- A conveyance of an ownership interest in a cooperative housing corporation, except the portion of the property not subject to the ownership interest conveyed.

For complete descriptions of qualifying transfers, please refer to MCL Section 211.27a(6)(a-j).

Excerpts from Michigan Compiled Laws (MCL), Chapter 211

Section 211.27a(10): "... the buyer, grantee, or other transferee of the property shall notify the appropriate assessing office in the local unit of government in which the property is located of the transfer of ownership of the property within 45 days of the transfer of ownership, on a form prescribed by the state tax commission that states the parties to the transfer, the date of the transfer, the actual consideration for the transfer, and the property's parcel identification number or legal description."

Section 211.27(5): "Except as otherwise provided in subsection (6), the purchase price paid in a transfer of property is not the presumptive true cash value of the property transferred. In determining the true cash value of transferred property, an assessing officer shall assess that property using the same valuation method used to value all other property of that same classification in the assessing jurisdiction."

Penalties:

Section 211.27b(1): "If the buyer, grantee, or other transferee in the immediately preceding transfer of ownership of property does not notify the appropriate assessing office as required by section 27a(10), the property's taxable value shall be adjusted under section 27a(3) and all of the following shall be levied:

(a) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.

(b) Interest and penalty from the date the tax would have been originally levied.

(c) For property classified under section 34c as either industrial real property or commercial real property, a penalty in the following amount:

(i) Except as otherwise provided in subparagraph (ii), if the sale price of the property transferred is \$100,000,000.00 or less, \$20.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$1,000.00.

(ii) If the sale price of the property transferred is more than \$100,000,000.00, \$20,000.00 after the 45 days have elapsed.

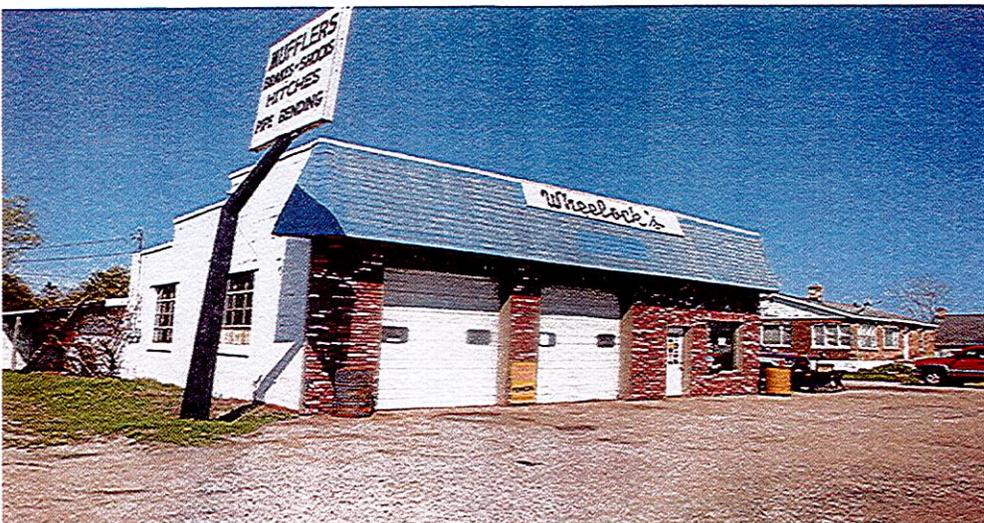
(d) For real property other than real property classified under section 34c as industrial real property or commercial real property, a penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$200.00.

Lot 1600: Cheboygan

Mechanic or Repair Shop Building. Cheboygan.

- Minimum Bid:\$8,400.00
- Current Tax:TBA
- SEV\$26,500.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:052-032-203-015-02
- Map:[Click here to view GPS Map Link](#)

- Addresses:807 E STATE ST CHEBOYGAN

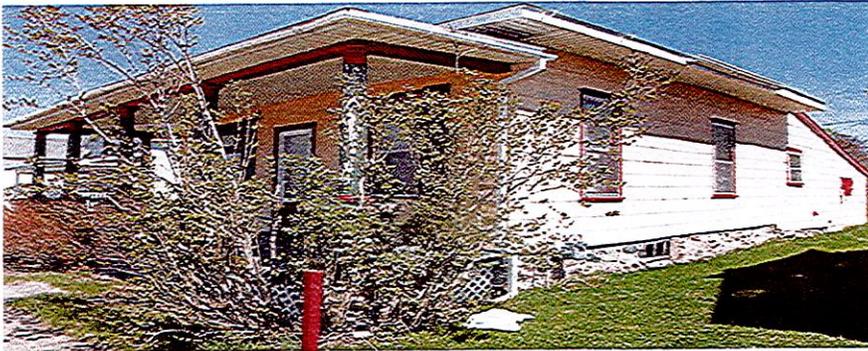


Legal Description: COM AT INT OF N & S 1/4 LINE OF SEC 32 AND HWY US 23 TH N 102.2FT ON SD 1/4 LINE TH E AT R/A TO SD 1/4 LINE 204.28FT TH S PAR TO SD 1/4 LINE 208.49FT TO US-23 TH NWLY AL US-23 R/W 219.8FT M/L TO SD 1/4 LINE & POB. ALSO ALL THAT PART OF LOT 1 BLK 5 CHARLES BELLANTS ADD TO CITY OF CHEBOYGAN LYING N OF HWY US-23 R/W. ALSO COM CEN 1/4 COR SD SEC TH N 00D 06M W ALG N-S 1/4 LI 659.60 FT TO POB TH CONT N 00D 06M W 95 FT TH S 87D 15M E 155 FT TH S 00D 06M E 95 FT TH N 87D 15M W 155 FT TO POB EXC COM CEN 1/4 COR SEC 32; TH N 0D 6M W ALG N-S 1/4 LI 562.4 FT TO NLY R/W OF US 23 AND POB; TH N 57D 33M W ALG SD R/W 69.85 FT TO SLY R/W OF DAVID ST; TH N 61D 13M 10S E 67.41 FT TO N-S 1/4 LI; TH N 0D 6M W 27.1 FT; TH N 61D 13M 1FT; TH S 56D 44M E 20.68 FT; TH S 33D 16M W 142.94 FT TO POB. BEING PART OF LOT 1 BLK 5 CHARLES BELLANTS ADD TO CITY OF CHEBOYGAN AND PART OF SW 1/4 OF NE 1/4 SEC 32 T 38 N, R 1

Lot 1601 : Cheboygan

Sharp Little 2 Bedroom Home In Cheboygan!

- Minimum Bid:\$3,700.00
- Current Tax: TBA
- SEV\$14,500.00
- Auction Info: August 13, 2018 at 12:00 PM - The Ellison Place
- Parcel ID:052-W59-027-014-00
- Addresses:219 S B ST CHEBOYGAN
- Legal Description: WEST DUNCAN, LOT 13, BLK 27. (SEC 32, T38N,R1W)



Sharp Little 2 Bedroom Home In Cheboygan!

Parcel ID: 052-W59-027-014-00 | Address: 219 S B ST CHEBOYGAN |
LEGAL DESCRIPTION:

Local Unit: City Of Cheboygan | Section: 32 | Town: 38N | Range: 1W

WEST DUNCAN, LOT 13, BLK 27. (SEC 32, T38N,R1W)

COMMENTS:

2 Bedroom one bath home just a couple blocks from downtown. Appears to have been well maintained most of its life. Last occupancy has been a couple years or so. Built on a crawlspace. Older roof looks intact and ready for years of good coverage. There is a funky bathroom being added in the rear and the front/original one has had the shower removed. Not sure what the concept was ... Front porch will need some work. The decking is oold and a couple of the posts have serious deflection. This house is clean, tight and has had mechanical upgrades of a modest nature. Old 60A electric service. Some newer pex water lines seen. Kitchen and rear portion have had a new subfloor put down. There is one archway to the rear that is only about 5 feet high (duck !!) and we think the rear portion of the home was originally a shed or garage that has been converted. With some work, this could be a cute little house.

Lot 1602: Cheboygan

- Minimum Bid: \$11,250.00
 - Current Tax: TBA
 - SEVS\$34,100.00
 - Auction Info: August 13, 2018 at 12:00 PM - [The Ellison Place](#)
 - Parcel ID: 054-031-101-006-00
-
- Addresses:929 DIVISION ST CHEBOYGAN



Legal Description: COM ON S LI OF DIVISION ST AT A POINT 352FT E FROM SE ANG OF WESTERN & DIVISION STS; TH E ALG DIVISION 132FT; TH S AT R/A 120FT; TH W AT R/A 132FT; TH N AT R/A 120FT TO POB, SEC 31, T38N R1W **AND** N1/2 OF VAC ALLEY DESC AS: COM AT NE COR LOT 2, BLK 2, A M GEROWS ADD TO CITY OF CHEBOYGAN; TH WLY ALG N LI SD LOT 15.6FT; TH NLY AT R/A 5FT TO POB; TH CONT NLY AT R/A TO N LI OF SD LOT 5FT; TH WLY PAR TO N LI OF LOTS 2, 3 & 4, BLK 2 SD PLAT 132FT; TH SLY AT R/A 5FT; TH ELY PAR TO SD LOTS 2, 3, & 4, BLK 2 132 FT TO POB. Legal Description: COM ON S LI OF DIVISION ST AT A POINT 352FT E FROM SE ANG OF WESTERN & DIVISION STS; TH E ALG DIVISION 132FT; TH S AT R/A 120FT; TH W AT R/A 132FT; TH N AT R/A 120FT TO POB, SEC 31, T38N R1W **AND** N1/2 OF VAC ALLEY DESC AS: COM AT NE COR LOT 2, BLK 2, A M GEROWS ADD TO CITY OF CHEBOYGAN; TH WLY ALG N LI SD LOT 15.6FT; TH NLY AT R/A 5FT TO POB; TH CONT NLY AT R/A TO N LI OF SD LOT 5FT; TH WLY PAR TO N LI OF LOTS 2, 3 & 4, BLK 2 SD PLAT 132FT; TH SLY AT R/A 5FT; TH ELY PAR TO SD LOTS 2, 3, & 4, BLK 2 132 FT TO POB

Lot 1603: Cheboygan

Older Rehabbers Special In Cheboygan

Minimum Bid:\$29,250.00

- Current Tax: TBA
- SEV\$23,700.00
- Auction Info: August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:054-P40-001-010-00
- Map:[Click here to view GPS Map Link](#)

- Addresses: 1134 RANDOLPH ST CHEBOYGAN



Legal Description: PLAT OF SUPERVISOR J M PENNELL'S SECOND ADDITION TO THE CITY OF CHEBOYGAN, LOTS 16 & 17, BLK 1. (SEC 36, T38N,R2W)

Older wood frame 2 story house on Cheboygan west side. 2 BR down and 1.5 up. Was built on a wood pier foundation, and some of the floors have some sway and dip to them. The roof is probably 10+ years old but not ancient. Vinyl siding. Has an express exit from the second floor on the back side you'll want to watch out for when drinking. Could be turned into a balcony or deck access. Home has been poorly/cheaply modernized (more than once) and has little of its original finish left. Natural gas space heat. There is a power service attached to the front porch but we could find no panelboard anywhere inside ... we suspect this is 60A service and probably a little sketchy. A few missing windows. Stinky and grubby. Has potential but will need some work.

