

**NOTE F – LONG-TERM DEBT (Continued):**

Truck Loan

In December 2020, a loan was issued to the Road Commission for the purchase of 5 trucks. The loan was originally issued for \$325,974 at 3.3100% per annum, with 28 consecutive payments due monthly. The loan was paid in full during fiscal year 2023.

Komatsu Loader Lease

The Road Commission entered into a financing lease with Komatsu Financial in December of 2020 for the use of a loader. The agreement was originally for \$208,364 at 3.250% per annum, with 52 consecutive payments due monthly.

Komatsu Excavator Lease

The Road Commission entered into a financing lease with Komatsu Financial in December of 2020 for the use of an excavator. The agreement was originally for \$180,521 at 3.250% per annum, with 53 consecutive payments due monthly.

Maturities on long-term obligations are as follows:

<b>Governmental Activities</b>			
<u>Maturity Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$90,913	\$2,971	\$93,884
2025	42,317	368	42,685
Total	<u>\$133,230</u>	<u>\$3,339</u>	<u>\$136,569</u>

Compensated Absences – Vacation Benefits

Prior to February 1, 1981, employees with vacation time will be credited to the employee and it may be used at the employee's discretion. Beginning February 1, 1985, employees may carry forward 40 hours of vacation per year, which must be used by the end of the next calendar year. Vacation pay is calculated and paid at the current rate of pay.

Compensated Absences – Sick Leave Benefit Policies

Employees hired before February 1, 1993, may accumulate a maximum of 168 days of sick leave. Upon death or retirement, employees are paid for a maximum of 132 days at their current rate of pay. Employees hired on or after February 1, 1993, may accumulate a maximum of 600 hours of sick leave. Upon death or retirement, after 20 years of service employees are paid for 50% of their accumulated sick hours at their current rate of pay.

**NOTE G – ADVANCES:**

State equipment purchase advance is determined by a formula applied to the book value of equipment of the previous fiscal year. This amount is adjusted each fiscal year in accordance with the formula and would be refunded to the State Department of Transportation upon termination of the State Highway Maintenance Contract. The State also advances amounts for routine maintenance as part of the agreement.

## NOTE H – DEFINED BENEFIT PENSION PLAN:

### Plan Description

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

### Benefits Provided

	<b>2022 Valuation</b>	
	01 – Gnrl: Closed to new hires, linked to Division 10	10 – After 2/04: Open Division, linked to Division 01
Benefit Multiplier:	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
COLA for Future Retirees:	N/A	N/A
Employee Contributions:	0%	2%
Act 88:	Yes: Adopted 11/20/1970	Yes: Adopted 11/20/1970

### Employees covered by benefit terms.

At the December 31, 2022, valuation date, the following employees were covered by the benefit terms:

Active employees:	62
Inactive employees entitled to but not yet receiving*:	4
Inactive employees or beneficiaries currently receiving benefits:	89
	Total <u>155</u>

\*Excluding pending refunds of 7

### 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 of December 31, 2022, is as follows:

	Employer Contribution*	Employee Contribution
Division 01 – Gnrl; closed	\$84,171	0.00%
Division 10 - After 2/04; open	11.67%	2.00%

\*For open divisions, a percentage of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

## NOTE H – DEFINED BENEFIT PENSION PLAN (Continued):

### Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2022.

### Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. The following actuarial assumptions were used and applied to all periods included in the measurement:

Inflation:	2.5%
Salary Increases:	3.00% plus merit and longevity; 3.00% in the long-term
Investment Rate of Return	7.00%, net of investment expenses and administrative expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.0%	9.50%	1.90%	2.50%	1.40%
Total	100.0%		7.00%		4.50%

### Discount rate

The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at

**NOTE H – DEFINED BENEFIT PENSION PLAN (Continued):**

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)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Changes in Net Pension Liability			
<b>Balances as of 12/31/2022</b>	\$24,100,917	\$11,079,002	\$13,021,915
Changes for the Year:			
Service Costs	417,687	-	417,687
Interest on Total Pension Liability	1,706,828	-	1,706,828
Changes in benefits	-	-	-
Difference between expected and actual experience	226,109	-	226,109
Changes in assumption	-	-	-
Employer Contributions	-	3,324,298	(3,324,298)
Employee Contributions	-	71,450	(71,450)
Net investment income	-	1,349,189	(1,349,189)
Benefit payments, including employee refunds	(1,534,580)	(1,534,580)	-
Administrative expense	-	(27,618)	27,618
Other changes	(47,446)	-	(47,446)
<b>Net Changes</b>	<u>768,598</u>	<u>3,182,739</u>	<u>(2,414,141)</u>
<b>Balances as of 12/31/2023</b>	<u>\$24,869,515</u>	<u>\$14,261,741</u>	<u>\$10,607,774</u>

Sensitivity of the Net Pension Liability to changes in the discount rate.

