COUNTY OF MARQUETTE, MICHIGAN

STATEMENT OF NET POSITION

December 31, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and equivalents	$ 1,629,392	$ 7,007,906	$ 8,637,298	4,046,941
Cash and equivalents - restricted	-	282,056	282,056	2,280,058
Investments	24,577,315	6,672,195	31,249,510	394,862
Investments - restricted	-	3,681,903	3,681,903	-
Receivables, net	10,983,915	6,050,297	17,034,212	6,391,842
Other current assets	71,493	26,310	97,803	2,528,906
TOTAL CURRENT ASSETS	37,262,115	23,720,667	60,982,782	15,642,609
Non-current Assets:				
Capital Assets	5,697,570	70,967,561	76,665,131	133,989,717
Total Capital Assets	5,697,570	70,967,561	76,665,131	133,989,717
TOTAL NON-CURRENT ASSETS	5,697,570	70,967,561	76,665,131	133,989,717
TOTAL ASSETS	42,959,685	94,688,228	137,647,913	149,632,326
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	7,113,096	2,224,084	9,337,180	2,128,785
Employer contributions subsequent to measurement date	5,041,197	728,867	5,770,064	838,702
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,154,293	2,952,951	15,107,244	2,967,487
LIABILITIES				
Current Liabilities:				
Accounts payable	2,080,574	1,077,389	3,157,963	3,224,100
Accrued payroll and related liabilities	739,309	366,975	1,106,284	123,241
Current portion of compensated absences	62,171	-	62,171	-
Current portion of notes payable	-	34,000	34,000	896,036
Other current liabilities	-	201,619	201,619	282,610
TOTAL CURRENT LIABILITIES	2,882,054	1,679,983	4,562,037	4,525,987
Non-current Liabilities:				
Compensated absences	1,393,036	946,291	2,339,327	442,955
Bonds payable	-	2,383,000	2,383,000	7,985,000
Other post-employment benefits	10,387,205	24,482	10,411,687	2,187,377
Net pension liability	35,587,361	3,574,673	39,162,034	15,825,625
Other	-	-	-	1,169,832
TOTAL NON-CURRENT LIABILITIES	47,367,602	6,928,446	54,296,048	27,610,789
TOTAL LIABILITIES	50,249,656	8,608,429	58,858,085	32,136,776
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	9,680,289	-	9,680,289	-
Deferred inflows - pension	-	236,328	236,328	-
Community Development	2,862,715	-	2,862,715	162,296
TOTAL DEFERRED INFLOWS OF RESOURCES	12,543,004	236,328	12,779,332	162,296
NET POSITION				
Net investment in capital assets	5,697,570	70,967,561	76,665,131	125,350,342
Restricted	361,430	1,462,622	1,824,052	(6,296,476)
Unrestricted	(13,737,682)	16,366,239	2,628,557	1,246,905
TOTAL NET POSITION	$ (7,678,682)	$ 88,796,422	$ 81,117,740	$ 120,300,771

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Function / Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Component Units**
Primary Government:								
Governmental Activities:								
Legislative	$ 299,713	$ 13,452	$ 621,019	$ -	$ 334,758	$ -	$ 334,758	$ -
Judicial	6,766,613	1,257,526	2,284,443	-	(3,224,644)	-	(3,224,644)	-
Elections	81,083	-	-	-	(81,083)	-	(81,083)	-
Management	1,906,002	94,390	-	-	(1,811,612)	-	(1,811,612)	-
Public Records	2,061,786	1,033,895	90,293	-	(937,598)	-	(937,598)	-
Public Safety	10,304,416	810,504	739,877	-	(8,754,035)	-	(8,754,035)	-
Human Services	6,493,590	676,749	3,125,961	-	(2,690,880)	-	(2,690,880)	-
Resource management/ Development	3,038,206	1,451,604	141,745	-	(1,444,857)	-	(1,444,857)	-
Other	5,006,032	352	87,692	-	(4,917,988)	-	(4,917,988)	-
Total Governmental Activities	35,957,441	5,338,472	7,091,030	-	(23,527,939)	-	(23,527,939)	-
Business-Type Activities:								
Medical Care Facility	16,406,078	15,427,252	-	-	-	(978,826)	(978,826)	-
Airport	3,768,199	658,020	44,598	-	-	(3,065,581)	(3,065,581)	-
Forestry	276,931	117,210	-	-	-	(159,721)	(159,721)	-
Foreclosure	112,304	199,350		-	-	87,046	87,046	-
100 % Tax Payment Funds	1,572	636,373	-	-	-	634,801	634,801	-
Sewer Fund	951,678	768,652	-	822,000	-	638,974	638,974	-
Water Fund	419,918	436,396	-	-	-	16,478	16,478	-
Total Business-Type Activities	21,936,680	18,243,253	44,598	822,000	-	(2,826,829)	(2,826,829)	-
TOTAL PRIMARY GOVERNMENT	$ 57,894,121	$ 23,581,725	$ 7,135,628	$ 822,000	(23,527,939)	(2,826,829)	(26,354,768)	-
Component Units:								
County Road Department	$ 14,076,752	$ 4,329,143	$ 8,338,370	$ 7,286,021	-	-	-	5,876,782
EDC Fund	75,301	41,993	-	-	-	-	-	(33,308)
Superior Trade Zone	6,628	-	40,000	-	-	-	-	33,372
Brownfield Authority	64,301	-	61,623	-	-	-	-	(2,678)
Land Bank Authority	349,441	-	145,256	-	-	-	-	(204,185)
Drain Maintenance Fund	-	-	-	-	-	-	-	-
TOTAL COMPONENT UNITS	$ 14,572,423	$ 4,371,136	$ 8,585,249	$ 7,286,021	-	-	-	5,669,983
General Revenues:								
Property taxes					20,961,712	-	20,961,712	-
Unrestricted State sources					1,279,421	-	1,279,421	-
Interest and investment earnings					180,252	31,294	211,546	114,949
Miscellaneous					2,468,013	1,582,602	4,050,615	122,999
Transfers					(40,000)	40,000	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					24,849,398	1,653,896	26,503,294	237,948
CHANGE IN NET POSITION					1,321,459	(1,172,933)	148,526	5,907,931
Net position, beginning of year					(9,000,141)	89,969,355	80,969,214	114,392,840
NET POSITION, END OF YEAR					$ (7,678,682)	$ 88,796,422	$ 81,117,740	$ 120,300,771

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2016

	General Fund	Health Department Fund	Community Development Fund	Maintenance of Effort Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 9,815,771	$ 1,122,424	$ 127,135	$ 5,469,215	$ 6,849,780	$ 23,384,325
Receivables	341,829	-	-	-	201,989	543,818
Taxes receivable	2,608,375	-	-	1,180,023	2,893,863	6,682,261
Due from State	40,263	245,672	29,962	-	513,917	829,814
Due from others	12,632	88,978	-	-	-	101,610
Loans receivable	-	-	2,744,698	-	81,714	2,826,412
Other assets	50,362	6,866	-	-	-	57,228
TOTAL ASSETS	12,869,232	1,463,940	2,901,795	6,649,238	10,541,263	34,425,468
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows	-	-	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 12,869,232	$ 1,463,940	$ 2,901,795	$ 6,649,238	$ 10,541,263	$ 34,425,468
LIABILITIES						
Cash overdraft	$ -	$ -	$ 25,391	$ -	$ 206,180	$ 231,571
Accounts payable	312,103	1,119,223	10	45,200	167,189	1,643,725
Due to State	-	-	-	-	-	-
Due to others	-	-	-	-	415,096	415,096
Due to other funds	-	-	-	-	-	-
Accrued payroll and related liabilities	561,626	109,628	-	-	68,055	739,309
Accrued sick and vacation leave	32,856	20,000	-	-	9,315	62,171
TOTAL LIABILITIES	906,585	1,248,851	25,401	45,200	865,835	3,091,872
DEFERRED INFLOWS OF RESOURCES						
Taxes levied for a subsequent period	5,288,837	-	-	1,281,178	3,110,274	9,680,289
Revenue collected for a subsequent period	118,017	-	2,744,698	-	-	2,862,715
TOTAL DEFERRED INFLOWS OF RESOURCES	5,406,854	-	2,744,698	1,281,178	3,110,274	12,543,004
FUND BALANCE						
Non-spendable	50,362	6,866	-	-	81,714	138,942
Restricted	-	208,223	-	-	-	208,223
Assigned	1,472,695	-	131,696	5,322,860	6,483,440	13,410,691
Unassigned	5,032,736	-	-	-	-	5,032,736
TOTAL FUND BALANCE	6,555,793	215,089	131,696	5,322,860	6,565,154	18,790,592
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 12,869,232	$ 1,463,940	$ 2,901,795	$ 6,649,238	$ 10,541,263	$ 34,425,468

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2016

Total Fund Balances for Governmental Funds		$ 18,790,592
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,434,734
Internal service funds are used by management to charge the cost of equipment usage and employee benefits to the various funds of the County. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(29,510,972)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Other post-employment benefits	$ -	
Compensated absences	1,393,036	
		(1,393,036)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (7,678,682)