Lot 1604 : Cheboygan

9+ Acres With Log Home ... Near Mullett Lake!!

+• Minimum Bid:\$8,400.00 • Current Tax:TBA • SEVS\$57,200.00

- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:091-026-300-023-00
- Map:[Click here to view GPS Map Link](#)

- Addresses:7166 VILLAGE LN CHEBOYGAN



COM INT OF N LI GOVT LOT 3, SEC 26, T37N,R2W; WITH WLY LI MCRR R/W; TH W ALG N LI TO NW COR GOVT LOT 3; TH S ALG W GOVT LOT LI TO A PT 200FT N OF NW COR OF WHEELER'S PLAT; TH N 71D E TO PT OF INT WITH ELY LI OF LOT 6 SD PLAT, EXT TH SELY ALG ELY LI OF LOT 6 SD PLAT, EXT TO NE COR OF LOT 6 SD PLAT; TH N 71D E 145FT; TH S 76D 30M E 216FT TO WLY R/W MCRR; TH NLY ALG WLY LI RR TO POB, PT OF GOVT LOT 3. Estate sized parcel could easily support a nice pole barn, gardens and still have a woodlot left over ! Located less than 500 feet from Mullett Lake on the north end, right in the old money blueblood neighborhood west of the river channel. Of the 9+ acre parcel, we believe about 5 acres of it is wooded ... the entire thing is level. There are some pockets of "moist" land here and there, but its generally useable land. The home is probably 80 years old and full log construction. It appears to be in salvageable condition. We saw some decay, but it was not horrid at all based on a cursory examination. (We didn't probe, we just looked). The home has a full basement of masonry construction, but it was waist deep in water ... which is what happens when you turn the power off and your basement is normally serviced by a sump pump. So there will be some cleanup to do here. We did not see any evidence of mold having formed from this water accumulation, but it is certainly a possibility as summer trudges along. Three bedrooms. One bath. 60A electric service (did not find the panel ... probably down below) and bottle gas at present, tho natural gas appears to be available at the street within a short distance. The original structure has a rear addition .. all of it has sloping and weaving floors which will require some inspection and correction from the basement. There is a large classic garage building on the property that appears to be restorable. Also a couple of small sheds (bath-with-a-path ?) in the vicinity. Bring your own Sears catalogue and clean up. We did not see the well or pump (again ... probably in the basement) and there is some modern septic evidence suggesting that the two holer is just yard art now. This could be a really sharp property in the hands of the right rehabber. Just a spitting distance from Cheboygan shopping and dining.

Lot 1605 : Cheboygan

Cute Little A-Frame / Chalet At Cordwood Point! Double Lot!!

- Minimum Bid:\$3,900.00
 - Current Tax:TBA
 - SEVS20,600.00
 - Auction Info: August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Bundle This lot is a bundle consisting of 2 tax parcels being sold as a single auction lot. The parcels in this bundle must be purchased together and will not be offered for sale separately. Please see the descriptions below for more information about each parcel in this bundle.



CORDWOOD POINT NO 2, LOT 590. (SEC 21, T38N,R1E)

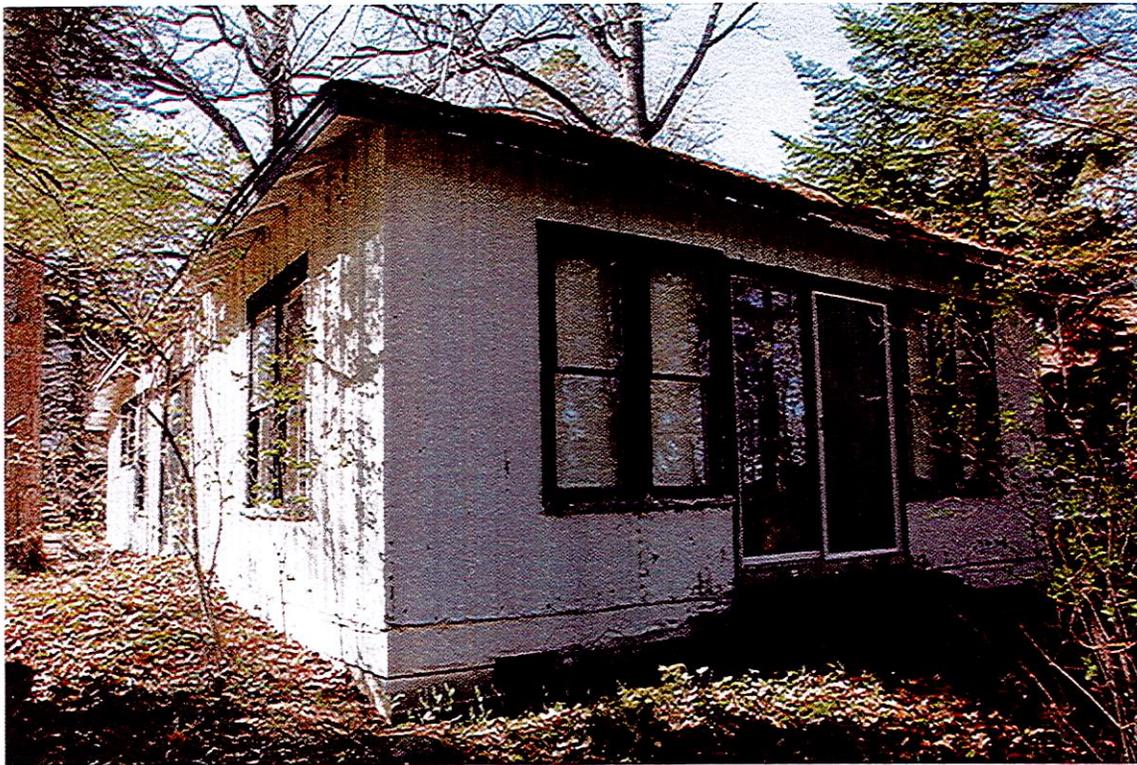
1998 construction. Currently occupied by a family of screeching raccoons that have found a way in and now live in the main floor ceiling right over the front door. Wouldn't take much work to make this a cool little weekend getaway for a couple or small family. 4" well. We didn't see any heat or gas supply either NG or bottle gas. Cordwood Point has a POA, and there is a community building with BEACH ACCESS to Lake Huron as well as an association owned boat launch. We're adding the vacant lot to the north with the improved parcel to be sure that you own your septic system ! Outbuilding could be salvaged, but will need some work

Lot 1607: Cheboygan

Summer Cottage With Great View Of Mullett Lake In Topinabee!

- Minimum Bid:\$5,500.00
- Current Tax:TBA
- SEV\$15,400.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:130-T25-002-002-00
- Map:[Click here to view GPS Map Link](#)

- Addresses:5115 PRUYN ST TOPINABEE



- Legal Description: MAP OF THE VILLAGE OF TOPINABEE, PT OF LOTS 1, 2, 4 & 5, BLK 2, DESC AS: COM NE COR LOT 1, BLK 2; TH E ALG N LI OF LOT 5, BLK 2, 24.77FT; TH S 22D 13M E 80FT; TH S 23D 43M W 101.6FT TO NWLY SIDE OF WEBSTER ST; TH N 10D 39M 30S W 166.68FT TO NLY LI SD LOT 1; TH E ALG SD LOT LI 12.48FT TO POB. (SECS 29&30, T36N,R2W)

This one will need some work to bring back to usefulness, but it holds potential. The roof edge has been in poor condition (probably for decades), and the south edge has some serious decay in the soffits. The cottage was built on wood pier footings, and decay to that is also evident based on the sloping and weakened floor system inside. The kitchen (at the rear end) is particularly distressed, with the structure improving in condition as you move toward the front/lake side. This will need a new roof and roof decking, some roof joists replaced (south and west) and you'll have to open up the floor and see what's needed down there in the way of stabilizing and straightening the floor system. Short version: This one will need a lot of work, and if you hire it out it'll probably exceed the value of the finished project.

Lot 1608: Cheboygan

2+ Acre Parcel Near Mullett Lake!