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25% as well as what the employer’s Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability at 12/31/2023	\$10,607,774	\$10,607,774	\$10,607,774
Change in Net Pension Liability	2,811,817	-	(2,376,437)
Calculated Net Pension Liability	<u>\$13,419,591</u>	<u>\$10,607,774</u>	<u>\$8,231,337</u>

**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 H – DEFINED BENEFIT PENSION PLAN (Continued):**

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

For the year ended 2023 the employer recognized pension expense/(benefit) of (\$1,643,640). 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	\$76,130	\$-
Difference in assumptions	555,067	-
Excess (deficit) investment returns	469,191	-
Total	<u>1,100,388</u>	<u>\$-</u>

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

<b>Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)</b>	
Plan Year Ended December 31,	Amount
2024	\$420,365
2025	449,912
2026	332,008
2027	(101,897)
2028	-
Thereafter	-
Total	<u>\$1,100,388</u>

Payable to the Pension Plan

At December 31, 2023, there was a reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

**NOTE I – DEFERRED COMPENSATION PLAN:**

The Road Commission offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code (IRC), Section 457. The assets of the plans are held in trust, (custodial account or annuity contract) as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof, for the exclusive benefit of the participants, holds the custodial account for the beneficiaries of this Section 457 plan and the assets may not be diverted to any other use. The administrators are agents of the employer (Chippewa County Road Commission) for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Road Commission’s financial statements. The total amount contributed to the Plan for the year ended December 31, 2023, was \$154,555.

## NOTE J – OTHER POST EMPLOYMENT BENEFITS:

### Plan Description

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

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

### Employees covered by benefit terms.

At the December 31, 2023 valuation, the following employees were covered by the benefit terms:

Active Employees	62
Vested Former Employees	-
Retirees	68
Total	<u>130</u>

### Contributions

The Plan was established and is being funded under the authority of the Road Commission. The Plan's funding policy is that the Road Commission will contribute \$750,000 per year while continuing to pay retiree benefits from general operating funds until 100% funded status is obtained. Currently, benefit payments are made from general operating funds. There are no long-term contracts for contributions to the plan.

### Net OPEB Liability

The employer's Net OPEB Liability was measured as of December 31, 2023.

### Actuarial assumptions

The total OPEB liability used to calculate the Net OPEB Liability was determined by an annual actuarial valuation as of December 31, 2023. The following actuarial assumptions were used in the measurement:

Inflation	Included in the investment return
Salary Increases	2.00%
Investment Rate of Return	6.46% (including inflation)
20-year Aa Municipal Bond Rate	4.00% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted
Improvement Scale	MP-2021

## NOTE J – OTHER POST EMPLOYMENT BENEFITS (Continued):

The long-term expected rate of return on pension plan investments was determined using a building-block 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Large Cap US	25.00%	8.25%
Mid Cap US	3.00%	8.55%
Small Cap US	4.50%	7.80%
International Equities	25.00%	7.20%
Emerging Mkt Equity	7.50%	8.40%
Short Term Fixed Inc.	14.00%	3.50%
US Fixed Inc.	12.00%	3.80%
International Fixed Inc.	1.00%	3.60%
Inflations – Linked	1.00%	4.60%
High Yield	3.00%	5.40%
Precious Metals (Commodities)	4.00%	4.30%
Total	<u>100.00%</u>	

The sum of each target allocation times its long-term expected rate of return, plus inflation, is 6.46%.

### Discount rate

The discount rate used to measure the total OPEB liability was 6.46%. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make annual contributions of \$750,000 until the plan is fully funded. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date", not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. As of December 31, 2023, the discount rate used to value OPEB liabilities was 6.70%.

**NOTE J – OTHER POST EMPLOYMENT BENEFITS (Continued):**

Changes in Net OPEB Liability

Calculating the Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net OPEB	Net OPEB Liability
Changes in Net OPEB Liability	(a)	(b)	(a)-(b)
<b>Balances as of 12/31/2022</b>	<u>\$13,179,655</u>	<u>\$3,506,327</u>	<u>\$9,673,328</u>
Changes for the Year:			
Service Costs	79,563	-	79,563
Interest on Total OPEB Liability	851,693	-	851,693
Changes in benefits	-	-	-
Difference between expected and actual experience	(703,102)	-	(703,102)
Changes in assumption	465,184	-	465,184
Contributions to OPEB trust	-	600,000	(600,000)
Employer Contributions	-	1,094,763	(1,094,763)
Employee Contributions	-	-	-
Net investment Income	-	555,288	(555,288)
Benefit payments, including employee refunds	(1,094,763)	(1,094,763)	-
Administrative expense	-	(35,278)	35,278
Other changes	-	-	-
Net Changes	<u>(401,425)</u>	<u>1,120,010</u>	<u>(1,521,435)</u>
<b>Balances as of 12/31/2023</b>	<u>\$12,778,230</u>	<u>\$4,626,337</u>	<u>\$8,151,893</u>

Sensitivity of the Net OPEB Liability to changes in the discount rate.

The following presents the Net OPEB Liability of the employer, calculated using the discount rate of 6.46%, as well as what the employer's Net OPEB Liability would be using a discount rate that is 1 percentage point lower (5.46%) or 1% higher (7.46%) than the current rate.