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2016

	General Fund	Health Department Fund	Community Development Fund	Maintenance of Effort Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and penalties	$ 16,619,395	$ -	$ -	1,256,047	$ 3,086,270	$ 20,961,712
Licenses and permits	1,462,517	-	-	-	33,348	1,495,865
Federal sources	317,468	-	73,730	-	1,005,692	1,396,890
State sources	2,752,029	2,710,270	-	-	1,511,262	6,973,561
Charges for services	3,004,658	672,279	-	-	165,670	3,842,607
Interest earned	144,887	-	6	4,798	28,275	177,966
Other	1,510,685	391,553	98,469	-	467,306	2,468,013
TOTAL REVENUES	25,811,639	3,774,102	172,205	1,260,845	6,297,823	37,316,614
EXPENDITURES						
Legislative	299,713	-	-	-	-	299,713
Judicial	3,743,569	-	-	-	3,016,519	6,760,088
Elections	81,083	-	-	-	-	81,083
Management	1,821,741	-	-	-	-	1,821,741
Public Records	1,912,662	-	-	-	149,124	2,061,786
Public Safety	8,050,250	-	-	-	2,666,162	10,716,412
Human Services	114,858	4,277,776	-	269,392	1,815,918	6,477,944
Resource Management and Development	2,969,168	-	-	-	75,478	3,044,646
Other	4,933,957	-	184,213	-	-	5,118,170
TOTAL EXPENDITURES	23,927,001	4,277,776	184,213	269,392	7,723,201	36,381,583
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,884,638	(503,674)	(12,008)	991,453	(1,425,378)	935,031
OTHER FINANCING SOURCES (USES)						
Transfers in	585,000	521,506	-	-	1,236,000	2,342,506
Transfers (out)	(1,757,506)	-	-	(300,000)	(325,000)	(2,382,506)
TOTAL OTHER FINANCING SOURCES (USES)	(1,172,506)	521,506	-	(300,000)	911,000	(40,000)
CHANGE IN FUND BALANCE	712,132	17,832	(12,008)	691,453	(514,378)	895,031
Fund balance, beginning of year	5,843,661	197,257	143,704	4,631,407	7,079,532	17,895,561
FUND BALANCE, END OF YEAR	$ 6,555,793	$ 215,089	$ 131,696	$ 5,322,860	$ 6,565,154	$ 18,790,592

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds		$ 895,031
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	$ 663,392	
Capital assets transferred from internal service funds to general fund	-	
Depreciation expense	(351,388)	
Gain (loss) on disposals	(15,365)	
		296,639
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		269,876
Some expenses reported in the statement of activities, such as other post-employment benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		-
Internal service funds are used by management to administer the activities of the Delinquent Tax Revolving Funds. The net revenue of the internal service funds are included in governmental activities in the statement of net assets.		(140,087)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,321,459

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

December 31, 2016

	Business - Type Activities: Enterprise Funds								Governmental Activities
	Medical Care Facility Operating Fund	**Airport Fund**	**Forestry Fund**	**Foreclosure Fund**	**100% Tax Payment Fund**	**Sewer Fund**	**Water Fund**	**Total**	**Internal Service Funds**
ASSETS									
Current Assets:									
Cash and equivalents	$ 4,349,064	$ 1,697,388	$ 686,891	$ 751,444	4,547,197	$ 645,591	$ 1,002,526	$ 13,680,101	$ 3,053,953
Cash and equivalents-restricted	3,725,658	-	-	-	-	238,301	-	3,963,959	-
Accounts receivable	2,385,126	165,374	30,612	-	265,988	283,220	87,109	3,217,429	-
Taxes receivable	-	-	-	-	1,936,485	-	-	1,936,485	-
Advance to other funds	-	-	-	-	10,000	-	-	10,000	-
Due from Others	-	-	-	-	896,383	-	-	896,383	-
Other assets	-	26,310	-	-	-	-	-	26,310	14,265
TOTAL CURRENT ASSETS	10,459,848	1,889,072	717,503	751,444	7,656,053	1,167,112	1,089,635	23,730,667	3,068,218
Non-current Assets:									
Capital Assets:									
Land and construction in progress	305,842	3,213,649	10,093,400	-	-	4,003,842	2,160,000	19,776,733	-
Other capital assets, net of depreciation	3,566,776	43,725,129	667,100	-	-	2,157,270	1,074,553	51,190,828	1,262,836
Advance to other funds	-	-	-	-	80,000	-	-	80,000	-
TOTAL NON-CURRENT ASSETS	3,872,618	46,938,778	10,760,500	-	80,000	6,161,112	3,234,553	71,047,561	1,262,836
TOTAL ASSETS	14,332,466	48,827,850	11,478,003	751,444	7,736,053	7,328,224	4,324,188	94,778,228	4,331,054
DEFERRED INFLOWS OF RESOURCES									
Deferred Outflows - Pension	2,224,084	-	-	-	-	-	-	2,224,084	7,113,096
Employer contributions subsequent to measurement date	728,867	-	-	-	-	-	-	728,867	5,041,197
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,952,951	-	-	-	-	-	-	2,952,951	12,154,293
LIABILITIES									
Current Liabilities:									
Accounts payable	794,047	70,527	1,388	6,644	4,691	171,377	28,715	1,077,389	21,753
Advance from other funds	-	-	-	-	-	10,000	-	10,000	-
Accrued payroll and related liabilities	259,972	86,832	-	-	-	15,641	4,530	366,975	-
Current portion of notes payable	-	-	-	-	-	34,000	-	34,000	-
Other current liabilities	12,888	108,181	-	-	-	40,275	40,275	201,619	-
TOTAL CURRENT LIABILITIES	1,066,907	265,540	1,388	6,644	4,691	271,293	73,520	1,689,983	21,753
Non-current Liabilities:									
Advance from other funds	-	-	-	-	-	80,000	-	80,000	-
Compensated absences	783,737	86,371	-	-	-	49,519	26,664	946,291	-
Other post-employment benefits payable	24,482	-	-	-	-	-	-	24,482	10,387,205
Loans payable	-	-	-	-	-	2,383,000	-	2,383,000	-
Net Pension Liability	3,574,673	-	-	-	-	-	-	3,574,673	35,587,361
TOTAL NON-CURRENT LIABILITIES	4,382,892	86,371	-	-	-	2,512,519	26,664	7,008,446	45,974,566
TOTAL LIABILITIES	5,449,799	351,911	1,388	6,644	4,691	2,783,812	100,184	8,698,429	45,996,319
DEFERRED INFLOWS OF RESOURCES									
Deferred Inflows - Pension	236,328	-	-	-	-	-	-	236,328	-
TOTAL DEFERRED INFLOWS OF RESOURCES	236,328	-	-	-	-	-	-	236,328	-
NET POSITION									
Net Investment in capital assets	3,872,618	46,938,778	10,760,500	-	-	3,654,112	3,234,553	68,460,561	1,262,836
Restricted	-	1,262,770	45,000	-	-	154,852	-	1,462,622	14,265
Unrestricted	7,726,672	274,391	671,115	744,800	7,731,362	735,448	989,451	18,873,239	(30,788,073)
TOTAL NET POSITION	$ 11,599,290	$ 48,475,939	$ 11,476,615	$ 744,800	$ 7,731,362	$ 4,544,412	$ 4,224,004	88,796,422	$ (29,510,972)

The accompanying notes are an integral part of the financial statements.

COUNTY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2016

	Business - Type Activities: Enterprise Funds								Governmental Activities
	Medical Care Facility Operating Fund	**Airport Fund**	**Forestry Fund**	**Foreclosure Fund**	**100% Tax Payment Fund**	**Sewer Fund**	**Water Fund**	**Total**	**Internal Service Funds**
OPERATING REVENUES									
Federal sources	$ -	$ 34,155	$ -	$ -	$ -	$ 822,000	$ -	$ 856,155	$ -
State sources	-	10,443	-	-	-	-	-	10,443	-
Charges for services (net)	15,427,252	658,020	117,210	199,350	-	768,652	436,396	17,606,880	482,806
Penalties and interest on taxes	-	-	-	-	636,373	-	-	636,373	-
Other	107,459	1,151,889	157,022	33,953	-	122,560	9,719	1,582,602	119,442
TOTAL OPERATING REVENUES	15,534,711	1,854,507	274,232	233,303	636,373	1,713,212	446,115	20,692,453	602,248
OPERATING EXPENSES									
Operating expenses	15,887,960	2,004,756	250,979	112,304	2,822	653,966	293,022	19,205,809	546,518
Depreciation	494,645	1,763,443	25,952	-	-	266,126	126,896	2,677,062	198,103
TOTAL OPERATING EXPENSES	16,382,605	3,768,199	276,931	112,304	2,822	920,092	419,918	21,882,871	744,621
OPERATING INCOME (LOSS)	(847,894)	(1,913,692)	(2,699)	120,999	633,551	793,120	26,197	(1,190,418)	(142,373)
NON-OPERATING REVENUES (EXPENSES)									
Interest income	23,503	1,092	594	622	4,175	485	823	31,294	2,286
Debt service	-	-	-	-	1,250	(31,586)	-	(30,336)	-
NON-OPERATING REVENUES (EXPENSES)	23,503	1,092	594	622	5,425	(31,101)	823	958	2,286
INCOME (LOSS) BEFORE TRANSFERS	(824,391)	(1,912,600)	(2,105)	121,621	638,976	762,019	27,020	(1,189,460)	(140,087)
Transfers in	300,000	325,000	-	-	-	-	-	625,000	-
Transfers (out)	-	-	-	-	(585,000)	-	-	(585,000)	-
Special item- Impairment loss	(23,473)	-	-	-		-	-	(23,473)	-
CHANGE IN NET POSITION	(547,864)	(1,587,600)	(2,105)	121,621	53,976	762,019	27,020	(1,172,933)	(140,087)
Net position, beginning of year	12,147,154	50,063,539	11,478,720	623,179	7,677,386	3,782,393	4,196,984	89,969,355	(29,370,885)
NET POSITION, END OF YEAR	$ 11,599,290	$ 48,475,939	$ 11,476,615	$ 744,800	$ 7,731,362	$ 4,544,412	$ 4,224,004	$ 88,796,422	$ (29,510,972)