- Minimum Bid: \$1,100.00
 - Current Tax: TBA
 - SEV\$5,000.00
 - Auction Info: August 13, 2018 at 12:00 PM - [The Ellison Place](#)
 - Parcel ID: 171-017-302-011-02
-
- Addresses: S MUSCOTT TRL INDIAN RIVER

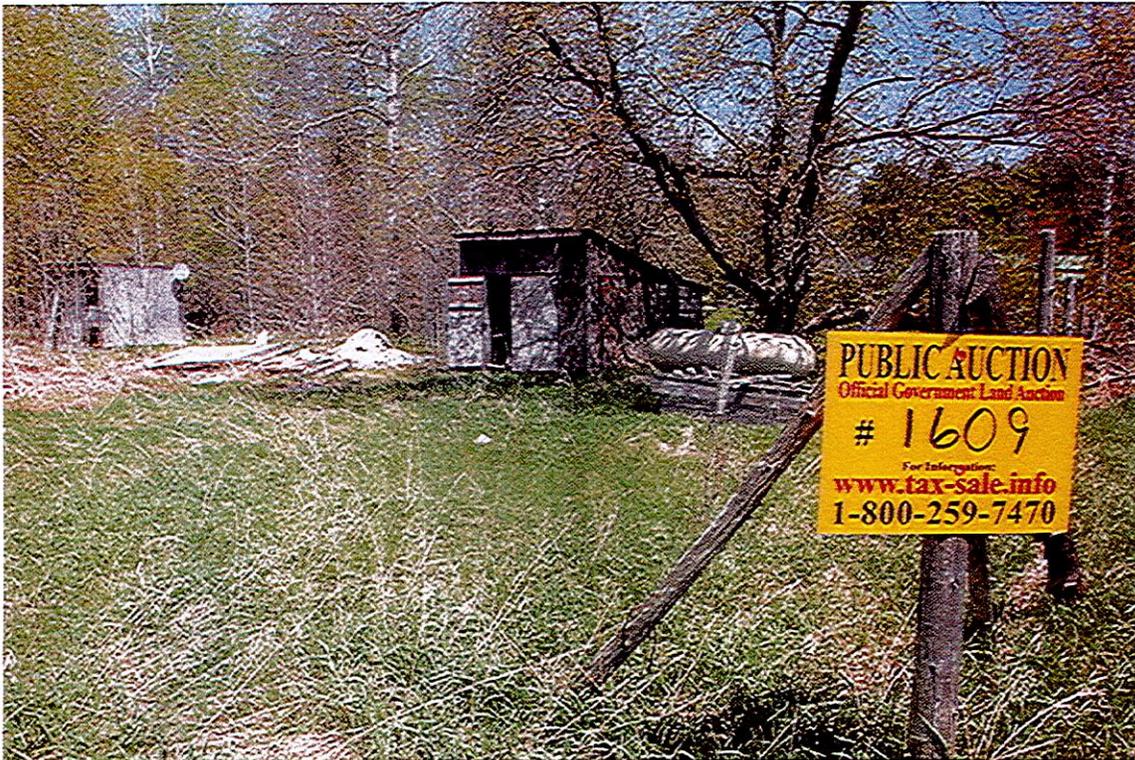


This is a nicely wooded, level, dry, sandy soiled, well drained 2+ acre parcel. It is located on a private road near the SE corner of Mullett Lake off East Mullet Lake Road. Most of the other parcels here are larger/acreage (5-10 acre average) and have newer rural housing with a lot of modular homes in the area. We do not believe this to be a county maintained road, and it is likely either communal effort or there may be a looseknit owners association that maintains it in the winter season. It does not appear to be graded on a regular basis. We have put the auction signs up twice (removed within a day by a neighbor thinking YOU won't see this posting) so we'll tell you how to find it ! Enter Muscott Trail from either the north or the south end ... and look for the parcel with the electric fence and critters. This parcel is NORTH (left) of that, and is in between it and the camper and storage building further north. It has roughly 211 feet along the road and runs 418 feet deep to the east from the road. Find the camper and garage/barn ... and the electric fence and critters ... and this is the parcel IN BETWEEN those parcels and is vacant wooded land. 2 + acres, east of the road.

Lot 1609: Cheboygan

Trashy Improved Lot In Legrand (Afton Area)

- Minimum Bid:\$1,800.00
 - Current Tax:TBA
 - SEVS\$8,400.00
 - Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
 - Parcel ID:172-L19-003-008-00
 - Map:[Click here to view GPS Map Link](#)
 - Addresses:2353 QUINCY RD AFTON
-
- Legal Description: PLAT OF VILLAGE OF LEGRAND, LOT 8, BLK 3. (SEC 21, T35N,R1W)



There has been a shack or trailer removed from this parcel. They left a lot of goodies behind for you to clean up. There is a shallow well, bottle gas pig, and it appears there was power here as well. There are platted unimproved streets on two sides of this parcel, and access is by a two track that may or may not be over that street. Might wanna check that before bidding. Parcel is 66x132 in size.

Lot 1610: Cheboygan

Nice Wooded Building Site Near Fingerboard Corners / Afton

- Minimum Bid:\$1,200.00
- Current Tax:TBA
- SEV\$5,300.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:210-014-400-002-04
- Map:[Click here to view GPS Map Link](#)
- Addresses:8594 AFTON RD AFTON



Legal Description: COM E1/4 COR SEC 14, T34N,R2W; TH S ALG E SEC LI 331.25FT TO POB; TH CONT S 331.25FT; TH S 89D 11M 14S W 322.46FT; TH N OD 1M 35S E 331.03FT; TH N 89D 8M 52S E 322.31FT TO POB, PT OF N1/2 OF NE1/4 OF SE1/4.

Parcel is 331x322 in size. Nice dry, level wooded lands suitable for building! Lilies and flora very prone to be great morel hunting territory. Parcel is located on a paved county road, just south of Beebe School Road. 2.44 acres!! The old shack near here is not on this parcel. Power and natural gas at the road!!

Lot 1611 : Cheboygan

Ten Acres Near Tower / Afton

- Minimum Bid:\$1,300.00
- Current Tax:TBA
- SEVS9,200.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:220-001-200-001-01
- Map:[Click here to view GPS Map Link](#)

- Addresses:(Off end of) Kisser Road.

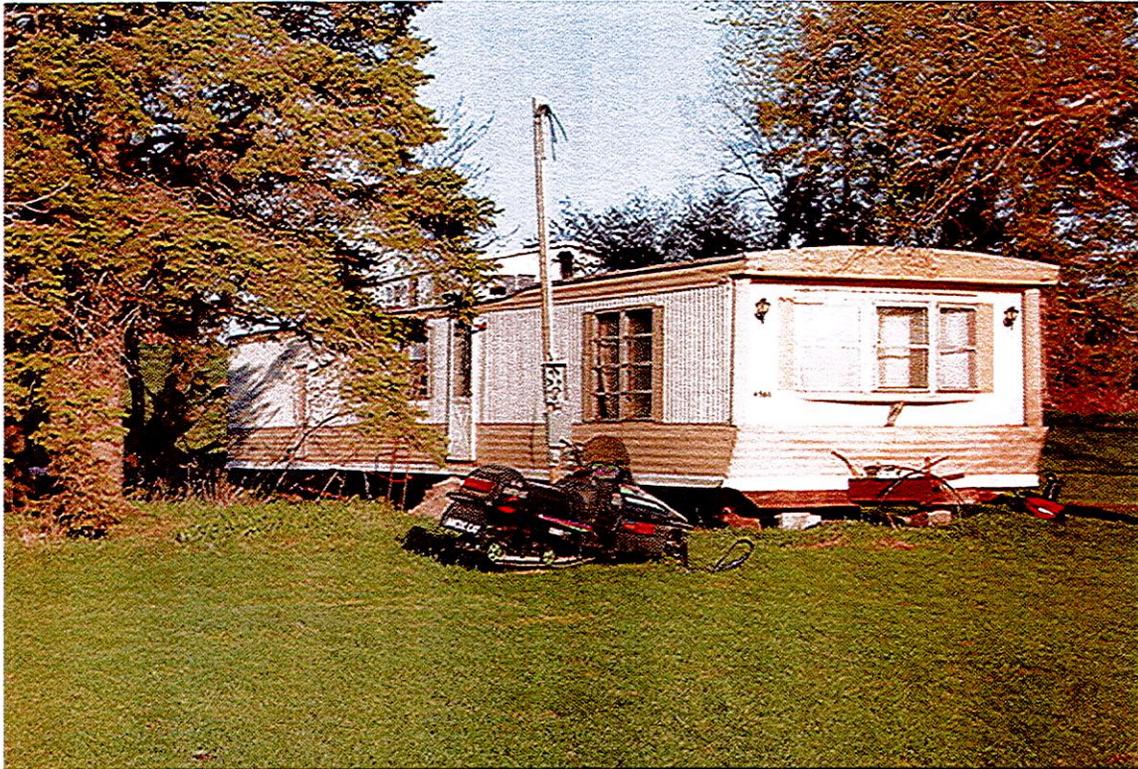


Legal Description: PAR 16: COM NE COR SEC 1, T34N,R1W; TH N 86D 48M W ALG N SEC LI 1556.30FT; TH S 0D 21M 30S W 416.50FT TO POB; TH N 86D 47M 10S W 1051.25FT TO N-S 1/4 LI; TH S 0D 12M 50S W 416.28FT; TH S 86D 47M 10S E 1050.20FT; TH N 0D 21M 30S E 416.20FT TO POB, PT OF NW1/4 OF NE1/4. *EXC & RESERVING: ELY 33FT FOR RD ROW EASEMENT.

A rectangular ten (330x1320) located past the end of Kisser Road on a shared two track. Parcel is to the right a few hundred feet after the end of the public road, and begins roughly where you find the old camper back in the woods (look for the orange tape marker on the driveway leading to the camper). It runs south 330 feet along the private road to a point where another narrower road runs west. BE ADVISED that this trail has nowhere to turn around and is mucky about 500 feet back in. Great place for some newbie to get stuck ... so we advised WALKING in this route at least until the weather dries this up. Nicely wooded lands ... the USGS topographical maps indicate that this is all uplands, but you should walk it yourself to be certain. Nice property !!! Power and phone is across the road and runs along the entire east boundary of the parcel.

Lot 1612: Cheboygan

- Minimum Bid:\$850.00
 - Current Tax:TBA
 - SEV\$3,000.00
 - Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
 - Parcel ID:220-016-201-002-01
 - Map:[Click here to view GPS Map Link](#)
- Addresses:2558 WALKER RD AFTONLegal Description: BEG N 1/4 COR SEC 16, T34N,R1W; TH E ALG N LI SEC 180FT TO POB; TH CONT E ALG SEC LI 195FT; TH S 305FT; TH W 195FT; TH N 305FT TO POB.