	1% Decrease (5.46%)	Current Discount Rate (6.46%)	1% Increase (7.46%)
Net OPEB Liability	<u>\$9,349,821</u>	<u>\$8,151,893</u>	<u>\$7,124,369</u>

The following presents the Net OPEB Liability of the employer, calculated using the current healthcare cost trend rates as well as what the employer's Net OPEB Liability would be using a trend rate that is 1 percentage point lower or 1% higher than the current trend rate.

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	<u>\$7,072,617</u>	<u>\$8,151,893</u>	<u>\$9,401,526</u>



**NOTE J – OTHER POST EMPLOYMENT BENEFITS (Continued):**

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

For the year ended December 31, 2023, the employer recognized OPEB expense/(benefit) of (\$2,212,235). The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$-	(\$1,543,801)
Difference in assumptions	-	(102,328)
Excess (deficit) investment returns	203,933	-
Total	<u>\$203,933</u>	<u>(\$1,646,129)</u>

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

<b>Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future OPEB Expenses)</b>	
Plan Year Ended December 31,	Amount
2024	(\$1,176,316)
2025	(259,786)
2026	58,862
2027	(64,956)
2028	-
Thereafter	-
Total	<u>(\$1,442,196)</u>

Payable to OPEB Plan

At December 31, 2023, the Road Commission reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2023.

**NOTE K – CONTINGENCIES:**

Grants – The Road Commission 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 Commission.

Risk Management – The Road Commission 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 Road Commission was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The Road Commission joined together with other Road Commissions and created a public entity risk pool currently operating as a common risk management and insurance program. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining

**NOTE K – CONTINGENCIES (Continued):**

through member premiums and will reinsure through commercial companies for claims in excess of \$1,000 (\$2,000 for errors and omissions) for each insured event. The maximum limit of liability for each occurrence is \$10,500,000.

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

Environmental Remediation – The Road Commission has implemented environmental impact evaluation procedures at its Trout Lake, Strongs, and Paradise, Michigan locations. The cost estimated of any environmental remediation is not determinable at this time. Ongoing monitoring of any existing contamination has been implemented at the Michigan locations and the Road Commission continues to develop plans for remediation with the Department of Environment, Great Lakes and Energy. Future potential liabilities, if any, are undeterminable as of the opinion date. The Road Commission executed provisions of a Consent Agreement for payment of fines and penalties of approximately \$100,000 over a period of ten years through 2028.

The Road Commission from time to time is named as a defendant in accident claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. Insurance coverage related to these claims and lawsuits, if any, is categorized under the general liability insurance program. It is the opinion of management and legal counsel that reasonable estimates of the Road Commission’s current liability for these matters, if any, have been recorded.

**NOTE L – FEDERAL GRANTS:**

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2023, the Federal aid received and expended by the Road Commission was \$1,139,314 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT (they are included in MDOT’s single audit). The Federal aid received and expended by the Road Commission was \$0 for negotiated projects. Negotiated projects are projects where the road commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if they expended \$750,000. The Road Commissions single audit is completed and reported as part of the audit of Chippewa County, Michigan.

**NOTE M – NEW GASB STANDARDS:**

Management of the Road Commission has reviewed the following pronouncements released by the Governmental Accounting Standards Board (GASB) that are effective in the current fiscal year for applicability. Pronouncements deemed applicable to the Road Commission by management are described below in *Recently Issued and Adopted Accounting Pronouncements*; pronouncements not applicable are described in *Other Recently Issued Accounting Pronouncements*.

Recently Issued and Adopted Accounting Pronouncements

None

## **NOTE M – NEW GASB STANDARDS (Continued):**

### Other Recently Issued Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. GASB 94 will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. This statement is effective for periods beginning after June 15, 2022. The Road Commission does not have activities that meet the criteria for GASB 94; therefore, GASB 94 is not applicable to the Road Commission.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB 96 will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) for government end users (governments) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. This statement is effective for periods beginning after June 15, 2022. The Road Commission does not have activities that meet the criteria for GASB 96; therefore, GASB 96 is not applicable to the Road Commission.

## **NOTE N - UPCOMING STANDARDS:**

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

### GASB 100: Accounting Changes and Error Corrections – An Amendment of GASB Stmt No. 62 Effective for fiscal years beginning after June 15, 2023 (Road Commission's fiscal year 2024)

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the

## **NOTE N - UPCOMING STANDARDS (Continued):**

transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

### **GASB 101: Compensated Absences**

*Effective for fiscal years beginning after December 15, 2023 (Road Commission's fiscal year 2024)*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to

## NOTE N - UPCOMING STANDARDS (Continued):

compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

### GASB 102: Certain Risk Disclosures

*Effective for fiscal years beginning after June 15, 2024 (Road Commission's fiscal year 2025)*