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2016

	Business - Type Activities: Enterprise Funds								Governmental Activities
	Medical Care Facility Operating Fund	**Airport Fund**	**Forestry Fund**	**Foreclosure Fund**	**100% Tax Payment Fund**	**Sewer Fund**	**Water Fund**	**Total**	**Internal Service Funds**
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from delinquent taxes	$ -	$ -	$ -	$ -	$ 677,299	$ -	$ -	$ 677,299	$ -
Cash received Federal sources	-	34,155	-	-	-	822,000	-	856,155	-
Cash received State sources	-	10,443	-	-	-	-	-	10,443	-
Cash received from fees and charges for services	12,533,747	682,268	117,210	199,350	-	850,651	434,318	14,817,544	482,806
Other revenue	1,687,487	1,141,721	126,410	33,953	(866,572)	122,560	9,719	2,255,278	119,442
Cash payments to employees for services	(14,765,415)	(1,176,834)	(111,806)	(1,071)	-	(363,775)	(130,510)	(16,549,411)	(20,671)
Other operating expenses	(1,144,355)	(829,770)	(178,924)	(111,678)	1,869	(330,500)	(130,518)	(2,723,876)	(317,925)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,688,536)	(138,017)	(47,110)	120,554	(187,404)	1,100,936	183,009	(656,568)	263,652
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Cash from (withdrawal from) patient trust	1,414	-	-	-	-	-	-	1,414	-
Transfers in (out)	300,000	325,000	-	-	-	-	-	625,000	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	301,414	325,000	-	-	-	-	-	626,414	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Cash payments for capital assets	(251,958)	(60,730)	-	-	-	(2,439,544)	(33,627)	(2,785,859)	(393,618)
Advance to other funds	-	-	-	-	10,000	(10,000)	-	-	-
Loan proceeds	-	-	-	-	-	1,581,000	-	1,581,000	-
Debt service	-	-	-	-	1,250	(64,586)	-	-	-
Proceeds from sale of property and equipment	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(251,958)	(60,730)	-	-	11,250	(933,130)	(33,627)	(1,204,859)	(393,618)
CASH FLOWS FROM INVESTING ACTIVITIES:									
Interest income	23,503	1,092	594	622	4,175	485	823	31,294	2,286
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	23,503	1,092	594	622	4,175	485	823	31,294	2,286
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,615,577)	127,345	(46,516)	121,176	(171,979)	168,291	150,205	(1,203,719)	(127,680)
Cash and cash equivalents, beginning of year	9,690,299	1,570,043	733,407	630,268	5,304,176	715,601	852,321	19,496,115	3,181,633
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 8,074,722	$ 1,697,388	$ 686,891	$ 751,444	$ 5,132,197	$ 883,892	$ 1,002,526	$ 18,229,060	$ 3,053,953
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:									
Operating income (loss)	$ (847,894)	$ (1,913,692)	$ (2,699)	$ 120,999	$ 633,551	$ 793,120	$ 26,197	$ (1,190,418)	$ (142,373)
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation	494,645	1,763,443	25,952	-	-	266,126	126,896	2,677,062	198,103
Bad debt	51,158	-	-	-	-	-	-	51,158	-
Amortization deferred outflow of resources - Pension	659,139	-	-	-	-	-	-	659,139	-
Amortization deferred inflow of resources - Pension	(34,617)							(34,617)	-
Gain on disposal of fixed assets	13,287	-	-	-	-	-	-	13,287	-
Change in assets and liabilities:									
(Increase) decrease in accounts receivable	(1,989,157)	24,248	(30,612)	-	(14,437)	81,999	(2,078)	(1,930,037)	-
(Increase) decrease in taxes receivable	-	-	-	-	55,363	-	-	55,363	-
(Increase) decrease in due from others	-	-	-	-	(866,572)	-	-	(866,572)	-
(Increase) decrease in other assets	20,208	(10,168)	-	-	-	-	-	10,040	(873)
(Increase) decrease in deferred outflow of resources-pens	(1,328,794)	-	-	-	-	-	-	(1,328,794)	-
Increase (decrease) in accounts payable	225,696	(32,230)	(20,976)	(445)	4,691	(52,269)	26,525	150,992	(39,281)
Increase (decrease) in accrued payroll and related liabiliti	(232,088)	36,824	-	-	-	1,819	(718)	(194,163)	-
Increase (decrease) in other liabilities	-	8,381	(18,775)	-	-	1,575	1,575	(7,244)	-
Increase (decrease) in compensated absences	-	(14,823)	-	-	-	8,566	4,612	(1,645)	-
Increase (decrease) in other post employment benefits	548	-	-	-	-	-	-	548	640,965
Increase (decrease) in net pension liability	1,008,388							1,008,388	(392,889)
Increase (decrease) in deferred inflow of resources-pensic	270,945	-	-	-	-	-	-	270,945	-
NET ADJUSTMENTS	(840,642)	1,775,675	(44,411)	(445)	(820,955)	307,816	156,812	533,850	406,025
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,688,536)	$ (138,017)	$ (47,110)	$ 120,554	$ (187,404)	$ 1,100,936	$ 183,009	$ (656,568)	$ 263,652

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2016

		Agency Funds
ASSETS		
Cash and equivalents	$	3,745,087
Due from other funds		-
TOTAL ASSETS	$	3,745,087
LIABILITIES		
Due to others	$	3,745,087
TOTAL LIABILITIES	$	3,745,087

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

STATEMENTS OF NET POSITION

December 31, 2016

	County Road Commisssion	EDC	Superior Trade Zone	Brownfield Authority	Land Bank Authority	Drain Maintenance	Total
ASSETS							
Current Assets:							
Cash and cash equivalents	$ 3,893,536	$ 242,042	$ 73,372	$ 63,257	$ 159,893	$ 9,733	$ 4,441,833
Cash and cash equivalents - restricted	2,280,058	-	-	-	-	-	2,280,058
Receivables	3,325,017	368,216	-	2,429,939	268,670	-	6,391,842
Inventory	1,916,835	-	-	-	-	-	1,916,835
Prepaid expenses and other assets	156,592	455,479	-	-	-	-	612,071
TOTAL CURRENT ASSETS	11,572,038	1,065,737	73,372	2,493,196	428,563	9,733	15,642,639
Non-current Assets:							
Capital Aassets:							
Land and construction in progress	47,013,539	-	-	-	-	-	47,013,539
Other capital assets, net of depreciation	86,976,178	-	-	-	-	-	86,976,178
TOTAL NON-CURRENT ASSETS	133,989,717	-	-	-	-	-	133,989,717
TOTAL ASSETS	145,561,755	1,065,737	73,372	2,493,196	428,563	9,733	149,632,356
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows - Pension Investments	1,043,813	-	-	-	-	-	1,043,813
Deferred Outflows - Pension Assumptions	1,084,972						1,084,972
Deferred Outflows - Employer Pension Contributions	838,702	-	-	-	-	-	838,702
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,967,487	-	-	-	-	-	2,967,487
LIABILITIES							
Current Liabilities:							
Cash overdraft	-	-	-	-	-	-	-
Accounts payable	1,368,024	-	-	1,811,223	35,120	9,733	3,224,100
Accrued payroll and related liabilities	123,241	-	-	-	-	-	123,241
Notes and bonds payable - Due in One Year	610,000	286,036	-	-	-	-	896,036
Other current liabilities	171,857	110,753	-	-	-	-	282,610
TOTAL CURRENT LIABILITIES	2,273,122	396,789	-	1,811,223	35,120	9,733	4,525,987
Non-current Liabilities:							
Compensated absences	442,955	-	-	-	-	-	442,955
Other post-employment benefits	2,187,377	-	-	-	-	-	2,187,377
Notes and bonds payable - Due in More than One Year	7,985,000	-	-	-	-	-	7,985,000
Net pension liability	15,825,625	-	-	-	-	-	15,825,625
Other	1,169,832	-	-	-	-	-	1,169,832
TOTAL NON-CURRENT LIABILITIES	27,610,789	-	-	-	-	-	27,610,789
TOTAL LIABILITIES	29,883,911	396,789	-	1,811,223	35,120	9,733	32,136,776
DEFERRED INFLOWS OF RESOURCES							
Deferred Intflows - Pension Experience	162,296	-	-	-	-	-	162,296
TOTAL DEFERRED INFLOWS OF RESOURCES	162,296	-	-	-	-	-	162,296
NET POSITION							
Net Investment in capital assets	125,350,342	-	-	-	-	-	125,350,342
Restricted	(6,867,307)	497,459	73,372	-	-	-	(6,296,476)
Unrestricted	-	171,489	-	681,973	393,443	-	1,246,905
TOTAL NET POSITION	$ 118,483,035	$ 668,948	$ 73,372	$ 681,973	$ 393,443	$ -	$ 120,300,771

The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position						
Function / Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**County Road Commission**	**EDC Fund**	**Superior Trade Zone Fund**	**Brownfield Authority**	**Land Bank Authority**	**Drain Maintenance**	**Total**
County Road Commission	$ 14,076,752	$ 4,329,143	$ 8,338,370	$ 7,286,021	$ 5,876,782	$ -	$ -	$ -	$ -	$ -	$ 5,876,782
EDC	75,301	41,993	-	-	-	(33,308)	-	-	-	-	(33,308)
Superior Trade Zone	6,628	-	40,000	-	-		33,372	-	-	-	33,372
Brownfield Authority	64,301	-	61,623	-	-	-	-	(2,678)	-	-	(2,678)
Land Bank Authority	349,441	-	145,256	-	-	-	-	-	(204,185)	-	(204,185)
Drain Maintenance	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMPONENT UNITS	$ 14,572,423	$ 4,371,136	$ 8,585,249	$ 7,286,021	5,876,782	(33,308)	33,372	(2,678)	(204,185)	-	5,669,983
General Revenues:											
Interest and investment earnings					94,118	20,831	-	-	-	-	114,949
Miscellaneous					113,850	7,550	-	(144,456)	146,055	-	122,999
TOTAL GENERAL REVENUES					207,968	28,381	-	(144,456)	146,055	-	237,948
CHANGE IN NET POSITION					6,084,750	(4,927)	33,372	(147,134)	(58,130)	-	5,907,931
Net position, beginning of year					112,398,285	673,875	40,000	829,107	451,573	-	114,392,840
NET POSITION, END OF YEAR					$ 118,483,035	$ 668,948	$ 73,372	$ 681,973	$ 393,443	$ -	$ 120,300,771

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Marquette was organized in 1848 under the provisions of the Michigan Constitution. The County operates under a Commission/Administrator form of government and provides services in the following functional areas: legislative, courts, public records, management, human services, resource management and development, law enforcement, and community maintenance.