Older mobile on a 1.24 acre parcel ... that runs 195 feet along Walker Road and 305 feet deep. The power service has been dropped and the skirting is off the trailer. Not sure if it was either never actually installed here ... or if they're taking it with them. We did not have the opportunity to inspect this in person in mid-May as it was still occupied. Can't be sure of the well and septic situation ... you'll want to verify these bidding !

Lot 1613: Cheboygan

Rustic Cabin Near Tower.

- Minimum Bid:\$950.00
- Current Tax:TBA
- SEVS10,200.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:231-003-300-002-01
- Map:[Click here to view GPS Map Link](#)

- Addresses:6584 DAVIES AVE ONAWAY

Legal Description: PT OF NE1/4 OF SW1/4 SEC 3, T34N, R1E, DESC AS: COM W1/4 COR SEC; TH S 87D 21M 35S E 1322.50FT; TH S 01D 33M 34S W 539.79FT TO POB; TH N 81D 46M 58S E 456.55FT; TH S 01D 33M 33S W 169.23FT; TH N 87D 22M 26S W 450.00FT; TH N 01D 33M 34S E 83.32FT TO POB



Older biltmore cabin north of Tower on Davies Avenue. It has been added onto a couple times and there is also a detached guest room/shop space. We didn't view the inside as we weren't certain of occupancy/personal property status. It appears that the main house has a bad roof and is molded based on the condensation in the windows. 4" well. Property fronts 169' along the road and runs 400+ feet deep to a rear boundary that is 83 feet wide ... so it gets narrower as it runs west. Level dry lands for the most part. Roughly 2 acres in size.

Lot 1614: Cheboygan

Vacant Parcel In Tower. M-33 Frontage!

- Minimum Bid:\$750.00
- Current Tax:TBA
- SEVS1,400.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:231-V06-002-001-00
- Map:[Click here to view GPS Map Link](#)

- Addresses:7060 S BERKLEY AVE TOWER



Legal Description: PLAT OF THE VILLAGE OF SOUTH TOWER, LOTS 1, 2, 3, 4 & 5, BLK 2. (SEC 10, T34N,R1E)

5 platted lots in Tower Village, on high traffic M-33, on-the-way-to-On-a-away. Total lot size is 125' along M-33 and it runs 250 feet deep. This parcel sits below road grade but isn't wet. There is commercial uses of nearby property ... you may wish to check with zoning officials to see what is allowed here.

Lot 1615: Cheboygan

One Acre Parcel Off Shire Road

- Minimum Bid:\$700.00
- Current Tax:TBA
- SEV\$1,300.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:241-001-100-008-05
- Map:[Click here to view GPS Map Link](#)

- Addresses:(Behind) 12166 SHIRE RD WOLVERINE



Legal Description: BEG AT A PTE ON N-S 1/4 LI DIST 713.2FT S 01D 29M 50S W FROM N1/4 COR OF SEC 1, T33N,R3W; TH N 88D 34M 20S W 325FT & POB; TH N 01D 25M 40S E 100FT; TH N 88D 34M 20S W 300FT; TH S 01D 25M 40S W 100FT; TH S 88D 34M 20S E 300FT TO POB, PT OF E1/2 OF NW1/4.

Parcel is 100' (N-S) x 300' (E-W). Sits behind 12166 Shire Road. Does not front on a public street. Access appears to be by private road, through a gate ... we are not certain if this is an easement and permanent legal access ... you will want to determine that BEFORE bidding. There has been some excavation/leveling here. Dry, sandy soils. Nicely wooded. A little debris to haul off.

Lot 1616: Cheboygan

Niiiiiiice Ten Acre Parcel Near Wolverine

- Minimum Bid:\$1,800.00
 - Current Tax:TBA
 - SEVS\$8,700.00
 - Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
 - Parcel ID:251-017-400-009-00
 - Map:[Click here to view GPS Map Link](#)
-
- Addresses:14908 ELK TRAIL RD WOLVERINE



Legal Description: PAR 9: COM 2499FT N & 1420.5 FT N 89D 56M W & 1785FT S OF SE COR SEC 17, T33N,R2W; TH S 357FT ALG C/L ELK TRL; TH N 89D 56M W 1246.84FT; TH N 0D 33M 24S E 357.02FT; TH S 89D 56M E 1243.38FT TO POB, PT E1/2 OF SEC 17.

Parcel is roughly 357x1246 in size. At the verrrry end of Elk Trail Road, where the wooded area to the SW of the dirt bike rodeo arena begins. Runs south 357' and west 1246' from there. Nice, dry, level, wooded lands. Lilies and other flora indicating prime morel mushroom hunting turf. Power and phone at the road. We suspect this is a private road not maintained by the county. There are a number of nice, mature maples and other hardwoods here.

Lot 1617: Cheboygan

Parcel With No Access. Next To I-75. Trowbridge.

- Minimum Bid:\$700.00
- Current Tax:TBA
- SEV\$1,300.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:251-020-300-009-00
- Map:[Click here to view GPS Map Link](#)

- Addresses:(Adjacent to) I-75.

No Image
Available



- Legal Description: ALL THAT PART OF SE1/4 OF SW1/4 SEC 20 WHICH LIES WLY OF A LINE 115 FT WLY OF I-75 SEC 20 T 33N R 2W

Helicopter landing pad. No access from I-75. No frontage on any other road. Maybe you can put a billboard here. Or a big statue of yourself. Hot air balloon landing site. UFO refueling station. The possibilities are endless

This parcel does not front on a public or privately deeded improved road. Often times there are easements in the recorded chain-of-title that provide legal access to such parcels but other times there are not. You should thoroughly research this parcel's access rights prior to bidding. It can require expensive, complicated, and time consuming legal proceedings to secure legal access to landlocked parcels that do not have easements for ingress and egress.

Lot 1618: Cheboygan

Nice Subdivision Lot Near Wolverine. Water View!

- Minimum Bid:\$800.00
- Current Tax:TBA
- SEVS\$2,400.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:251-G01-000-137-00
- Map:[Click here to view GPS Map Link](#)

- Addresses:15542 VALLEY DR WOLVERINE



Legal Description: GOLFOVIEW ESTATES SUB, LOT 137. (SEC 21,T33N,R2W)

Nice dry buildable hillside lot near the Wildwood Golf club in Wolverine. Probable water view thru the trees to the south. Paved county road. There is a little pile of junk on or near the back corner here that my GPS says is a freebie included with this bargain. Driveway and culvert already in! "Might" be association fees here ... please check !

Lot 1619: Cheboygan

Vacant Building Site In Mont Gabriel Area. Wolverine.

- Minimum Bid:\$800.00
- Current Tax:TBA
- SEV\$1,900.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:251-M03-000-097-00
- Map:[Click here to view GPS Map Link](#)

- Addresses:15203 AVENUE DU CHALET WOLVERINE



Legal Description: "MONT GABRIEL" SUBDIVISION, LOT 97. (SECS 15&22,T33N,R2W)

Nice rolling, wooded, dry building site in Mont Gabriel. Softwoods.

Lot 1620: Cheboygan.

Really Sharp Waterfront Lot On Echo Lake!

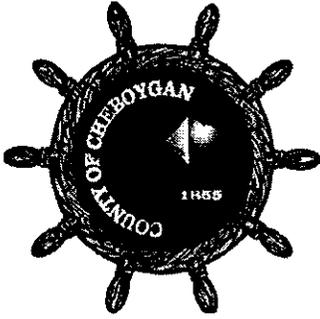
- Minimum Bid:\$1,700.00
- Current Tax:TBA
- SEV\$8,000.00
- Auction Info:August 13, 2018 at 12:00 PM - [The Ellison Place](#)
- Parcel ID:251-W11-000-002-00
- Map:[Click here to view GPS Map Link](#)

- Addresses:14995 SHORE LINE DR WOLVERINE



Legal Description: WILDWOOD ACRES, LOT 2. (SEC 14, T33N,R2W)

Echo Lake is a small, spring fed backwater that feeds the Little Pigeon River. There are NO MOTORS allowed on this lake ... so leave your speedboats and wave runners at home. Ridgeview lot, about 40 feet down to the lake. This is a fishing (not swimming) lake. Power and utility service at the road!



Cheboygan County Board of Commissioners' Meeting

June 26, 2018

Title: Sale Proceeds Report

Summary: In 2008 and each year after 2008, not later than June 30 of the second calendar year after foreclosure, the County Treasurer shall submit a written report to the Board of Commissioners. All or a portion of any remaining balance, less any contingent costs of title or other legal claims, may subsequently be transferred into the general fund of the County by the Board of Commissioners. Although the law only requires the County Treasurer to report the remaining balance from the sale proceeds, the attached report shows all of the revenues and all of the expenses that have been reported in this fund. Pursuant to the law, any allowable expense can be charged against the sale proceeds. In the foreclosure process there are additional fees that are set by statute such as Oct. 1st a \$15.00 fee added to all delinquent taxes that are in the 1st year of delinquency and March 1st a \$235.00 fee added to all delinquent taxes that are in the 2nd year of delinquency. These fees are to help cover the cost of recording fees, mailing notices, title searches, publications, etc. The sale proceeds and the fees have covered expenses in administering the program. The 2016 Sale Proceeds is \$360,628.87 and total Surplus is \$388,079.16 in the foreclosure fund. Transfer these Funds with caution or hold the Funds with the pending litigation as advised by Peter Goodstein, Foreclosure Counsel for Cheboygan County Treasurer.

Financial Impact: \$360,628.87 possible loss of revenue to the General Fund.

The total amount transferred to the General Fund since 2008 is \$1,876,567.01

Recommendation: Accept report and instruct Treasurer to hold funds in the 517 Foreclosure Fund.