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

## REQUIRED SUPPLEMENTARY INFORMATION

**Chippewa County Road Commission**

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Plan Years

	Plan Year Ending December 31,				
	2023	2022	2021	2020	2019
<b>Total Pension Liability</b>					
Service cost	\$ 417,687	\$ 397,357	\$ 367,323	\$ 364,811	\$ 335,653
Interest	1,706,828	1,610,296	1,623,235	1,534,967	1,578,409
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	226,109	(83,579)	(131,286)	98,920	24,754
Changes of assumptions	-	853,527	513,219	584,149	-
Benefit payments including employee refunds	(1,534,580)	(1,494,108)	(1,481,420)	(1,494,112)	(1,497,808)
Other	(47,446)	58,075	(47,127)	65,087	9,386
<b>Net Change in Total Pension Liability</b>	<b>768,598</b>	<b>1,341,568</b>	<b>843,944</b>	<b>1,153,822</b>	<b>450,394</b>
<b>Total Pension Liability, beginning of year</b>	<b>24,100,917</b>	<b>22,759,349</b>	<b>21,915,405</b>	<b>20,761,583</b>	<b>20,311,189</b>
<b>Total Pension Liability, end of year</b>	<b>\$ 24,869,515</b>	<b>\$ 24,100,917</b>	<b>\$ 22,759,349</b>	<b>\$ 21,915,405</b>	<b>\$ 20,761,583</b>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 3,324,298	\$ 1,299,983	\$ 1,245,140	\$ 1,095,363	\$ 1,047,895
Contributions-employee	71,450	64,432	62,753	58,181	55,396
Net Investment income	1,349,189	(1,297,802)	1,562,843	1,276,335	1,255,648
Benefit payments including employee refunds	(1,534,580)	(1,494,108)	(1,481,420)	(1,494,112)	(1,497,808)
Administrative expense	(27,618)	(23,082)	(17,926)	(20,343)	(21,628)
Other	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,182,739</b>	<b>(1,450,577)</b>	<b>1,371,390</b>	<b>915,424</b>	<b>839,503</b>
<b>Plan Fiduciary Net Position, beginning of year</b>	<b>11,079,002</b>	<b>12,529,579</b>	<b>11,158,189</b>	<b>10,242,765</b>	<b>9,403,262</b>
<b>Plan Fiduciary Net Position, end of year</b>	<b>\$ 14,261,741</b>	<b>\$ 11,079,002</b>	<b>\$ 12,529,579</b>	<b>\$ 11,158,189</b>	<b>\$ 10,242,765</b>
<b>Employer Net Pension Liability</b>	<b>\$ 10,607,774</b>	<b>\$ 13,021,915</b>	<b>\$ 10,229,770</b>	<b>\$ 10,757,216</b>	<b>\$ 10,518,818</b>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	57.35%	45.97%	55.05%	50.91%	49.34%
Covered Employee Payroll	\$ 3,792,829	\$ 3,968,693	\$ 3,670,603	\$ 3,671,723	\$ 3,378,810
Employer's Net Pension Liability as a percentage of covered employee payroll	279.68%	328.12%	278.69%	292.97%	311.32%

**Notes to schedule:**

<i>Benefit Changes:</i>	<i>NONE</i>	<i>NONE</i>	<i>NONE</i>	<i>NONE</i>	<i>NONE</i>
<i>Changes of Assumptions:</i>	<i>NONE</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>NONE</i>

Above dates are based on measurement date, which may not necessarily tie to the fiscal year

2022 - The investment rate of return assumption was reduced from 7.35% to 7.00%

2021 - The mortality table was updated.

2020 - The investment rate of return assumption was reduced from 7.75% to 7.35%  
The assumed rate of wage inflation was reduced from 3.75% to 3.00%

2016 - The mortality table was adjusted to reflect longer lifetimes.  
The assumed annual rate of investment return, net of all expenses, was lowered from 8% to 7.75%  
The asset smoothing was changed from 10 to 5 years.  
The amortization period was moved to a fixed period amortization for the December 31, 2014 annual valuations.

Schedule is being built prospectively; ultimately ten years of data will be shown.

**Chippewa County Road Commission**

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Plan Years  
(Continued)