The financial statements of the County have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the County are described below.

REPORTING ENTITY

The County's financial statements present the County (the primary government) and its component units. In evaluating the County as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the County may or may not be financially accountable and, as such, be includable within the County's financial statements. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the County.

Blended Component Units

The Marquette County Health Department (MCHD) is governed by a seven-member board appointed by the County Board. It provides limited health services to the residents of Marquette County. The County of Marquette provides an annual subsidy to the MCHD.

The Marquette County Department of Human Services (DHS) Board is a three member body appointed to three-year terms. Two of the appointments are made by the County Board, and the remaining appointment is made by the Governor through the Director of the State Department of Human Services. The DHS Board directs the operations of social services through its director and it is responsible for maintaining and operating the Marquette County Medical Care Facility.

The Marquette County Medical Care Facility (MCF) is also governed by the three-member DHS Board appointed by the County Board. Although it is a distinct entity from the county, the MCF is reported as if it were part of the primary government because its sole purpose is to provide skilled nursing services to residents of the County of Marquette.

The Marquette County Building Authority is governed by a three-member board appointed by the County Board. Although it is legally separate from the county, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct Marquette County public buildings.

Discretely Presented Component Units

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

The Marquette County Road Commission (MCRC) is governed by a three-member board appointed by the County Board. The MCRC may not issue debt or levy a tax without the approval of the County Board. If approval is granted, the County Road Commission's taxes are levied under the taxing authority of the County, as approved by the County Board Commission, and would be included as part of the County's total tax levy as well as reported in the County Road Commission Fund. The MCRC is supported primarily by payments from other local units of government for local maintenance and construction of roads. Funding sources include State of Michigan Motor Vehicle Highway Funds and Federal Aid Secondary Funds. The County of Marquette does not always provide an annual subsidy to the MCRC. The County Road Commission has a fiscal year ending September 30. Accordingly, the component unit financial statement information included in this report reflects activity as of September 30, 2016.

The County Drain Commission pursuant to the Drain Code of 1956, the Drain Commissioner has the responsibility to administer the State Drain Code. The Marquette County Drain Commissioner is elected and is responsible for planning, developing, and maintaining water drainage systems within the County. Each of the drainage districts established is a separate legal entity, with the power to contract, to sue and be sued, to hold, manage, and dispose of real and personal property. The Drain Commissioner has sole responsibility to administer the drainage district established. The Drain Commissioner may issue debt or levy a special assessment as authorized by the Drain Code without the approval of the County Board of Commissioners. Separate financial statements for the County Drain Commission are not published.

The Economic Development Corporation (EDC) of the County of Marquette, which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a nine-member Board of Directors appointed by the County Board. The EDC provides assistance to new and expanding small to medium-sized businesses within Marquette County, primarily for job retention and creation purposes. The County of Marquette provides an annual subsidy to the EDC.

The Marquette County Brownfield Redevelopment Authority was established in August 2010 pursuant to the Brownfield Redevelopment Financing Act, Act 381 of the Public Acts of the State of Michigan of 1996, as amended. The Authority is governed by a seven-member board, appointed by the County Board of Commissioners. The overall intent of the Authority is to facilitate the implementation of Brownfield plans relative to the designation and treatment of qualified Brownfield Redevelopment projects; to educate the public and promote the benefits of the Brownfield program throughout Marquette County to encourage revitalization of environmentally distressed areas, to determine the captured taxable value of each parcel of eligible property, and to pursue avenues to sustain, supplement, or enhance the program either through grants or other means.

The Marquette County Land Bank Authority was established in May 2009 pursuant to Public Act 258 of 2003. Its mission is to work collaboratively with local government units and community organizations in finding the best way to return tax-foreclosed properties to the tax roll. The Authority receives funding from the sale of property and the specific tax provisions that apply to the properties it sells. It also has received funding from the County Treasurer's Foreclosure Fund. The Authority is governed by a three-member board consisting of the County Treasurer and two County Board appointees.

The Superior Trade Zone (STZ) is one of six Next Michigan Development Corporations (NMDC) established under PA 275 of 2010. The STZ was approved by Michigan Governor Snyder January 9, 2015. Superior Trade Zone NMDC, located in the Upper Peninsula of Michigan, hosts 16 jurisdictions. This region takes advantage of the large tracts of land geographically located near the Delta County Airport Industrial Park and the Sawyer International Airport and adjacent Industrial Park located at the former Air Force base in Marquette County. The Superior Trade Zone utilizes their natural resources in the agricultural, mining, and tourism industries as well as trade opportunities that occur with Canada to the north.

Joint Ventures

As defined in GASB #14, a joint venture is a legal entity or other organization that results from a contractual arrangement (or inter-local agreement) and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain: (a) an ongoing financial interest; or (b) an ongoing financial responsibility. The County participates in the following joint ventures:

Community Mental Health Services (Pathways) Board consists of members of the participating counties as appointed by the respective counties. As enumerated in the Footnotes, Pathways is not being accounted for in the financial statements of the County.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's legislative, judicial, public safety, recreation and culture and general services and administration are classified as governmental activities. The County's Medical Care Facility, Airport, Forestry, Foreclosure, 100% Tax Payment, Sewer and Water Funds are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities. For the most part, the effect of inter-fund activities has been removed from these statements.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the County are reported in individual funds in the fund financial statements.

Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.
The following fund types are used by the County:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

General Fund - General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the County:

Enterprise Funds - Enterprise Funds are 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 cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be 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.

Internal Service Funds - Internal Service Funds are used to finance, administer, and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

Component Units:

Component units are used to account for the discretely presented component units which follow proprietary fund accounting guidelines.

Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

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 those required to be accounted for in another fund.

The Health Department provides limited health services to the residents of the County.

The Community Development Fund applies for, receives, and disburses funds from MSHDA (Michigan State Housing Development Authority) to rehabilitate private single-family dwellings, provide emergency assistance and home purchase/rehabilitation.

The Maintenance of Effort Fund was established to manage the millage proceeds used for the purpose of funding Marquette County's current and future obligations for the County Medical Care Facility.

The County reports the following major proprietary funds:

The Medical Care Facility Operating Fund provides skilled nursing services to residents of the County.

The Airport Fund provides aviation services to residents of the County.

The Forestry Fund provides recreational and forest management services to residents of the County.

The Foreclosure Fund accounts for foreclosure of properties within the County.

The 100% Tax Payment Fund accounts for the purchase and subsequent collection of delinquent real property taxes from the various taxing units throughout the County.

The Sewer Fund provides sanitary sewer services to residents of K.I. Sawyer.

The **Water Fund** provides water treatment and distribution services to residents of K.I. Sawyer.

The County's **Internal Service Funds** are presented in the proprietary funds financial statements.

Because the principal users of the internal services are the County's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the general services and administration functional activity.

The County's **Fiduciary Funds** are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.), and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which the payment is due. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

FINANCIAL STATEMENT AMOUNTS

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

1. In accordance with the annually adopted budget calendar, generally around September 15, the County

Administrator submits to the County Board of Commissioners proposed operating and capital budgets for the fiscal year commencing the following January 1. Proposed budgets include projected expenditures and the means of financing them.

2. Numerous opportunities exist for public comment during the budget process including a formal public hearing.

3. Pursuant to statute, on the second Tuesday of October of each year, the budget for the ensuing year is legally enacted through the adoption of an Annual General Appropriations Act.

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

5. The Marquette County Administrator is authorized by means of County policy to make certain transfers:

   a. The Administrator receives a request for a budget transfer in writing from a department administrator. Such request must specify the necessity for the transfer, as well as the account name and/or group(s) of accounts to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Commissioners.

   b. The following considerations must be reviewed in determination of transfer approvals:

      i. Is the transfer consistent with the intent of the Board of Commissioners in adopting the annual budget?

      ii. Will the transfer maintain the financial integrity of the County?

      iii. Will the transfer provide a reasonable solution to the budgetary unit-operating problem?

   c. Considering the above, the Administrator will then decide whether or not the transfer should be made.

   d. In authorizing such budget transfers, the Administrator may not exceed 10 percent of the aggregate total of all accounts within the budgetary unit budget. The budgetary unit wishing budgetary changes in excess of 10 percent in any budget year must apply, through the Administrator, to the County Board of Commissioners for a budget amendment.

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

e. Provisions of the current policy empower the Administrator to authorize certain transfers in the personnel services account group. In no instance does current policy permit the Administrator to authorize transfers in the operating capital outlay account group. An account group is defined as one of four groups of account numbers and titles as set out in the adopted annual budget of the Marquette County Board of Commissioners, i.e., personnel services, supplies, other charges and services, and operating capital outlay.

6. The County of Marquette adopts its Annual Budget on a program basis. Each program is defined within the formal budget structure and glossary of terms adopted by Board action. The program budget structure consists of five levels of detail as follows: Resource Allocation; Major Functioning Group; Department; Program; Activity.

   a. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Commissioners, i.e., department, program or activity level. A detailed line item breakdown is prepared for each program. Accounting controls are maintained at the line item detail level.

7. Budgets for the General, Special Revenue, Enterprise and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts, in the Financial Report, are as originally adopted or amended by the County Board of Commissioners.

Encumbrances

The County has adopted the encumbrance method of accounting on a monthly basis. Under the encumbrance method, requisitioned expenditures are recorded as expenditures in the monthly reports. This reserves available resources for expenditures committed in which items or invoices have not yet been received. The County records material encumbrances as a reservation of fund balance at year-end since they do not constitute expenditures or liabilities.

Cash Equivalents and Investments

For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value. The fair value measurements of investments is based on the hierarchy established by generally accepted accounting principles, which has three levels based on the valuation inputs used to measure an asset's fair value.