Prepared by: Buffy Jo Weldon

Department: Cheboygan County Treasurer

Buffy Weldon

From: Peter Goodstein <petergoodstein@hotmail.com>
Sent: Tuesday, May 01, 2018 8:42 AM
To: Cherry, Deborah; Vandefifer, Carla; Dennis Stawowy; Pat Donovan;
tnicol@sanilaccounty.net; hansendan@co.muskegon.mi.us;
jgoudreau@mackinaccounty.net; Tax Info; agiroux@mqtco.org; Michele Wildman
Subject: Surplus proceeds
Attachments: Freed v Gratiot Order Denying Motion to Dismiss (1).pdf

Attached is a decision dated last week from a judge in the federal district court for the eastern district of Michigan.

This issue has come up previously but it appears now that there is a very significant likelihood of an adverse decision.

Treasurers individually and through the MACT should consider how to proceed not only with respect to this case but also with their auctions for this year and with how much of the DTRF should be made available for transfer to the general fund.

I think Plaintiff's lawyer, with whom I and some of you, have had litigation, is drafting FOIA requests in preparation for claiming refunds state wide for prior years foreclosures.

Let me know if you would like to discuss this further

Peter Goodstein
Attorney at Law
452 S. Saginaw Street
Suite 302
Flint, MI 48502
(810) 232-0553

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

DONALD FREED,

Plaintiff,

Civil Action No. 17-CV-13519

vs.

HON. BERNARD A. FRIEDMAN

MICHELLE THOMAS, et al.,

Defendants.

OPINION AND ORDER DENYING DEFENDANTS' MOTION TO DISMISS

This matter is before the Court on defendants' motion to dismiss for lack of subject-matter jurisdiction [docket entry 6]. This motion is fully briefed. Pursuant to E.D. Mich. LR 7.1(f)(2), the Court shall decide this motion without a hearing.

The following facts are summarized from the complaint and briefing: For several decades, plaintiff owned and lived on a thirty-five acre parcel in Gratiot County, Michigan. This land is worth approximately \$100,000. From 2014 to 2015, plaintiff failed to pay almost \$2,000 in property taxes, costs, and interest. In June 2016, the Gratiot County treasurer, defendant Michelle Thomas, filed a petition in Gratiot County Circuit Court under the General Property Tax Act ("GPTA"), Mich. Comp. Laws § 211.78, to foreclose on plaintiff's property. In February 2017, the circuit court granted the petition and foreclosure, and title transferred to Gratiot County.

In August 2017, defendants sold plaintiff's land for \$42,000 to cover his \$2,000 tax bill and kept the balance ("surplus equity"). In October 2017, plaintiff filed this complaint, asserting violations of the Fifth Amendment's takings clause and Eighth Amendment's excessive-fines clause.

In November 2017, defendants filed the instant motion to dismiss under Fed. R. Civ. P. 12(b)(1) for lack of subject-matter jurisdiction. Defendants raise three jurisdictional

challenges to plaintiff's Fifth Amendment eminent domain claim: Ripeness, The Tax Anti-Injunction Act, and Comity.¹

Ripeness. The Court has jurisdiction over eminent domain claims only if they are ripe. *Bigelow v. Michigan Dep't of Nat. Res.*, 970 F.2d 154, 157 (6th Cir. 1992). For a claim challenging a state action to be ripe, plaintiff must show both that the state government decision was final and that there are no available state court remedies. *Williamson Cty. Reg'l Planning Comm'n v. Hamilton Bank of Johnson City*, 473 U.S. 172, 186, 194 (1985). Here, plaintiff adequately shows both.

A state government decision is final when “the government entity charged with implementing the regulations has reached a final decision regarding the application of the regulations to the property at issue.” *Id.* at 186. Here, Gratiot County implements the GPTA, has already sold plaintiff's property to cover his back taxes, and refuses to remit the surplus equity. This appears to be a final decision under *Williamson*.

In addition to showing finality, a plaintiff must first “seek compensation through the procedures the State has provided for doing so.” *Williamson*, 473 U.S. at 194. This analysis looks to potential “remedies under state substantive law.” 13B Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 3532.1 n.43 (3d ed. 2014). But critically, plaintiff must adhere to this requirement only if the potential remedies are “reasonable, certain, and adequate.” *Williamson*, 473 U.S. at 194. Merriam-Webster's Dictionary 367 (3d ed. 1986) defines the word certain as “fixed,” “settled,” or “sure.”

Here, defendants believe that inverse condemnation is a sufficient state law remedy. Plaintiff conversely argues that the doctrine of inverse condemnation does not apply here, or, at

¹ Defendants do not mount any substantive challenge to plaintiff's Eighth Amendment claim separate from the jurisdictional arguments. Consequently, the Court will treat them together.

the very least, it is not certain that it does. The Court agrees with plaintiff. Were he to file this suit in state court, he would face significant substantive and jurisdictional problems.

Turning first to the substantive problems: Michigan has long recognized the right of inverse condemnation. *Hart v. City of Detroit*, 331 N.W.2d 438, 441 (Mich. 1982). As a general rule, though, inverse condemnation claims recover property that the government has taken under its taxing power, not its eminent domain power. *See Merkur Steel Supply, Inc. v. City of Detroit*, 680 N.W.2d 485, 494 (Mich. Ct. App. 2004) (“An inverse condemnation suit is one instituted by a private property owner whose property, while not formally taken for public use, has been damaged by a public improvement undertaking or other public activity.”). Consequently, Michigan courts rarely countenance inverse condemnation claims to remedy an abuse of the taxing power, which is the kind of claim at issue here. And when they do, it is only in the context of general taxing power excesses, not of GPTA foreclosure sales. *Wayside Church v. Van Buren Cty.*, 847 F.3d 812, 823 (6th Cir. 2017) (Kethledge, J., dissenting) (stating that no Michigan court has “determined, as a matter of state law, whether a local government’s appropriation of property pursuant to the taxing power generally, or to the [GPTA] in particular, is a taking to the extent the government takes property worth more than the amount of taxes owed”).

The Michigan Court of Appeals further solidified these points in *Rafaeli, LLC v. Oakland Cty.*, No. 330696, 2017 WL 4803570 (Mich. Ct. App. Oct. 24, 2017) [hereinafter *Rafaeli I*]. Just like here, the plaintiff in *Rafaeli I* brought an eminent domain challenge to a county’s taking of the tax foreclosure sale’s surplus equity. 2017 WL 4803570, at *1–2. In denying his claim, the court stated:

The government may not be required to compensate an owner for property which it has already lawfully acquired under the exercise of governmental authority other than the power of eminent domain. Defendants obtained the property by way of a statutory scheme that

did not violate due process. The constitution does not require them to compensate plaintiffs for the lawfully-obtained property.

Id. at *4 (internal quotation marks and citations omitted). In other words, because the county took the plaintiff's property via the GPTA and did not violate due process, the plaintiff had no claim under either eminent domain or inverse condemnation.

Here, like *Rafaeli I*, the statutory scheme defendants used is the GPTA and there is no serious due process claim. If the Michigan Court of Appeals would not recognize the *Rafaeli I* plaintiff's claim, is it really settled or sure that Michigan would recognize the instant plaintiff's identical claim? The Court believes not. *Rafaeli I* casts serious doubt on the notion that plaintiff could use inverse condemnation to obtain the surplus equity at issue here.

The Court notes that there is pre-*Rafaeli I* case law in this circuit that runs counter to this conclusion. *Wayside and Rafaeli, LLC v. Wayne Cty.*, No. 14-13958, 2015 WL 3522546, at *1 (E.D. Mich. June 4, 2015) [hereinafter *Rafaeli*] both held in very similar cases that the Court did not have jurisdiction over this kind of claim. The Court believes these cases are distinguishable because they both hinged on the assumption that Michigan courts provide a plaintiff with plain, speedy, efficient, reasonable, certain, and adequate remedies at law. In the Court's view, *Rafaeli I* put that idea to rest.

Indeed, the Court adds its voice to the growing chorus of judges concerned about these kinds of claims, which appear in federal court because there is no adequate remedy at state law. *Rafaeli I*, 2017 WL 4803570, at *6 (Shapiro, J., concurring) (recognizing "that plaintiffs' claims call out for relief" notwithstanding the court's decision to deny it; quoting at length Judge Berg's concern in *Rafaeli* that this was a "manifest injustice" and an "abuse of power"; and citing Judge Kethledge's *Wayside* dissent where he called this county practice a "gross injustice—both equitably, and from the standpoint of the interests protected by takings law").

Defendants insist that Michigan courts do recognize that inverse condemnation principles “apply to land subject to a tax foreclosure.” Defs.’ Mot. p. 4. In support, they cite *Ligon v. City of Detroit*, 739 N.W.2d 900, 905 (Mich. Ct. App. 2007), and *Hart*, 331 N.W.2d at 438. But neither of these cases applies here. In *Ligon*, the plaintiff was not actually part of the tax foreclosure proceedings, so his property rights were never extinguished. *Ligon*, 739 N.W.2d at 906. Consequently, when the government demolished his building in error he still had full ownership interest in the building, and the demolition was clearly a taking. *Id.* But *Rafaeli I* held that once a tax foreclosure proceeding that complies with due process concludes, a plaintiff has no rights in the foreclosed property, notwithstanding any claim to surplus equity. Thus, plaintiff’s claim is entirely different than the claim in *Ligon*. And in *Hart*, the Michigan Supreme Court discussed inverse condemnation only in the context of the statute of limitations. Neither opinion alludes to the GPTA or anything like surplus equity. In sum, in light of *Rafaeli I*, if plaintiff were to bring his claim in a Michigan court, he would face significant substantive problems.