	Plan Year Ending December 31,			
	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 312,381	\$ 312,302	\$ 285,706	\$ 281,858
Interest	1,535,810	1,505,449	1,434,259	1,397,298
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	118,002	(92,224)	81,278	-
Changes of assumptions	-	-	916,942	-
Benefit payments including employee refunds	(1,404,808)	(1,332,756)	(1,262,953)	(1,201,033)
Other	5,968	22,721	(471)	(1,078)
<b>Net Change in Total Pension Liability</b>	<u>567,353</u>	<u>415,492</u>	<u>1,454,761</u>	<u>477,045</u>
<b>Total Pension Liability, beginning of year</b>	<u>19,743,836</u>	<u>19,328,344</u>	<u>17,873,583</u>	<u>17,396,538</u>
<b>Total Pension Liability, end of year</b>	<u>\$ 20,311,189</u>	<u>\$ 19,743,836</u>	<u>\$ 19,328,344</u>	<u>\$ 17,873,583</u>
<b>Plan Fiduciary Net Position</b>				
Contributions-employer	\$ 974,042	\$ 842,918	\$ 762,975	\$ 685,503
Contributions-employee	47,782	40,590	35,320	32,043
Net Investment income	(386,989)	1,223,866	993,016	(139,106)
Benefit payments including employee refunds	(1,404,808)	(1,332,756)	(1,262,953)	(1,201,033)
Administrative expense	(19,466)	(19,412)	(19,619)	(20,530)
Other	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(789,439)</u>	<u>755,206</u>	<u>508,739</u>	<u>(643,123)</u>
<b>Plan Fiduciary Net Position, beginning of year</b>	<u>10,192,701</u>	<u>9,437,495</u>	<u>8,928,756</u>	<u>9,571,879</u>
<b>Plan Fiduciary Net Position, end of year</b>	<u>\$ 9,403,262</u>	<u>\$ 10,192,701</u>	<u>\$ 9,437,495</u>	<u>\$ 8,928,756</u>
<b>Employer Net Pension Liability</b>	<u>\$ 10,907,927</u>	<u>\$ 9,551,135</u>	<u>\$ 9,890,849</u>	<u>\$ 8,944,827</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	46.30%	51.62%	48.83%	49.96%
Covered Employee Payroll	\$ 3,211,709	\$ 3,244,097	\$ 3,076,955	\$ 3,086,023
Employer's Net Pension Liability as a percentage of covered employee payroll	339.63%	294.42%	321.45%	289.85%

**Notes to schedule:**

<i>Benefit Changes:</i>	<i>NONE</i>	<i>NONE</i>	<i>NONE</i>	<i>N/A</i>
<i>Changes of Assumptions:</i>	<i>NONE</i>	<i>NONE</i>	<i>2016</i>	<i>N/A</i>

Above dates are based on measurement date, which may not necessarily tie to the fiscal year

2022 - The investment rate of return assumption was reduced from 7.35% to 7.00%

2021 - The mortality table was updated.

2020 - The investment rate of return assumption was reduced from 7.75% to 7.35%  
The assumed rate of wage inflation was reduced from 3.75% to 3.00%

2016 - The mortality table was adjusted to reflect longer lifetimes.  
The assumed annual rate of investment return, net of all expenses, was lowered from 8% to 7.75%  
The asset smoothing was changed from 10 to 5 years.  
The amortization period was moved to a fixed period amortization for the December 31, 2014 annual valuations.



**Chippewa County Road Commission**

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS

Last 10 Fiscal Years

	Fiscal Year Ending December 31,				
	2023	2022	2021	2020	2019
Actuarial determined contributions	\$ 1,515,672	\$ 1,442,784	\$ 1,245,140	\$ 1,095,363	\$ 1,047,895
Contributions in relation to the actuarially determined contribution	1,515,672	1,442,784	1,245,140	1,095,363	1,047,895
Contribution deficiency / (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 3,968,693	\$ 3,670,603	\$ 3,671,723	\$ 3,378,810	\$ 3,211,709
Contributions as a percentage of covered employee payroll	38.19%	39.31%	33.91%	32.42%	32.63%

Valuation Date December 31, 2022  
Measurement Date December 31, 2023

**Methods and assumptions used to determine contribution rate:**

Actuarial cost method	Entry Age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	17 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary Increases	3.00% average, including inflation
Investment rate of return	7.00%
Retirement age	Varies depending on plan adoption by division
Mortality	50% Female/50% Male RP-2019

**Chippewa County Road Commission**

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS

Last 10 Fiscal Years  
(continued)

	Fiscal Year Ending December 31,				
	2018	2017	2016	2015	
Actuarial determined contributions	\$ 974,042	\$ 842,918	\$ 762,975	\$ 685,503	\$ -
Contributions in relation to the actuarially determined contribution	974,042	842,918	762,975	685,503	-
Contribution deficiency / (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 3,244,097	\$ 3,076,955	\$ 3,086,023	\$ 2,660,500	\$ -
Contributions as a percentage of covered employee payroll	30.03%	27.39%	24.72%	25.77%	

Valuation Date December 31, 2022  
Measurement Date December 31, 2023

**Methods and assumptions used to determine contribution rate:**

Actuarial cost method	Entry Age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	17 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary Increases	3.00% average, including inflation
Investment rate of return	7.00%
Retirement age	Varies depending on plan adoption by division
Mortality	50% Female/50% Male RP-2019

**Chippewa County Road Commission**

DEFINED BENEFIT OPEB PLAN  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS

Last 10 Plan Years

	Plan Year Ending December 31,				
	2023	2022	2021	2020	2019
<b>Total OPEB Liability</b>					
Service Cost	\$ 79,563	\$ 93,774	\$ 106,750	\$ 113,097	\$ 235,298
Interest	851,693	819,643	1,075,225	1,099,108	940,390
Changes of Benefit Terms	-	-	73,308	-	-
Difference between expected and actual experience	(703,102)	347,527	(3,859,812)	25,384	(195,101)
Changes of assumptions	465,184	(637,725)	(691,997)	(7,086)	(7,287,012)
Benefit payments including employee refunds	(1,094,763)	(1,311,388)	(1,179,566)	(1,116,829)	(1,014,717)
Other	-	-	-	-	-
<b>Net Change in Total OPEB Liability</b>	<u>(401,425)</u>	<u>(688,169)</u>	<u>(4,476,092)</u>	<u>113,674</u>	<u>(7,321,142)</u>
Total OPEB Liability beginning	13,179,655	13,867,824	18,343,916	18,230,242	25,551,384
<b>Total OPEB Liability ending</b>	<u>\$ 12,778,230</u>	<u>\$ 13,179,655</u>	<u>\$ 13,867,824</u>	<u>\$ 18,343,916</u>	<u>\$ 18,230,242</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 1,694,763	\$ 1,711,388	\$ 1,829,566	\$ 1,916,829	\$ 1,764,717
Contributions-employee	-	-	-	-	-
Net Investment income	555,288	(638,517)	229,438	494,383	182,778
Benefit payments including employee refunds	(1,094,763)	(1,311,388)	(1,179,566)	(1,116,829)	(1,014,717)
Administrative expense	(35,278)	(34,019)	(32,669)	(19,858)	(11,082)
Other	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,120,010</u>	<u>(272,536)</u>	<u>846,769</u>	<u>1,274,525</u>	<u>921,696</u>
Plan Fiduciary Net Position beginning	3,506,327	3,778,863	2,932,094	1,657,569	735,873
<b>Plan Fiduciary Net Position ending</b>	<u>\$ 4,626,337</u>	<u>\$ 3,506,327</u>	<u>\$ 3,778,863</u>	<u>\$ 2,932,094</u>	<u>\$ 1,657,569</u>
<b>Employer Net OPEB Liability</b>	<u>\$ 8,151,893</u>	<u>\$ 9,673,328</u>	<u>\$ 10,088,961</u>	<u>\$ 15,411,822</u>	<u>\$ 16,572,673</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	36.20%	26.60%	27.25%	15.98%	9.09%
Covered Employee Payroll	\$ 3,855,149	\$ 3,615,308	\$ 3,622,027	\$ 3,978,757	\$ 3,603,686
Employer's Net OPEB Liability as a percentage of covered employee payroll	211.45%	267.57%	278.54%	387.35%	459.88%

**Notes to schedule:**

<i>Benefit Changes:</i>	NONE	NONE	2021	NONE	NONE
<i>Changes of Assumptions:</i>	2023	2022	NONE	NONE	NONE

2023 - Salary scale decreased from 4.0% to 2.0%  
- The discount rate decreased from 6.70% to 6.46%

2022 - The 20-year bond rate increased from 2.25% to 4.31%  
- The discount rate increased from 6.16% to 6.20%  
- Investment rate changed from 6.16% to 6.70%

2021 - Plan provisions corrected to show life insurance benefit.

Schedule is being built prospectively; ultimately ten years of data will be shown.

**Chippewa County Road Commission**

DEFINED BENEFIT OPEB PLAN  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS

Last 10 Plan Years  
(Continued)

	2018	Plan Year Ending December 31,			
<b>Total OPEB Liability</b>					
Service Cost	\$ 265,610				
Interest	861,367				
Changes of Benefit Terms	-				
Difference between expected and actual experience	(175,598)				
Changes of assumptions	(1,989,391)				
Benefit payments including employee refunds	(806,914)				
Other	-				
<b>Net Change in Total OPEB Liability</b>	<b>(1,844,926)</b>				
Total OPEB Liability beginning	27,396,310				
<b>Total OPEB Liability ending</b>	<b>\$ 25,551,384</b>				
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 1,606,914				
Contributions-employee	-				
Net Investment income	(59,045)				
Benefit payments including employee refunds	(806,914)				
Administrative expense	(5,082)				
Other	-				
<b>Net Change in Plan Fiduciary Net Position</b>	<b>735,873</b>				
Plan Fiduciary Net Position beginning	-				
<b>Plan Fiduciary Net Position ending</b>	<b>\$ 735,873</b>				
<b>Employer Net OPEB Liability</b>	<b>\$ 24,815,511</b>				
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	2.88%				
Covered Employee Payroll	Not Available				
Employer's Net OPEB Liability as a percentage of covered employee payroll	Not Available				

**Notes to schedule:**

*Benefit Changes:* NONE  
*Changes of Assumptions:* NONE

2023 - Salary scale decreased from 4.0% to 2.0%  
- The discount rate decreased from 6.70% to 6.46%

2022 - The 20-year bond rate increased from 2.25% to 4.31%  
- The discount rate increased from 6.16% to 6.20%  
- Investment rate changed from 6.16% to 6.70%

2021 - Plan provisions corrected to show life insurance benefit.

Schedule is being built prospectively; ultimately ten years of data will be shown.