Statements of Cash Flows

For the purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Special Revenue and Enterprise Funds consists of expendable supplies and materials held for consumption. Inventory is charged to operations upon consumption by the various operating funds within the County.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land Improvements	20 years
Building, Structures and Improvements	40 years
Equipment	5-20 years
Water and Sewage System	20 years
Vehicles	5 years
Infrastructure	20-50 years

Deferred Outflows of Resources

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

The government reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

The government's pension plan has a measurement date of December 31, 2015, while the County has a fiscal year ending December 31, 2016, and the Marquette County Road Commission has a fiscal year ending September 30. Under GASB 71, the contributions made to the plan subsequent to the measurement date are reported as deferred outflows of resources.

Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category.

The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes

Property taxes attach as an enforceable lien of property as of July 1 and December 1 and payable by February 28. Taxes receivable are recorded when levied, as the legal right to receive exists. However, such revenues are not normally received until after the 60-day period following the fiscal year. As stated above, deferred inflow of resources is being recognized for such amounts.

Compensated Absences

The County accrues accumulated unpaid vacation and sick leave days and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Inter-fund Activity

Inter-fund activity is reported as either loans, services provided reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 20, 2017, which is the date of the accompanying independent auditor's report, and which is the date the financial statements were available to be issued.

NOTE 2 – DEPOSITS AND INVESTMENTS

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and its component units from the Statement of Net Position:

	Primary Government	Component Units	Fiduciary Funds	Total
Unrestricted:				
Cash and cash equivalents	$8,637,298	$4,046,941	$3,745,087	$16,429,326
Investments	31,249,510	394,892	-	31,644,402
Restricted:				
Cash and cash equivalents	282,056	2,280,058	-	2,562,114
Investments	3,681,903	-	-	3,681,903
Total	$43,850,767	$6,721,891	$3,745,087	$54,317,745

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State law does not require, and the County does not have, a deposit policy for custodial credit risk. The carrying amounts of the primary government, component unit and fiduciary fund's deposits with financial institutions were $18,991,440 and the bank balance was $21,829,844. The bank balance is categorized as follows:

Amount insured by the FDIC		$8,405,308
Amount uninsured and uncollateralized		13,424,536
	Total	$21,829,844

Investments

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – DEPOSITS AND INVESTMENTS – CONTINUED

As of December 31, 2016, the County had the following investments.

			Investment Maturities (in years)			
	Level	Fair Value	Less than 1	1-5	6-10	More than 10
Primary Government:						
Unrestricted:						
Mutual Fund – MSILF	2	$1,886,790	$1,886,790	$-	$-	$-
Corporate Fixed Income	2	2,292,557	2,292,557	-	-	-
Municipal Bonds	1	11,397,516	252,325	10,021,017	1,124,174	-
U.S. Government Bonds	1	9,717,606	394,008	6,487,993	2,212,208	623,397
Certificates of Deposit	2	5,955,041	2,350,900	3,604,141	-	-
Subtotal		31,249,510	7,176,580	20,113,151	3,336,382	623,397
Restricted:						
Cash Management Funds	2	1,210,948	1,210,948	-	-	-
Corporate Fixed Income	2	506,660	506,660	-	-	-
Municipal Bonds	1	1,225,929	-	1,225,929	-	-
U.S. Government Bonds	2	242,890	-	242,890	-	-
Certificates of Deposit	2	495,476	-	495,476	-	-
Subtotal		3,681,903	1,717,608	1,964,295	-	-
Component Unit:						
Unrestricted:						
Cash Management Funds	2	146,495	146,495	-	-	-
U.S. Government Bonds	2	248,397	-	248,397	-	-
Subtotal		394,892	146,495	248,397	-	-
TOTAL		$35,326,305	$9,040,683	$22,325,843	$3,336,382	$623,397

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the County's investments. 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.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the County to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classification established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The County has no investment policy that would further limit its investment choices. Ratings are not required for the County's investment in U.S. Government Agencies or equity-type funds. The County's investments are in accordance with statutory authority.

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE 3 – JOINT VENTURE COMMUNITY MENTAL HEALTH SERVICES

Pursuant to an amendment to the Mental Health Code, Public Act 290 of 1995, the Counties of Alger, Marquette, Delta, and Luce created a Community Mental Health Authority (Pathways) with powers and duties as defined in Section 205, MCL 330.1205. Under such provisions, Pathways became a separate legal entity from the counties as appointed by the respective counties. Pathways has full power to comply and carry out the financial and clinical provisions of the Mental Health Code. Summary financial information as of and for the fiscal year ended September 30, 2016, for the Board is as follows:

Assets	$ 10,422,036
Deferred Outflows of Resources	3,959,159
Liabilities	38,998,622
Deferred Inflows of Resources	-
Total Net Position	(24,617,427)
Total Revenues	34,869,506
Total Expenditures	37,851,173
Net Increase (decrease) in Net Position	(2,981,667)

NOTE 4 - LONG-TERM DEBT

The following is a summary of long-term debt transactions during the period ended December 31, 2016, are summarized as follows:

	December 31, 2015	Additions	Subtractions	December 31, 2016	Due Within One Year
Primary Government:					
Government Activities:					
Compensated Absences	$1,708,852	$-	$(180,596)	$1,528,256	$62,171
Subtotal	1,708,852	-	(180,596)	1,528,256	62,171
Business-type Activities:					
Sewer Bond	869,000	1,581,000	(33,000)	2,417,000	34,000
Compensated Absences	922,712	23,579	-	946,291	-
Subtotal	1,791,712	1,604,579	(33,000)	3,363,291	34,000
Total Primary Government	3,500,564	1,604,579	(213,596)	4,891,547	96,171
Discrete Component Units:					
EDC:					
Installment Note Payable #2	300,065	-	(14,029)	286,036	12,315
ROAD COMMISSION:					
MTF Bonds – Series 2015	4,015,000	-	(160,000)	3,855,000	175,000
MTF Bonds– Series 2016	-	2,540,000	-	2,540,000	135,000
Installment Purchase (new garage)	2,500,000	-	(300,000)	2,200,000	300,000
Compensated Absences	552,466	13,730	-	566,196	123,241
Total Discrete Component Units	7,367,531	2,553,730	(474,029)	9,447,232	745,556
TOTAL LONG-TERM DEBT	$10,868,095	$4,158,309	$(687,625)	$14,338,779	$841,727

NOTE 4 - LONG-TERM DEBT – CONTINUED

Annual maturities on the Long-Term Debt are as follows:

	Primary Government			Discrete Component Unit		
	Principal	Interest	Total	Principal	Interest	Total
2017	$34,000	$51,000	$85,000	$623,103	$202,867	$825,970
2018	35,000	50,267	85,267	663,887	184,192	848,079
2019	36,000	49,513	85,513	939,046	169,181	1,108,227
2020	37,000	48,737	85,737	700,000	146,069	846,069
2021	38,000	47,940	85,940	730,000	132,999	862,999
2022-2026	210,000	226,738	436,738	3,030,000	450,124	3,480,124
2027-2031	242,000	202,789	444,789	2,195,000	141,188	2,336,188
2032-2036	279,000	175,153	454,153	-	-	-
2037-2041	321,000	143,342	464,342	-	-	-
2042-2046	370,000	106,675	476,675	-	-	-
2047-2051	426,000	64,494	490,494	-	-	-
2052-2056	389,000	16,883	405,883	-	-	-
TOTAL	$2,417,000	$1,183,531	$3,600,531	$8,881,036	$1,426,620	$10,307,656

NOTE 5 – INTER-FUND TRANSFERS IN AND OUT/ADVANCES TO AND FROM OTHER FUNDS

The transfers between funds for the year ended December 31, 2016, are as follows:

Transfers In from Other Funds	Transfers Out to Other Funds						
	General Fund	Maintenance of Effort Fund	Non-Major Governmental Funds	100% Tax Payment Fund	Foreclosure Funds	Internal Service Funds	Total Transfers In
General Fund	$-	$-	$-	$585,000	$-	$-	$585,000
Health Department Fund	521,506	-	-	-	-	-	521,506
Non-Major Governmental Funds	1,236,000	-	-	-	-	-	1,236,000
Medical Care Facility Fund	-	300,000	-	-	-	-	300,000
Airport Fund	-	-	325,000	-	-	-	325,000
Foreclosure Fund	-	-	-	-	-	-	-
Internal Services Funds	-	-	-	-	-	-	-
Total Transfers Out	$1,757,506	$300,000	$325,000	$585,000	$-	$-	$2,967,506

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 5 – INTER-FUND TRANSFERS IN AND OUT/ADVANCES TO AND FROM OTHER FUNDS - CONTINUED

The advances between funds for the year ended December 31, 2016, are as follows:

		ADVANCE TO OTHER FUNDS	
		100% Tax Payment Fund	Total Advance from Other Funds
ADVANCE FROM OTHER FUNDS	Sewer Fund	$90,000	$90,000
	Total Advance to Other Funds	$90,000	$90,000

Advances are inter-fund receivables and payables that are not expected to be paid back within one year. Advances can be used to internally finance activities between funds rather than seeking a loan from an outside lender.