Turning second to the jurisdictional problems. Even if plaintiff could be certain that he has a recognized cause of action, it is not clear in which Michigan court he could pursue his claim against defendant Gratiot County. On the one hand, the Court of Claims seems appropriate. Under Mich. Comp. Laws § 600.6419, the Court of Claims has “exclusive . . . jurisdiction: (a) To hear and determine any claim or demand, statutory or constitutional, . . . or any demand for monetary, equitable, or declaratory relief . . . against the state.” Some Michigan Court of Appeals cases treat counties as instrumentalities of the state and, therefore, hold that the Court of Claims has jurisdiction over claims against counties. *See, e.g., Wayne Cty. Bd. of Comm’rs v. Wayne Cty. Airport Auth.*, 658 N.W.2d 804, 828 (Mich. Ct. App. 2002) (holding that counties are “political subdivisions and instrumentalities of the state”); *Pomann, Callanan & Sofen, P.C. v.*

Wayne Cty. Dep't of Soc. Servs., 419 N.W.2d 787, 789 (Mich. Ct. App. 1988) (stating that § 600.6419's "exclusive jurisdiction encompasses all claims against the state and its instrumentalities," and holding that Wayne County was such an instrumentality). Further, the Michigan Court of Appeals has gone so far as to say that "[t]he Court of Claims is the proper forum in which to seek redress where a plaintiff alleges an already accomplished inverse condemnation." *Lim v. Mich. Dep't of Transp.*, 423 N.W.2d 343, 345 (Mich. Ct. App. 1988).

Other authority suggests that the Court of Claims is not the proper forum. Mich. Comp. Laws § 600.6440 states that the Court of Claims does not have jurisdiction over a plaintiff who has an "adequate remedy upon his claim in the federal courts." This expresses a preference that federal claims be litigated in federal court. As plaintiff has filed a Fifth Amendment eminent domain claim under 42 U.S.C. § 1983 to vindicate his federal rights, and the Court adjudicates such claims, it appears that he has a remedy in the federal courts, which deprives the Court of Claims of jurisdiction. *Wayside* dicta, too, suggests that the proper forum for an inverse condemnation claim is the Circuit Court. 847 F.3d at 821 (examining *Gordon v. Sadasivan*, 373 N.W.2d 258 (Mich. Ct. App. 1985) (per curiam)). And puzzlingly, the Michigan Court of Appeals has held that counties "are never within the jurisdiction of the Court of Claims." *Doan v. Kellogg Cmty. Coll.*, 263 N.W.2d 357, 359 (Mich. Ct. App. 1977).

Perhaps plaintiff would guess the right Michigan court in which to file his claim, and perhaps that court would hear it. But given *Rafaelli I* and the jurisdictional quandary outlined above, that result is by no means certain. Because plaintiff has "establish[ed] the inadequacy of the procedure in these circumstances"—i.e., its uncertainty—his eminent domain claim is ripe. *Macene v. MJW, Inc.*, 951 F.2d 700, 704 (6th Cir. 1991).

The Tax Anti-Injunction Act. The Tax Anti-Injunction Act, 28 U.S.C. § 1341, states: “The district courts shall not enjoin, suspend or restrain the assessment, levy or collection of any tax under State law where a plain, speedy and efficient remedy may be had in the courts of such State.” In *California v. Grace Brethren Church*, 457 U.S. 393, 411 (1982), the Court held that generally, § 1341 “prohibits declaratory” and “injunctive relief.” Accordingly, a district court has jurisdiction to declare state “tax provision unconstitutional or to issue its injunction against state authorities” only when a plaintiff “had no plain, speedy and efficient remedy in the state courts.” *Id.* A remedy is plain, speedy, and efficient if the plaintiff is given a “full hearing and judicial determination of the controversy.” *Rosewell v. LaSalle Nat’l Bank*, 450 U.S. 503, 514 (1981). Put another way, the Court may enjoin state tax collection only “where it may be necessary to protect the rights of the citizen whose property is taxed, and he has no adequate remedy by the ordinary processes of the law.” *Grace Brethren*, 457 U.S. at 412 (quotation marks omitted).

In considering what precisely plaintiff is asking the Court to do, the Court must look to his prayers for relief. Prayers for relief (a) and (b) request that the Court enjoin enforcement of the GPTA against him and declare it unconstitutional as applied to him. Prayers for relief (c) and (d) request that the Court enjoin defendants’ “procedures” of keeping the surplus equity as that violates the Fifth, Eighth, and Fourteenth amendments. Prayers for relief (e)–(g) request nominal and punitive damages, costs and attorney fees, and other equitable relief.

The Court does not believe prayers (c) and (d) implicate § 1341 because granting them would not require the Court to enjoin, suspend, or restrain either tax collection or enforcement of the GPTA. Plaintiff admits that at the time of the foreclosure sale, he owed defendants back taxes, which the sale of his property paid for. Prayers (c) and (d) do *not* request that the Court order defendants to remit that money they used to satisfy plaintiff’s tax debt. Rather,

they request that the Court order defendants to remit the surplus equity. In other words, prayers (c) and (d) do not implicate tax collection or foreclosure sales, but merely whether municipalities may retain a windfall from a tax foreclosure sale. The D.C. District Court summarized this distinction succinctly in *Coleman through Bunn v. District of Columbia*, 70 F. Supp. 3d 58, 68 (D.D.C. 2014):

Mr. Coleman does not seek a court order nullifying his property tax obligation. Indeed, the District conceded at oral argument that a ruling in Mr. Coleman’s favor would not allow him to avoid paying any tax. . . . Mr. Coleman concedes that those amounts were due; he seeks only the surplus equity that remains after those amounts are paid. Accordingly, if Mr. Coleman won this lawsuit, no ‘tax’ would be removed from the District’s coffers. For that reason, the Tax Injunction Act does not bar his claims.

See also Hibbs v. Winn, 542 U.S. 88, 90–91 (2004) (“This Court has interpreted and applied the TIA only in cases Congress wrote the statute to address, i.e., cases in which state taxpayers seek federal court orders enabling them to avoid paying state taxes.”).

The text of the GPTA supports this conclusion. Within the context of tax foreclosures, the GPTA defines “taxes” as the initial tax bill and any additional “interest, penalties, and fees imposed before the taxes become delinquent and unpaid special assessments or other assessments that are due and payable up to and including the date of the foreclosure hearing.” Mich. Comp. Laws § 211.78a. Under this definition, the surplus equity at issue here is not “taxes.” *See City of Detroit v. Kelly*, No. 280974, 2009 WL 3276348 (Mich. Ct. App. Oct. 13, 2009) (interpreting § 211.78a consistent with this opinion). Therefore, § 1341 does not bar the Court from granting prayers (c) and (d).

Prayers (a) and (b) fall squarely within § 1341 because they explicitly request that the Court hold the GPTA unconstitutional and enjoin its enforcement. Under *Grace Brethren*, however, § 1341 does not bar jurisdiction if there is no other plain, speedy, and efficient state

remedy for plaintiff. Therefore, under *Rosewell*, the question becomes whether Michigan courts would give plaintiff a full hearing and judicially determine the instant controversy. For the reasons stated above, it appears that they would not. Consequently, § 1341 does not prevent the Court from adjudicating plaintiff's claims.

Principles of Comity. For all of the reasons § 1341 does not bar jurisdiction here, neither do the principles of comity. In *Fair Assessment in Real Estate Ass'n v. McNary*, 454 U.S. 100, 107, 116 (1981), the Court held that comity normally bars taxpayers “from asserting § 1983 actions against the validity of state tax systems in federal courts.” The Court may not grant “injunctive and declaratory relief in state tax cases,” or “damages relief.” *Id.* The Court later clarified, however, that under *Fair Assessment* and its progeny, “state tax administration” matters need not be kept “entirely free from lower federal-court ‘interference.’” Like *Grace Brethren Church*, all of them fall within § 1341’s undisputed compass: All involved plaintiffs who mounted federal litigation to avoid paying state taxes (or to gain a refund of such taxes).” *Hibbs*, 542 U.S. at 90–91. In other words, principles of comity are largely guided by § 1341’s principles and do not apply to plaintiffs who are not challenging a state tax system. Thus, as the gist of this action is not a challenge of Michigan’s tax system—and to the extent that it is such a challenge, there is no adequate state law remedy—the principles of comity do not bar the Court’s jurisdiction.

In the Court’s view, the case comes down to this: Gratiot County “took property worth [\$100,000] to satisfy a [\$2,000] debt, and then refused to refund any of the difference. In some legal precincts that sort of behavior is called theft. But under the *General Property Tax Act* [GPTA], apparently, that behavior is called tax collection.” *Wayside*, 847 F.3d at 823 (Kethledge, J., dissenting).

Accordingly,



IT IS ORDERED that defendants' motion to dismiss is denied.

Dated: April 26, 2018
Detroit, Michigan

s/Bernard A. Friedman
BERNARD A. FRIEDMAN
SENIOR UNITED STATES DISTRICT JUDGE

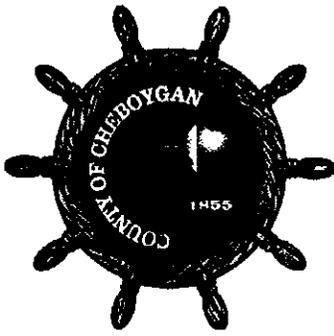
CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was served upon counsel of record and any unrepresented parties via the Court's ECF System to their respective email or First Class U.S. mail addresses disclosed on the Notice of Electronic Filing on April 26, 2018.