**Chippewa County Road Commission**

DEFINED BENEFIT OPEB PLAN  
SCHEDULE OF EMPLOYER'S OPEB CONTRIBUTIONS

Last 10 Fiscal Years

	Fiscal Year Ending December 31,				
	2023	2022	2021	2020	2019
Actuarial Determined Contributions*	\$ 1,240,086	\$ 1,176,351	\$ 1,929,608	\$ 1,931,995	\$ 1,495,901
Contributions in relation to the actuarially determined contribution	1,694,763	1,711,388	1,829,566	1,916,829	1,764,717
Contribution deficiency / (excess)	<u>\$ (454,677)</u>	<u>\$ (535,037)</u>	<u>\$ 100,042</u>	<u>\$ 15,166</u>	<u>\$ (268,816)</u>
Covered Employee Payroll	\$ 3,855,149	\$ 3,615,308	\$ 3,622,027	\$ 3,978,757	\$ 3,603,686
Contributions as a percentage of covered employee payroll	32.17%	32.54%	53.27%	48.56%	41.51%

**Valuation Date** December 31, 2023  
**Measurement Date** December 31, 2023

**Methods and assumptions used to determine contribution rate:**

**Actuarial methods**

Actuarial cost method Entry Age Normal (level percentage of compensation)  
Asset valuation method Market Value

**Actuarial assumptions**

Discount rate 6.70% for 2023 contribution;  
6.46% for December 31, 2023 liability and 2024 contribution  
20-year Aa Municipal Bond Rate 4.0% (S&P Municipal Bond 20-Year High Grade Rate Index)  
Salary Increases 2.00% (for purposes of allocating liability)  
Investment rate of return 6.46%, including inflation  
Mortality Public General 2010 Healthy Retirees, Headcount weighted  
Improvement Scale MP-2021  
Retirement age Varies depending on plan adoption

**Assumption changes since prior valuation**

Medical trend updated  
Salary scale updated from 4.0% to 2.0%  
Discount rate changed from 6.70% to 6.46%

Schedule is being built prospectively; ultimately ten years of data will be shown.



**Chippewa County Road Commission**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULES  
SCHEDULE OF REVENUES - BUDGET TO ACTUAL

For the Year Ended December 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Property Taxes:</b>				
Taxes	\$ 920,000	\$ 945,000	\$ 943,794	\$ (1,206)
<b>Total Property Taxes</b>	<u>920,000</u>	<u>945,000</u>	<u>943,794</u>	<u>(1,206)</u>
<b>Licenses and Permits:</b>				
Permits	-	-	32,265	32,265
<b>Total Licenses and Permits</b>	<u>-</u>	<u>-</u>	<u>32,265</u>	<u>32,265</u>
<b>Federal Sources:</b>				
Surface Transportation Program	706,204	1,141,000	298,210	(842,790)
C-Funds - Federal	-	-	-	-
Bridge	-	-	-	-
Other	-	-	841,104	841,104
<b>Total Federal Sources</b>	<u>706,204</u>	<u>1,141,000</u>	<u>1,139,314</u>	<u>(1,686)</u>
<b>State Sources:</b>				
Michigan Transportation Fund:				
Engineering	-	-	10,000	10,000
Snow removal	-	-	668,753	668,753
Urban	-	-	593,139	593,139
Allocation	9,830,357	12,750,000	8,116,898	(4,633,102)
<b>Total Michigan Transportation Fund</b>	<u>9,830,357</u>	<u>12,750,000</u>	<u>9,388,790</u>	<u>(3,361,210)</u>
Other:				
Bridge	-	-	104,175	104,175
Other	-	-	2,756,375	2,756,375
<b>Total Other</b>	<u>-</u>	<u>-</u>	<u>2,860,550</u>	<u>2,860,550</u>
Economic Development Fund:				
Target industry	-	-	-	-
Urban congestion	-	-	-	-
Rural primary	-	-	55	55
Forest road	-	-	230,355	230,355
Other	-	-	-	-
<b>Total Economic Development Fund</b>	<u>-</u>	<u>-</u>	<u>230,410</u>	<u>230,410</u>
<b>Total State Sources</b>	<u>9,830,357</u>	<u>12,750,000</u>	<u>12,479,750</u>	<u>(270,250)</u>
<b>Contributions from Local Units:</b>				
City contribution	-	-	-	-
Township contribution	1,620,000	2,020,000	621,266	(1,398,734)
Private contribution	-	-	234,771	234,771
<b>Total Contributions from Local Units</b>	<u>1,620,000</u>	<u>2,020,000</u>	<u>856,037</u>	<u>(1,163,963)</u>

**Chippewa County Road Commission**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULES  
SCHEDULE OF REVENUES - BUDGET TO ACTUAL