NOTE 6 – CAPITAL ASSETS

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
GOVERNMENTAL ACTIVITIES:				
Construction in progress	$1,118,857	-	$(1,118,857)	$-
Land	355,233	-	-	355,233
Capital Assets, not being depreciated	1,474,090	-	(1,118,857)	355,233
Land improvements	34,372	-	-	34,372
Buildings	11,781,285	1,674,992	-	13,456,277
Equipment	5,859,333	500,875	(518,677)	5,841,531
Capital Assets, being depreciated	17,674,990	2,175,867	(518,677)	19,332,180
Less Accumulated Depreciation	(13,943,664)	(549,491)	503,312	(13,989,843)
Capital Assets, Net	$5,205,416	$1,626,376	$(1,134,222)	$5,697,570

Depreciation expense for the governmental activities was charged to the following functions and activities of primary government:

Governmental:	
Courts	$6,525
Management	84,261
Public Records	-
Law Enforcement	225,511
Human Services	15,646
Resource Management	19,445
Other	198,103
Total Depreciation Expense – Governmental Activities	$549,491

NOTE 6 – CAPITAL ASSETS – CONTINUED

A summary of changes in business-type activities capital assets is as follows:

	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
BUSINESS-TYPE ACTIVITIES:				
Construction in progress	$1,784,758	$2,436,327	$-	$4,221,085
Land	15,270,486	-	-	15,270,486
Capital Assets, not being depreciated	17,055,244	2,436,327	-	19,491,571
Land improvements	23,969,944	-	-	23,969,944
Buildings	54,436,924	124,745	(102,932)	54,458,737
Utility Systems	2,709,764	-	-	2,709,764
Equipment	6,110,319	224,787	(27,031)	6,308,075
Capital Assets, being depreciated	87,226,951	349,532	(129,963)	87,446,520
Less Accumulated Depreciation	(33,386,671)	(2,677,062)	93,203	(35,970,530)
Capital Assets, Net	$70,895,524	$108,797	$(36,760)	$70,967,561

Depreciation expense for the business-type activities was charged to the following funds of primary government:

Business-Type Activities:	
Medical Care Facility Operating Fund	$494,645
Airport Fund	1,763,443
Forestry Fund	25,952
Sewer Fund	266,126
Water Fund	126,896
Total Depreciation Expense – Business-Type Activities	$2,677,062

A summary of component units' capital assets is as follows:

	County Road Commission	Total Component Units
COMPONENT UNITS:		
Land and improvements	$1,296,354	$1,296,354
Land improvements – Infrastructure	44,096,565	44,096,565
Construction in progress	1,620,620	1,620,620
Capital Assets, not being depreciated	47,013,539	47,013,539
Buildings	4,896,034	4,896,034
Road equipment	14,653,246	14,653,246
Shop equipment	148,309	148,309
Engineers' equipment	129,780	129,780
Yard and storage	721,866	721,866
Office equipment	272,285	272,285
Vehicles	36,975	36,975
Infrastructure – Bridges	24,828,115	24,828,115
Infrastructure – Roads	81,909,114	81,909,114
Capital Assets, being depreciated	127,595,724	127,595,724
Less Accumulated Depreciation	(40,619,546)	(40,619,546)
Capital Assets, Net	$133,989,717	$133,989,717

NOTE 6 – CAPITAL ASSETS – CONTINUED

Depreciation expense for the component units was charged to the following funds:

Component Units:	
County Road Commission	$4,556,947
Total Depreciation Expense – Component Units	$4,556,947

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources occur when asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

1. The County has deferred inflows of resources related to the property tax levied December 1, 2016, to be recorded as revenue in the subsequent year when the proceeds of the levy are budgeted and made available for financing of County operations. The deferred inflows of resources related to this are as follows:

General Fund	$5,288,837
Maintenance of Effort Fund	1,281,178
Rescue Safety Fund	355,094
Central Dispatch Fund	1,131,995
Aging Services Fund	1,042,137
Severance Tax Fund	394,400
Veterans Affairs Fund	186,148

2. The Community Development Fund has reported $2,744,697, which represents Community Development Block Grant loans to various individuals in accordance with the County housing rehabilitation projects. Terms vary with respect to repayment of these loans. Proceeds from repayments on these loans will be used for future County economic and community development.

3. The Medical Care Facility Operating Fund has reported no Proportionate Share Reimbursement Program monies from the State of Michigan.

4. The General Fund has reported $118,017, which represents unearned grant revenues.

NOTE 8 – PENSION PLAN – DEFINED BENEFIT

DEFINED BENEFIT PENSION PLAN – COUNTY

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits Provided:

01-AFSCME 2914: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	5 years
COLA for Future Retirees:	2.5% (Non-Compound)
Employee Contributions:	3%
RS50% Percentage:	50%
DC Plan for New Hires:	9/1/1999
Act 88:	Yes (Adopted 8/18/1965)

02–Shrff AFSCME: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	2%
DC Plan for New Hires:	2/1/2000
Act 88:	Yes (Adopted 8/18/1965)

04-MCF Union: Open Division	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions:	4.70%
Act 88:	Yes (Adopted 8/18/1965)

10–Hlth Dept Union: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	2%
RS50% Percentage:	50%
DC Plan for New Hires:	3/1/1999
Act 88:	Yes (Adopted 8/18/1965)

11–Gnrl Non-Union: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	2%
RS50% Percentage	50%
DC Plan for New Hires:	9/1/1999
Act 88:	Yes (Adopted 8/18/1965)

12–Elctd Dpt Hds: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	2%
DC Plan for New Hires:	9/1/1999
Act 88:	Yes (Adopted 8/18/1965)

13-Health Dept: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	2%
RS50%	50%
DC Plan for New Hires:	3/1/1999
Act 88:	Yes (Adopted 8/18/1965)

14–MI Nurses Assn: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	3 years
Employee Contributions:	2%
DC Plan for New Hires:	3/1/1999
Act 88:	Yes (Adopted 8/18/1965)

15–Central Disp: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	5 years
Employee Contributions:	2%
DC Plan for New Hires:	2/1/2000
Act 88:	Yes (Adopted 8/18/1965)

16–Airport General: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	2%
DC Plan for New Hires:	1/1/2003
Act 88:	Yes (Adopted 8/18/1965)

20–Shrff Sen Off: Open Division	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	2%
Act 88:	Yes (Adopted 8/18/1965)

40–MCF Non-Union: Open Division	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	1.9%
Act 88:	Yes (Adopted 8/18/1965)

41–Administrator: Open Division	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	1.90%
Act 88:	Yes (Adopted 8/18/1965)

42–MCF AFSCME: Open Division	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions:	4.70%
Act 88:	No

Employees covered by benefit terms – At the December 31, 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	299
Inactive employees entitled to but not yet receiving:	49
Active employees:	313
Total	661

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.

The contribution rates as a percentage of payroll as December 31, 2016, is as follows:

Division	Employer Contribution	Employee Contribution
01 - AFSCME 2914	$165,267	3.00%
02 - Sheriff AFSCME	43,237	2.00%
04 - MCF Union	6.79%	4.70%
10 - Hlth Dept Union	24,313	2.00%
11 - Gnrl Non Union	96,772	2.00%
12 - Elctd Dpt Heads	39,263	2.00%
13 - Health Dept	22,972	2.00%
14 - MI Nurses Assn	5,984	2.00%
15 - Central Dispatch	4,432	2.00%
16 - Airport General	7,881	2.00%
20 - Shriff Sen Ofcrs.	48.71%	2.00%
40 - MCF Non Union	13.26%	1.90%
41 - Administrator	25.35%	1.90%
42 - MCF AFSCME	6.50%	4.70%

There was $410,121 contribution requirements for closed divisions.

Net Pension Liability – The employer's Net Pension Liability was measured as of December 31, 2015, 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, 2015, 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 (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)

Investment rate of return: 7.75%, net of investment expense, including inflation

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

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

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

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

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 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Calculating the Net Pension Liability			
	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2014	$94,005,662	$62,416,376	$31,589,286
Changes for the Year			
Service cost	1,142,402	-	1,142,402
Interest on total pension liability	7,553,367	-	7,553,367
Changes in benefits	-	-	-
Change in experience	60,903	-	60,903
Change in assumptions	4,737,941	-	4,737,941
Employer contributions	-	6,586,515	(6,586,515)
Employee contributions	-	397,260	(397,260)
Net investment income	-	(923,862)	923,862
Benefit payments, including employee refunds	(6,041,800)	(6,041,800)	-
Administrative expense	-	(138,050)	138,050
Other changes	(3)	(1)	(2)
Net Changes	7,452,810	(119,938)	7,572,748
Balances at 12/31/2015	$101,458,472	$62,296,438	$39,162,034

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability at 12/31/2015	$39,162,034	$39,162,034	$39,162,034
Change in Net Pension Liability	11,446,958	-	(9,640,240)
Calculated Net Pension Liability	$50,608,992	$39,162,034	$29,521,794

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.

NOTE 8 – PENSION PLAN – DEFINED BENEFIT - CONTINUED

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

For the year ended 2016 the employer recognized pension expense of $5,898,690. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	$236,196	($236,328)
Difference in assumptions	3,544,906	-
(Excess) deficit investment returns	5,556,078	-
Subtotal	9,337,180	($236,328)
Contributions subsequent to the measurement date*	5,770,064	-
Total	$15,107,244	($236,328)

*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 2017.

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

Fiscal Year Ended:	Amount
2017	$2,566,502
2018	2,566,502
2019	2,566,502
2020	1,323,511
2021	25,946
Thereafter	51,889
Total	$9,100,852

Payable to the Pension Plan

At December 31, 2016, there was a reported payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

DEFINED BENEFIT PENSION PLAN – ROAD COMMISSION

Plan Description

The Road Commission 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 is a non-profit organization that was granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided – Defined Benefit

The Road Commission's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

01 - Union: Closed to New Hires	2015 Valuation
Benefit Multiplier:	Bridged Benefit: 2.50% Multiplier (80% Max) Frozen FAC; to 2.25% Multiplier (80% Max)
Bridged Benefit Date:	12/31/2012
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	4.50%
Act 88:	No

10 – Non-Union: Closed to New Hires	2015 Valuation
Bridged Benefit:	2.50% Multiplier (80% Max) Frozen FAC; to 2.25% Multiplier (80%) Max)
Bridged Benefit Date:	12/31/2013
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	4.50%
Act 88:	No

11 – Engineer: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% Max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	2.0%
Act 88:	No

12 – Admin: Open Division	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% Max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	5.0%
Act 88:	No

13 – Spintdt: Closed to New Hires	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% Max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Employee Contributions:	2.0%
Act 88:	No

14 – Union (After 1/1/2013) Open Division	2015 Valuation
Benefit Multiplier:	1.50% Multiplier (No Max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions:	0.0%
Act 88:	No

15 – Non-Union (After 1/1/2013) Open Division	2015 Valuation
Benefit Multiplier:	1.50% Multiplier (No Max)
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions:	0.0%
Act 88:	No

EMPLOYEES' RETIREMENT SYSTEM

Employees covered by benefit terms: At the December 31, 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	66
Inactive employees entitled to but not yet receiving:	19
Active employees:	51
Total	136

Contributions: Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. 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 September 30, 2016, the Road Commission's contribution rate was 64.85% for administration, 6.85% for union employees hired after January 1, 2013, and 7.55% for non-union employees hired after January 1, 2013, based on annual payroll.