s/Johnetta M. Curry-Williams
Case Manager

Foreclosure Totals

TAX YEAR		2016	2017	TOTALS
	REVENUES			
1999	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$3,148.62
1999	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$328.00
1999	TITLE SEARCH	\$0.00	\$0.00	\$60,481.37
1999	PROCESSING FEES	\$0.00	\$0.00	\$7,412.84
1999	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$24,120.05
2000	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$3,460.00
2000	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$1,103.00
2000	TITLE SEARCH	\$0.00	\$0.00	\$66,704.32
2000	PROCESSING FEES	\$0.00	\$0.00	\$4,256.46
2000	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$22,930.00
2001	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$1,943.00
2001	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$1,372.00
2001	TITLE SEARCH	\$0.00	\$0.00	\$49,955.00
2001	PROCESSING FEES	\$0.00	\$0.00	\$4,274.34
2001	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$20,270.00
2002	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$3,550.00
2002	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$3,115.00
2002	TITLE SEARCH	\$0.00	\$0.00	\$61,025.00
2002	PROCESSING FEES	\$0.00	\$0.00	\$5,225.00
2002	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$19,756.37
2003	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$4,365.00
2003	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$3,870.00
2003	TITLE SEARCH	\$0.00	\$0.00	\$66,785.00
2003	PROCESSING FEES	\$0.00	\$0.00	\$6,890.00
2003	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$19,390.00
2004	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$3,790.00
2004	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$3,790.00
2004	TITLE SEARCH	\$0.00	\$0.00	\$65,975.00
2004	PROCESSING FEES	\$0.00	\$0.00	\$6,710.00
2004	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$18,945.00
2005	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$18,285.00
2005	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$4,160.00
2005	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$4,180.00
2005	TITLE SEARCH	\$0.00	\$0.00	\$72,800.00
2005	PROCESSING FEES	\$0.00	\$0.00	\$8,645.00
2006	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$23,674.65
2006	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$5,255.44
2006	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$5,246.44
2006	TITLE SEARCH	\$0.00	\$0.00	\$91,812.64
2006	PROCESSING FEES	\$0.00	\$0.00	\$10,077.53
2007	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$25,490.44
2007	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$5,107.00
2007	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$5,060.00
2007	TITLE SEARCH	\$0.00	\$0.00	\$88,690.18
2007	PROCESSING FEES	\$0.00	\$0.00	\$9,557.15
2008	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$26,173.02
2008	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$5,081.56
2008	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$4,851.56
2008	TITLE SEARCH	\$0.00	\$0.00	\$88,752.20
2008	PROCESSING FEES	\$0.00	\$0.00	\$9,205.00
2009	PRE-FORFEITURE FEES	\$0.00	\$0.00	\$24,752.30
2009	PROCESSING FEES	\$0.00	\$0.00	\$9,174.66
2009	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$4,170.00
2009	FILING REDEMPTION CERTIFICATE	\$0.00	\$0.00	\$3,930.00
2009	TITLE SEARCH	\$0.00	\$0.00	\$72,275.00
2010	PRE-FORFEITURE FEES	\$5.68	\$0.00	\$24,180.00
2010	PROCESSING FEES	\$0.00	\$0.00	\$9,625.00
2010	FORFEITURE CERTIFICATE REC	\$3.79	\$0.00	\$4,800.54
2010	FILING REDEMPTION CERTIFICATE	\$3.79	\$0.00	\$4,801.54
2010	TITLE SEARCH	\$66.24	\$0.00	\$83,834.39
2011	PRE-FORFEITURE FEES	\$85.98	\$1.44	\$23,070.89
2011	PROCESSING FEES	\$17.48	\$0.00	\$9,590.00
2011	FORFEITURE CERTIFICATE REC	\$15.00	\$0.00	\$5,399.54
2011	FILING REDEMPTION CERTIFICATE	\$15.00	\$0.00	\$5,399.54
2011	TITLE SEARCH	\$175.00	\$0.00	\$94,317.02
2012	PRE-FORFEITURE FEES	\$168.94	\$75.53	\$23,460.00
2012	PROCESSING FEES	\$199.85	\$9.82	\$10,150.00
2012	FORFEITURE CERTIFICATE REC	\$57.09	\$0.00	\$5,167.19
2012	FILING REDEMPTION CERTIFICATE	\$57.09	\$2.81	\$5,170.00
2012	TITLE SEARCH	\$999.29	\$49.09	\$90,382.12
2013	PRE-FORFEITURE FEES	\$3,111.32	\$182.88	\$21,997.28
2013	PROCESSING FEES	\$7,012.27	\$119.71	\$12,092.01
2013	FORFEITURE CERTIFICATE REC	\$1,989.26	\$0.00	\$5,238.45
2013	FILING REDEMPTION CERTIFICATE	\$2,039.54	\$61.27	\$5,350.00
2013	TITLE SEARCH	\$34,812.05	\$552.12	\$92,225.00
2014	PRE-FORFEITURE FEES	\$15,480.89	\$2,572.45	\$22,404.95
2014	PROCESSING FEES	\$5,000.93	\$5,419.35	\$10,420.28
2014	FORFEITURE CERTIFICATE REC	\$3,144.20	\$0.00	\$3,144.20
2014	FILING REDEMPTION CERTIFICATE	\$4,953.84	\$4,649.26	\$9,603.10
2014	TITLE SEARCH	\$55,023.85	\$26,327.66	\$81,351.51
2015	PRE-FORFEITURE FEES	\$3,643.10	\$14,642.71	\$18,285.81
2015	PROCESSING FEES	\$0.00	\$4,448.50	\$4,448.50
2015	FORFEITURE CERTIFICATE REC	\$0.00	\$0.00	\$0.00
2015	FILING REDEMPTION CERTIFICATE	\$0.00	\$7,074.22	\$7,074.22
2015	TITLE SEARCH	\$0.00	\$44,241.17	\$44,241.17
2016	PRE-FORFEITURE FEES	\$0.00	\$4,766.61	\$4,766.61
ALL	FILING FORFEITURE CERTIFICATE I	\$0.00	\$9,123.04	\$9,123.04
ALL	LAND CONTRACT REC/held for sale	\$2,323.00	\$795.79	(\$50,460.06)
ALL	INTEREST EARNED	\$2,232.20	\$722.61	\$16,672.96
ALL	INTEREST ON INVESTMENTS	\$280.47	\$503.73	\$53,969.02
ALL	SALES PROCEEDS	\$360,628.87	\$98,294.46	\$2,348,480.40
	REVENUE TOTALS	\$503,546.01	\$224,636.23	\$4,311,123.36



Cheboygan County Board of Commissioners' Meeting

June 26, 2018

Title: Jail Addition Change Order: Carport Construction

Summary: The original design and bid of the Jail Project included an alternate bid component to construct two carport systems to cover 12 parking spaces for sheriff department vehicles. The alternate was not selected at the time to review if the project could be completed by staff. After further review by staff and the architect, it is recommended to approve the change order to have BCI's sub-contractor complete the project. Change orders over \$25,000 require Board approval.

Financial Impact: \$36,800

Recommendation: Motion to approve Jail Project Change Order for car port system in the amount of \$36,800 and authorize any necessary budget adjustments and authorize the Chair to sign.

Prepared by: Jeffery B. Lawson

Department: Administration



Building ~ Contracting ~ Interiors

0-11248 Linden Dr. NW, Grand Rapids, MI 49534

Ph. / Fax (616) 677-6025

Landmark Design Group, P.C.
3883 Linden SE, Suite A
Grand Rapids, MI 49548

Date: June 11, 2018

Request for Change Order (Revised)

RE: Cheboygan Jail – Car Port

Steve,

Please review change request for the additional work for adding Carport. Please see requested (revised) break out. If you have any questions, please call.

Summary: Furnish and Install pre-engineered 10'x20' parkway canopy.

Includes:

- Carport Material
- Fasteners
- Coatings
- Footings
- Installation

Total Cost: \$36,800.00

Sub-Contractor: Premier Carports

Thank you,

Travis Kamstra

Acceptance: _____
Name

Date

800 MHz PROJECT ESTIMATED EXPENSE BREAKDOWN BY COUNTY

Estimated Expense assumes that CCE will contribute 25% to base infrastructure expense and that balance will be split 1/3 by each County. Radio cost will be paid by County funding based on agency request within each County.

	800 MHz PROJECT EXPENSE
TOTAL RADIO COST	\$6,700,000.00
TOTAL INFRASTRUCTURE	\$3,600,000.00
TOTAL PROJECT EXPENSE	\$10,300,000.00

BASE INFRASTRUCTURE EXPENSE	\$3,600,000.00
MINUS C.C.E. 25% CONTRIBUTION TO BASE INFRASTRUCTURE	\$900,000.00
TOTAL	\$2,700,000.00
1/3 SPLIT PER COUNTY	\$900,000.00

Contributions from CCE approved by the Board of Directors. A 25% contribution on the infrastructure only from CCE is approximately \$900,000.00 and the Remaining split is \$900,000.00 per county.

COUNTY	CHARLEVOIX	CHEBOYGAN	EMMET
RADIO COST	\$2,360,000.00	\$1,840,000.00	\$2,500,000.00
INFRASTRUCTURE C.C.E. 20% BASE INFRA	\$900,000.00	\$900,000.00	\$900,000.00
TOTAL	\$3,206,000.00	\$2,740,000.00	\$3,400,000.00
% OF TOTAL PROJECT	31.1%	26.6%	33.0%

CHEBOYGAN COUNTY

800 MHz FULL PROJECT PAID WITH SURCHARGE

Minimum No# of Years Required to Meet the Minimum Annual Payment

CHEBOYGAN COUNTY \$2,800,000.00	5 Years 4.04 % INT	7 Years 4.13% INT	10 Years 4.33% INT
<i>MINIMUM ANNUAL PAYMENT</i>	\$582,624.00	\$416,520.00	\$292,124.00
ADDITIONAL SURCHARGE REQUIRED	\$2.99	\$2.14	\$1.50
CURRENT SURCHARGE	\$.61	\$.61	\$.61
TOTAL SURCHARGE	\$3.60	\$2.75	\$2.11

*THESE ARE BUDGETARY
MOTOROLA'S CALCULATIONS*

AMOUNTS BASED ON

CHEBOYGAN No# DEVICES 16,254
--

Formula: Annual payment divided by 12 months = Total Revenue required monthly

Monthly revenue divided by the No# of devices = Additional surcharge required to cover the project

Exp. \$416,520.00 / 12 months = \$34,710.00

\$34,710.00 / 16,254 Devices = \$2.14 *additional* surcharge required per device

*County must add that *additional* amount to their current \$.61 surcharge as that is still required for operations.

\$3.00 is the maximum surcharge allowed by the State of Michigan

Surcharge funding legislation sunsets December 31, 2021. Assumed, but not guaranteed legislation would be extended or renewed.

Number of phones to collect surcharges varies substantially each year. See next page. Estimate used above from lowest phone volume year.