Net Pension Liability

The employer's net pension liability reported at September 30, 2016, was determined using a measure of the total pension liability and the pension net position as of December 31, 2015, and the total pension liability was determined by an annual actuarial valuation performed as of that date.

Actuarial assumptions: The total pension liability in the December 31, 2015, 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

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2015, 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 as of December 31, 2015, the measurement date, 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 8.00% for 2015. 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.

Calculating the Net Pension Liability

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2014	$25,231,659	$11,876,968	$13,354,691
Changes for the Year:			
Service cost	269,805	-	269,805
Interest	2,028,484	-	2,028,484
Changes in benefits	(9,700)	-	(9,700)
Change in experience	(243,444)	-	(243,444)
Change in assumptions	1,627,458	-	1,627,458
Employer contributions	-	1,283,572	(1,283,572)
Employee contributions	-	118,360	(118,360)
Net investment income	-	(174,494)	174,494
Benefit payments, including refunds	(1,557,757)	(1,557,757)	-
Administrative expense	-	(25,769)	25,769
Net Changes	2,114,846	(356,088)	2,470,934
Balances as of 12/31/2015	$27,346,505	$11,520,880	$15,825,625

Sensitivity of the Net Pension Liability to changes in the discount rate: The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

NOTE 8 – PENSION PLAN – DEFINED BENEFIT – CONTINUED

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability at 12/31/2015	$15,825,625	$15,825,625	$15,825,625
Change in Net Pension Liability	3,010,874	-	(2,566,154)
Calculated Net Pension Liability	$18,836,579	$15,825,625	$13,259,471

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 September 30, 2016, the Road Commission recognized pension expense of $1,956,458. At September 30, 2016, the Road Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	$-	$(162,296)
Difference in assumptions	1,084,972	-
(Excess) deficit investment returns	1,043,813	-
Subtotal	2,128,785	(162,296)
Contributions subsequent to the measurement date*	838,702	-
Total	$2,967,487	($162,296)

*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 fiscal year ending September 30, 2017.

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

Years Ending September 30	Amount
2017	$732,819
2018	732,819
2019	271,481
2020	229,370
2021	-
Thereafter	-
Total	$1,966,489

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN

The County also provides pension benefits to its employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County established the plans in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust, as amended by and as authorized by Section 19A of the Municipal Employee's Retirement System of Michigan Plan Document. The Municipal Employee's Retirement System of Michigan is the current Plan Administrator. The County's total pension expense for this plan for this current fiscal year was $884,237.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – COUNTY

DEFINED BENEFIT HEALTH CARE PLAN – COUNTY

The County administers a single-employer defined benefit health care plan (The Retiree Health Plan). The plan provides health insurance premiums for retirees until age 65 (Medicare eligible), at which time they receive supplemental coverage. Benefit provisions are established through negotiations between the County and bargaining units and employee groups. The retiree's share of premium costs range from 0% to 100%, depending on the employee group, date of hire, and length of service. All contracts with the County's union employees will be renegotiated at various times in the future and, thus, costs and benefits are subject to change. Benefits and contribution requirements (both employer and employee) for unclassified employees are established by county policy and can only be amended by the County Board of Commissioners. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has not yet been established for the plan.

The County's contribution is based on pay-as-you-go financing requirements. For the current year, contributions were $2,501,309. Current year contributions did not equal the current year's annual required contribution (ARC).

The County's annual other post-employment benefit (OBEB) cost (expense) is equal to the ARC, an amount actuarially determined in accordance with parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 28 years. The first actuarial valuation of the Retiree Health Plan was performed as of December 31, 2006, with the requirements of GASB Statement #45 being implemented prospectively. Fiscal year 2008 was the first year for which an actuarially required contribution (ARC) had been determined. The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County's OPEB obligation to the plan. The county is studying the establishment of a trust to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

Annual required contribution (ARC)	$3,142,274
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost	3,142,274
Contributions made	(2,501,309)
Change in net OPEB obligation	640,965
Net OPEB obligation, beginning of year	9,746,240
Net OPEB obligation, end of year	$10,387,205

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31 were as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
2014	$3,335,465	61%	$9,461,075
2015	2,418,274	88%	9,746,240
2016	3,142,274	80%	10,387,205

The above schedule of employer contributions presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43.

Schedule of Funding Progress

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	$-	$57,182,276	$57,182,276	0%	$12,346,595	463%
2013	-	56,322,534	56,322,534	0%	12,918,180	436%
2015	-	54,792,835	54,792,835	0%	12,688,545	432%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The number of participants as of December 31, 2015, the effective date of the biannual OPEB valuation, included 172 active employees and 210 retirees. There are 2 terminated employees eligible for deferred plan benefits. In the December 31, 2015, actuarial valuation, the liabilities were computed using the Entry Age Normal actuarial cost method. Because the plan is unfunded, an investment rate of return is not necessary. The valuation assumes a 15% healthcare cost trend increase for fiscal year 2016. Valuation includes a 5% inflation assumption. The Unfunded Actuarial Liability (UAAL) is being amortized over 30 years, with 24 years remaining.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION – CONTINUED

DEFINED BENEFIT HEALTH CARE PLAN – ROAD COMMISSION

The Marquette County Road Commission provides post-employment health care insurance benefits to certain retired union and administrative employees and/or their spouse in accordance with the following provisions:

The hospital and medical coverage benefits are provided in accordance with Article 36 (3) in the union agreement, which states: For employees retiring at or after age fifty-five (55) with at least twenty (20) years of service, or after age sixty (60) with at least fifteen (15) years of service, who, because of age, are not eligible for Medicare coverage, the employer will pay the premium from age sixty (60) necessary for such hospital and medical coverage, including the master medical rider, up to the cost for two (2) party coverage (employee and spouse). For retired employees whose age permits them to be eligible for Medicare coverage, the employer will pay the premium for hospital and medical care coverage only in the amount which is necessary to augment Medicare coverage for the retired employee and their spouse; to the extent permitted by the insurance carrier, employees may elect continuation of the Master Medical rider at their own expense.

The Road Commission has no obligation to make contributions in advance of when insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). However, as shown below, the Road Commission has made contributions to advance-fund these benefits, as determined by the Board of Road Commissioners through annual budget resolutions.

The Road Commission's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. These valuations computed contribution and actual funding for the fiscal years ended September 30 are summarized as follows:

Annual Required Contribution	$960,618
Amounts Contributed:	
Payments of Current Premiums	(435,610)
Advance Funding	-
Increase (Decrease) in Net OPEB Obligation	525,008
Adjustments for Interest and Amortization	56,215
OPEB Obligation – Beginning of Year	1,606,154
OPEB Obligation – End of Year	$2,187,377

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the fiscal years ended September 30 were as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
2013	$719,528	76%	$1,054,250
2014	1,001,275	45%	1,606,154
2015	1,016,833	43%	2,187,377

Schedule of Funding Progress

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	$926,366	$12,990,797	$12,064,431	7%	$2,774,347	435%

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION - CONTINUED

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual increase in salary between 3.8 percent and 11.9 percent. The assumptions also include expected increases in healthcare costs between 3.5 percent and 9.0 percent. All rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

NOTE 11 – DEFERRED COMPENSATION PLAN

The County of Marquette and its Component Unit's offers its employees deferred compensation plans in accordance with the Internal Revenue Code, Section 457. The plans are available to all county employees and permit them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable future.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and no longer subject to the County's general creditors. Therefore, in accordance with the provisions of GASB Statement No. 32, the Plan balances and activities are not reflected in these financial statements.

The Plan's participants have the right to designate how the funds will be invested. Accordingly, the County has no liability for losses under the Plan. The Plan's assets are held in trust for the exclusive benefit of the Plan's participants and their beneficiaries.

The County's plans are administered by International City Management Association (ICMA), Nationwide, and F. T. Jones. The plan administrator's, agree to hold harmless and indemnify the Board, its appointed and elected officers and participating employees from any loss resulting from their failure to perform their duties and services pursuant to the programs.

NOTE 12 - VESTED EMPLOYEE BENEFITS

The County accrues the liability for earned sick leave based on the vesting method. The liability is accrued as the benefits are earned if it is probable that the County will compensate the employees conditioned upon retirement, death, or termination of employment. Employees earn annual vacation, sick, and combined leave at a rate of a certain number of days per year based on the number of years of service up to a maximum number of accumulated days. Annual vacation, sick, and combined leave days are based on various Labor Union Contract terms and administrative policies of the primary government.

NOTE 13 – BUDGET VIOLATIONS

Public Act 621 of 1978, Section 18(1), as amended, provides that a County shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

For the year ended December 31, 2016, none of the funds/departments had excess expenditures over appropriations.

NOTE 14 – CONTINGENT LIABILITIES

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the county at December 31, 2016.

Risk Management - The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has obtained commercial insurance to handle its risk of loss.

Cost Settlement - Medical Care Facility services rendered to various insurance program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a client classification system that is based on clinical, diagnostic, and other factors. Certain health services and defined capital costs are paid based on a cost reimbursement methodology. The facility reports such activity through the submission of its annual cost reports which are subject to audit by the fiscal intermediary. The facility's classification of clients under the program and the appropriateness of their admission are subject to an independent review by a peer review organization.

NOTE 15 – RESERVED, DESIGNATED AND RESTRICTED FUND EQUITY

Fund balances in the various funds of the primary government and its component units have been reserved, designated or restricted for the following purposes:

Enterprise Funds:		
Airport Fund:		
Designated for Capital Improvements		$1,262,279
Designated for Wall of Honor		491
Sewer Fund:		
Restricted related to USDA Bond		154,852
Forestry Fund:		
Designated for Capital Projects		45,000
	Total	$1,462,622
Component Units:		
County Road Commission:		
Restricted for County Road Commission Operations		$-
E.D.C.:		
Restricted for E.D.C. Operations		497,459
Superior Trade Zone		
Restricted for Trade Zone Operations		73,372
	Total	$570,831

NOTE 16 – PROPERTY TAXES

The Local Governmental Unit property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31.

Although the Local Governmental Unit 2015 ad valorem tax is levied and collectible on December 1, 2015, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the following year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

"Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period sixty (60) days.

The 2015 taxable valuation of the Local Governmental Unit totaled $2,266,050,977, on which ad valorem taxes levied consisted of 5.2938 mills for the County operating purposes, .4474 mills for Aging Services, .4970 mills for Central Dispatch, .1525 mills for Rescue Safety, .0800 mills for Veterans Affairs, .5500 mills for Standardization, and .6000 mills for Countywide transit.

NOTE 17 – DEFICIT CASH AND INVESTMENT BALANCES

At December 31, 2016, the following funds had a material cash and investment deficit:

	Deficit Cash/ Investment Balance
Special Revenue Funds:	
Friend of the Court	$206,180
Governmental Funds:	
Community Development	25,391
	$231,571

NOTE 18 – FUND EQUITY DEFICIT BALANCES

At December 31, 2016, the following funds had deficit fund equity balances:

	Deficit Fund Equity
Internal Service Funds:	
Employee Retirement Benefits:	
Unreserved	$7,687,518
Pension Liability Fund:	
Unreserved	23,433,068
Total	$31,120,586

A deficit elimination plan is not required for Internal Service Funds.

NOTE 19 – RESTRICTIONS USDA 2015 SEWER BOND

Assets restricted by applicable bond covenants are as follows:

	December 31, 2016	
	Required Balance	Actual Balance
I. Construction Accounts:		
These accounts are used to receive loan/grant proceeds and pay construction costs.		
a. 2015 Sewer System Revenue Bond	$89	$89
II. Bond Payment Accounts:		
These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.		
a. 2015 Sewer System Revenue Bond	38,340	103,862
III. Bond Reserve Accounts:		
These accounts are required to be funded per bond issues. The fund shall be used solely for payment of principal and interest on the bonds as to which would otherwise be in default.		
a. 2015 Sewer System Revenue Bond	15,660	20,800
IV. Capital Improvement Accounts:		
These accounts are required to be funded per bond. These funds are to be used for repairs, replacement, or improvements to the water system. If the amounts in the bond reserve accounts are not sufficient to pay on the bonds when due, these monies may be transferred for that purpose.		
a. 2015 Sewer System Revenue Bond	100,763	113,550
V. Operations and Maintenance Accounts:		
These accounts are required to be funded per bond issues. The fund shall be used solely for the operation and maintenance of the system.		
a. 2015 Sewer System Revenue Bond	-	-
Total	$154,852	$238,301

NOTE 20 – GASB NO. 54

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Statement). Certain significant changes in the Statement will require the following:

As of December 31, 2016, fund balances for each of the County's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Non-spendable fund balance* – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

- *Restricted fund balance* – amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.
- *Assigned fund balance* – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance* – amounts that are available for any purpose; these amounts can be reported only in the County's General Fund.

As of December 31, 2016, fund balances are composed of the following:

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Government Funds
Non-Spendable:					
Prepaid expenses	$50,362	$-	$-	$-	$50,362
Loans receivable	-	81,714	-	-	81,714
Health Department	-	6,866			6,866
Restricted:					
Health Department	-	208,223	-	-	208,223
Assigned:					
General Fund	1,472,695	-	-	-	1,472,695
Community Development Fund	-	131,696	-	-	131,696
Maintenance of Effort Fund	-	5,322,860	-	-	5,322,860
Prosecutor's Forfeiture Account Fund	-	28,849	-	-	28,849
Domestic Violence Fund	-	1,105	-	-	1,105
PA 511 Fund	-	54,585	-	-	54,585
Victim Restitution Fund	-	4,116	-	-	4,116
CPL Fund	-	45,653	-	-	45,653
Friend of the Court Fund	-	124,640	-	-	124,640
Sawyer Intermediary Relending Fund	-	228,682		-	228,682
Rescue Safety Fund	-	558,997	-	-	558,997
Sheriff MCTV Grant Fund	-	8,452	-	-	8,452
DHS Child Care Fund	-	241,404	-	-	241,404
DHS Social Welfare Fund	-	2,079	-	-	2,079
Probate Child Care Fund	-	324,829	-	-	324,829
Central Dispatch Fund	-	1,610,282	-	-	1,610,282
Aging Services Fund	-	617,462	-	-	617,462
Homestead Property Administration Fund	-	122,459	-	-	122,459
County Remonumentation Fund	-	59,986	-	-	59,986
Register of Deeds Automation Fund	-	186,825	-	-	186,825
Severance Tax Fund	-	789,171	-	-	789,171
Veteran's Trust Fund	-	4,739	-	-	4,739
Veterans Affairs Fund	-	172,655	-	-	172,655
Airport Improvement Fund	-	-	-	448,241	448,241
Public Improvement Fund	-	-	-	848,229	848,229
Unassigned:					
General Fund	5,032,736	-	-	-	5,032,736
TOTAL	$6,555,793	$10,938,329	$-	$1,296,470	$18,790,592

NOTE 21 – CONSTRUCTION PROGRESS

MARQUETTE COUNTY SEWER PROJECT

In 2016, the County completed construction on a $4,003,842 sewer project to upgrade the infrastructure to the existing County-owned sewer system located at K.I. Sawyer. This project was funded with a combination of USDA grant funds and low interest bonds.

The projected financing and costs are as follows.

Financing Sources:		
Sewage System Revenue Bond		$2,450,000
U.S.D.A. Rural Development Grant – Sewage Disposal System		822,000
Local Unit Share		731,842
	Total	$4,003,842

Project Costs:		
Sewage Disposal System		$4,003,842
	Total	$4,003,842

JAIL RENOVATION PROJECT

During 2015, the County began a jail and detention center renovation project which was completed during 2016. The project included replacing the roofs at the detention center and main jail facility, cell door replacements, various electrical and mechanical improvements, and renovations to the detention center bathrooms to accommodate an increase in the female inmate population. Total cost of the project was $1,674,992.

NOTE 22 – NEW GASB STANDARDS

Recently Issued and Adopted Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015. The adoption of GASB No. 72 does not have any financial impact on the County's financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for periods beginning after June 15, 2015. The adoption of GASB No. 76 does not have any impact on the County's financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contributions. Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This Statement is effective for periods beginning after June 15, 2016. The adoption of GASB No. 82 does not have any impact on the County's financial statements.

Other Recently Issued Accounting Pronouncements

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. GASB No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions,* as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans,* and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement is effective for periods beginning after June 15, 2015. The County's does not have any pension plans that meet the criteria of GASB 73.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. GASB 77 requires governments to disclose tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The information required to be disclosed includes the taxes being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanisms by which taxes are abated provision for recapturing abated taxes, and the types of commitments being made by tax abatement recipients. Additionally the gross dollar amount of taxes abated during the period will have to be disclosed along with any other commitments made by a government, other than to abate taxes, as part of the tax abatement agreement. This Statement is effective for periods beginning after December 15, 2015.The County has not issued any tax abatements; therefore, GASB No. 77 is not applicable for fiscal year 2016.

In December 2015, the GASB issued Statement No. 78, *Pension Plans Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. GASB 78 amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement is effective for periods beginning after December 15, 201. The County does not have any pension plans that meet the criteria for GASB 78; therefore, GASB 78 is not applicable.

In December 2015, the GASB issued Statement No. 79*, Certain External Investment Pools and Pool Participants*. GASB No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement is effective for periods beginning after June 15, 2015. The County's does not have any external investment pools; therefore, GASB 79 is not applicable to the County.

NOTE 23 – UPCOMING CHANGES IN ACCOUNTING STANDARDS

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Authority in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Authority.

<u>GASB 74: Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</u>
Effective for fiscal years beginning after June 15, 2016 (County's fiscal year FY 2017)
This standard replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, Statement 43, and Statement No. 50, *Pension Disclosures.*

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet certain criteria. It also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria.

<u>GASB 75: Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</u>
Effective for fiscal years beginning after June 15, 2017 (County's fiscal year FY 2018)
This standard replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity.

GASB 75 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The particular accounting and financial reporting requirements and footnote disclosures are dependent upon the type of plan being used (defined benefit, defined contribution, or special funding situations) and whether the OPEB plans are administered through trusts meeting certain criteria.

GASB 80: Blending Requirements for Certain Component Units – an Amendment to GASB Statement No. 14

Effective for fiscal years beginning after June 15, 2016 (County's fiscal year 2017)

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB 81: Irrevocable Split-Interest Agreements

Effective for fiscal years beginning after December 15, 2016 (County's fiscal year 2017)

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB 83: Certain Asset Retirement Obligations

Effective for fiscal years beginning after June 15, 2018 (County's fiscal year 2019)

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. A deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This current value of a government's AROs are required to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays.

NOTE 23 – UPCOMING CHANGES IN ACCOUNTING STANDARDS - CONTINUED

The statement also gives guidance on situations in which a government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. The government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

GASB 84: Fiduciary Activities
Effective for fiscal years beginning after December 15, 2018 (County's fiscal year 2019)
This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement identifies four types of fiduciary funds that should be reported, as applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

NOTE 24 – SINGLE AUDIT

The County's audited financial statements report a total amount of federal expenditures that is more than the single audit threshold of $750,000. The County, therefore, is required to have an audit in accordance with *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for the fiscal year ended December 31, 2016. This report can be found in a separate report.

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