CURRENT COST PER HOUSEHOLD PER YEAR AT \$.61

One Phone \$ 7.32
Two Phones \$ 14.64
Three Phones \$ 21.96
Four Phones \$ 29.28

ESTIMATED COST PER HOUSEHOLD PER YEAR AT \$2.75 =

One Phone \$33.00
Two Phones \$66.00
Three Phones \$99.00
Four Phones \$132.00

2012 - 2017 Surcharge Revenue by County

Charlevoix	Local Surcharge	% Inc/Dec	Devices
2012	\$ 161,610.46		
2013	\$ 176,445.64	9.20%	
2014	\$ 189,645.60	7.50%	
2015	\$ 190,437.18	0.42%	
2016	\$ 190,215.35	-0.12%	
Un-audited - 2017	\$ 146,069.39	-23.20%	19,955
Chebogyan			
2012	\$ 118,981.92		16,254
2013	\$ 126,256.46	6.10%	
2014	\$ 194,835.18	54.30%	
2015	\$ 159,434.39	-18.20%	
2016	\$ 121,216.76	-23.97%	
Un-audited - 2017	\$ 162,058.02	33.70%	
Emmet			
2012	\$ 261,304.18		
2013	\$ 266,729.67	2.08%	
2014	\$ 271,863.79	1.93%	
2015	\$ 274,235.76	0.87%	
2016	\$ 273,906.05	-0.12%	
Un-audited - 2017	\$ 207,196.06	-24.40%	28,305

ESTIMATED COST OF BONDING ALTERNATIVE ON INDIVIDUAL TAXPAYERS PER YEAR

Est.
Debt
Millage
.50 Mills

Taxable Value of Property

\$25,000	\$35,000	\$50,000	\$60,000	\$75,000	\$90,000	\$100,000	\$150,000	\$200,000
\$12.50	\$17.50	\$25.00	\$30.00	\$45.00	\$45.00	\$50.00	\$75.00	\$100.00

It is estimated if the County uses bonding to pay for the project that it will require a minimum of a five or 6 year millage at .50 depending on the funding percentage breakdown for the project.

DRAFT

CHARLEVOIX, CHEBOYGAN, AND EMMET COUNTY 911 CONSOLIDATED DISPATCH SERVICES MILLAGE PROPOSAL

Shall the total property rate in Cheboygan County be increased by .5 of a mill (1/2 of a mill or 50 cents for each \$1,000 of valuation) and levied for (x) years, beginning in the year 2019 and continuing through the year , inclusive, for the purpose of financing facility, equipment, maintenance and operating cost of the Charlevoix, Cheboygan, and Emmet County 911 (CCE) public safety call answering and dispatch services? If approved and levied in its entirety, this millage raises an estimated \$717,761, in the first calendar year after its approval.

Shall the proposal be adopted?

___ YES

___ NO

CERTIFICATION

I, Karen Brewster, County Clerk of the Cheboygan Board of Commissioners, County of Cheboygan, State of Michigan, do hereby certify that the foregoing is a true and correct copy of the Resolution adopted by the Cheboygan County Board of Commissioners at a Regular Meeting of the Board of Commissioners the ___ day of July, 2018

DRAFT

CHEBOYGAN COUNTY CONSOLIDATED DISPATCH PROPOSITION FOR 911 SYSTEM FUNDING

CCE 911

“Shall the County of Cheboygan, Michigan, be authorized to assess a surcharge on all landline, wireless and VOIP devices capable of accessing the 9-1-1 system (CCE 911 for Charlevoix, Cheboygan, and Emmet Counties) located in Cheboygan County, of up to \$3.00 per month for a period of () years, January 1, 2019 through, , to be used exclusively for the funding of 9-1-1 emergency telephone call answering and dispatch services within Cheboygan County, including but not limited to conversion to the 800 MHZ system, facility upgrades, equipment and maintenance, and operating cost?”

____ YES

____ NO

County of Cheboygan

2018 Bond Estimate

Debt Service Schedule

Date	Principal	Coupon	Interest	Total Debt Serv	Fiscal Total
09/01/2018	-	-	-	-	-
03/01/2019	-	-	37,100.00	37,100.00	-
09/01/2019	531,000.00	2.650%	37,100.00	568,100.00	605,200.00
03/01/2020	-	-	30,064.25	30,064.25	-
09/01/2020	545,000.00	2.650%	30,064.25	575,064.25	605,128.50
03/01/2021	-	-	22,843.00	22,843.00	-
09/01/2021	560,000.00	2.650%	22,843.00	582,843.00	605,686.00
03/01/2022	-	-	15,423.00	15,423.00	-
09/01/2022	574,000.00	2.650%	15,423.00	589,423.00	604,846.00
03/01/2023	-	-	7,817.50	7,817.50	-
09/01/2023	590,000.00	2.650%	7,817.50	597,817.50	605,635.00
Total	\$2,800,000.00	-	\$226,495.50	\$3,026,495.50	-

Yield Statistics

Bond Year Dollars	\$8,547.00
Average Life	3.053 Years
Average Coupon	2.6500000%
Net Interest Cost (NIC)	2.6500000%
True Interest Cost (TIC)	2.6500000%
Bond Yield for Arbitrage Purposes	2.6500000%
All Inclusive Cost (AIC)	2.6500000%

IRS Form 8038

Net Interest Cost	2.6500000%
Weighted Average Maturity	3.053 Years

County of Cheboygan

2018 Bond Estimate

Debt Service Schedule

Date	Principal	Coupon	Interest	Total Debt Serv	Fiscal Total
09/01/2018	-	-	-	-	-
03/01/2019	-	-	39,750.00	39,750.00	-
09/01/2019	569,000.00	2.650%	39,750.00	608,750.00	648,500.00
03/01/2020	-	-	32,210.75	32,210.75	-
09/01/2020	584,000.00	2.650%	32,210.75	616,210.75	648,421.50
03/01/2021	-	-	24,472.75	24,472.75	-
09/01/2021	600,000.00	2.650%	24,472.75	624,472.75	648,945.50
03/01/2022	-	-	16,522.75	16,522.75	-
09/01/2022	615,000.00	2.650%	16,522.75	631,522.75	648,045.50
03/01/2023	-	-	8,374.00	8,374.00	-
09/01/2023	632,000.00	2.650%	8,374.00	640,374.00	648,748.00
Total	\$3,000,000.00	-	\$242,660.50	\$3,242,660.50	-

Yield Statistics

Bond Year Dollars	\$9,157.00
Average Life	3.052 Years
Average Coupon	2.6500000%
Net Interest Cost (NIC)	2.6500000%
True Interest Cost (TIC)	2.6500000%
Bond Yield for Arbitrage Purposes	2.6500000%
All Inclusive Cost (AIC)	2.6500000%

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Net Interest Cost	2.6500000%
Weighted Average Maturity	3.052 Years

County of Cheboygan

2018 Bond Estimate

Debt Service Schedule

Date	Principal	Coupon	Interest	Total Debt Serv	Fiscal Total
09/01/2018	-	-	-	-	-
03/01/2019	-	-	38,500.00	38,500.00	-
09/01/2019	368,000.00	2.750%	38,500.00	406,500.00	445,000.00
03/01/2020	-	-	33,440.00	33,440.00	-
09/01/2020	378,000.00	2.750%	33,440.00	411,440.00	444,880.00
03/01/2021	-	-	28,242.50	28,242.50	-
09/01/2021	389,000.00	2.750%	28,242.50	417,242.50	445,485.00
03/01/2022	-	-	22,893.75	22,893.75	-
09/01/2022	400,000.00	2.750%	22,893.75	422,893.75	445,787.50
03/01/2023	-	-	17,393.75	17,393.75	-
09/01/2023	410,000.00	2.750%	17,393.75	427,393.75	444,787.50
03/01/2024	-	-	11,756.25	11,756.25	-
09/01/2024	422,000.00	2.750%	11,756.25	433,756.25	445,512.50
03/01/2025	-	-	5,953.75	5,953.75	-
09/01/2025	433,000.00	2.750%	5,953.75	438,953.75	444,907.50
Total	\$2,800,000.00	-	\$316,360.00	\$3,116,360.00	-

Yield Statistics

Bond Year Dollars	\$11,504.00
Average Life	4.109 Years
Average Coupon	2.7500000%
Net Interest Cost (NIC)	2.7500000%
True Interest Cost (TIC)	2.7500000%
Bond Yield for Arbitrage Purposes	2.7500000%
All Inclusive Cost (AIC)	2.7500000%

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Net Interest Cost	2.7500000%
Weighted Average Maturity	4.109 Years

County of Cheboygan

2018 Bond Estimate

Debt Service Schedule

Date	Principal	Coupon	Interest	Total Debt Serv	Fiscal Total
09/01/2018	-	-	-	-	-
03/01/2019	-	-	41,250.00	41,250.00	-
09/01/2019	395,000.00	2.750%	41,250.00	436,250.00	477,500.00
03/01/2020	-	-	35,818.75	35,818.75	-
09/01/2020	405,000.00	2.750%	35,818.75	440,818.75	476,637.50
03/01/2021	-	-	30,250.00	30,250.00	-
09/01/2021	416,000.00	2.750%	30,250.00	446,250.00	476,500.00
03/01/2022	-	-	24,530.00	24,530.00	-
09/01/2022	428,000.00	2.750%	24,530.00	452,530.00	477,060.00
03/01/2023	-	-	18,645.00	18,645.00	-
09/01/2023	440,000.00	2.750%	18,645.00	458,645.00	477,290.00
03/01/2024	-	-	12,595.00	12,595.00	-
09/01/2024	452,000.00	2.750%	12,595.00	464,595.00	477,190.00
03/01/2025	-	-	6,380.00	6,380.00	-
09/01/2025	464,000.00	2.750%	6,380.00	470,380.00	476,760.00
Total	\$3,000,000.00	-	\$338,937.50	\$3,338,937.50	-

Yield Statistics

Bond Year Dollars	\$12,325.00
Average Life	4.108 Years
Average Coupon	2.7500000%
Net Interest Cost (NIC)	2.7500000%
True Interest Cost (TIC)	2.7500000%
Bond Yield for Arbitrage Purposes	2.7500000%
All Inclusive Cost (AIC)	2.7500000%

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Net Interest Cost	2.7500000%
Weighted Average Maturity	4.108 Years