For the Year Ended December 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Charges for Services:</b>				
Trunkline maintenance	\$ 3,500,000	\$ 3,950,000	\$ 3,140,672	\$ (809,328)
Trunkline non-maintenance	-	-	653,480	653,480
Salvage sales	-	-	21,291	21,291
Other	-	-	-	-
<b>Total Charges for Services</b>	<u>3,500,000</u>	<u>3,950,000</u>	<u>3,815,443</u>	<u>(134,557)</u>
<b>Interest and Rents:</b>				
Interest earned	-	-	17,174	17,174
Property rentals	-	-	200	200
<b>Total Interest and Rents</b>	<u>-</u>	<u>-</u>	<u>17,374</u>	<u>17,374</u>
<b>Other Revenue:</b>				
Sundry refunds	-	-	-	-
Gain (loss) equipment disposal	-	-	69,820	69,820
Other	860,811	100,000	278,054	178,054
<b>Total Other Revenue</b>	<u>860,811</u>	<u>100,000</u>	<u>347,874</u>	<u>247,874</u>
<b>TOTAL OPERATING REVENUE</b>	<u>\$ 17,437,372</u>	<u>\$ 20,906,000</u>	<u>\$ 19,631,851</u>	<u>\$ (1,274,149)</u>



**Chippewa County Road Commission**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULES  
SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL

For the Year Ended December 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Construction/Capacity Improvement</b>				
Roads	\$ -	\$ -	\$ 298	\$ (298)
Structures	-	-	-	-
<b>Total Construction/Capacity Improvements</b>	<u>-</u>	<u>-</u>	<u>298</u>	<u>(298)</u>
<b>Preservation - Structural Improvements:</b>				
Roads	3,905,000	4,910,430	4,594,275	316,155
Structures	-	-	294,296	(294,296)
Safety projects	-	-	-	-
<b>Total Preservation - Structural Improvements</b>	<u>3,905,000</u>	<u>4,910,430</u>	<u>4,888,571</u>	<u>21,859</u>
<b>Maintenance:</b>				
Roads	5,394,862	6,781,070	3,583,030	3,198,040
Structures	-	-	106,007	(106,007)
Winter maintenance	-	-	2,915,404	(2,915,404)
Traffic control	-	-	263,439	(263,439)
<b>Total Maintenance</b>	<u>5,394,862</u>	<u>6,781,070</u>	<u>6,867,880</u>	<u>(86,810)</u>
<b>Total Preservation - Structural Improvements and Maintenance</b>	<u>9,299,862</u>	<u>11,691,500</u>	<u>11,756,749</u>	<u>(65,249)</u>
<b>Other:</b>				
Trunkline maintenance	3,700,000	4,051,000	3,170,582	880,418
Trunkline non-maintenance	-	-	653,480	(653,480)
Administrative expense	36,500	485,000	485,651	(651)
Equipment expense - net	100,000	1,400,000	1,441,010	(41,010)
Capital outlay - net	(372,000)	(100,000)	35,853	(135,853)
Other	-	2,440,000	2,431,330	8,670
Debt principal payment	306,199	216,200	200,590	15,610
Interest expense	-	-	5,885	(5,885)
Distributive expense	4,586,000	(4,586,000)	-	(4,586,000)
<b>Total Other</b>	<u>8,356,699</u>	<u>8,492,200</u>	<u>8,424,381</u>	<u>67,819</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 17,656,561</u>	<u>\$ 20,183,700</u>	<u>\$ 20,181,130</u>	<u>\$ 2,570</u>

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**Chippewa County Road Commission**

ANALYSIS OF EQUITY

For the Year Ended December 31, 2023

	Primary Road Fund	Local Road Fund	County Road Commission Fund	Total
Total Revenues and Other Financing Sources	\$ 7,943,609	\$ 4,720,580	\$ 6,967,662	\$ 19,631,851
Total Expenditures and Other Financing Uses	<u>8,021,143</u>	<u>5,192,325</u>	<u>6,967,662</u>	<u>20,181,130</u>
Excess of Revenues Over (Under) Expenditures	<u>(77,534)</u>	<u>(471,745)</u>	<u>-</u>	<u>(549,279)</u>
Optional Transfers	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(377,534)</u>	<u>(171,745)</u>	<u>-</u>	<u>(549,279)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	1,120,775	477,669	773,263	2,371,707
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 743,241</u></u>	<u><u>\$ 305,924</u></u>	<u><u>\$ 773,263</u></u>	<u><u>\$ 1,822,428</u></u>

**Chippewa County Road Commission**

ANALYSIS OF REVENUES AND OTHER FINANCING SOURCES

For the Year Ended December 31, 2023

	Primary Road Fund	Local Road Fund	County Road Commission Fund	Total
<b>Property Taxes:</b>				
Taxes	\$ -	\$ 134,956	\$ 808,838	\$ 943,794
<b>Total Property Taxes</b>	<b>-</b>	<b>134,956</b>	<b>808,838</b>	<b>943,794</b>
<b>Licenses and Permits:</b>				
Permits	-	32,265	-	32,265
<b>Total Licenses and Permits</b>	<b>-</b>	<b>32,265</b>	<b>-</b>	<b>32,265</b>
<b>Federal Sources:</b>				
Surface Transportation Program	298,210	-	-	298,210
C-Funds - Federal	-	-	-	-
Bridge	-	-	-	-
Other	841,104	-	-	841,104
<b>Total Federal Sources</b>	<b>1,139,314</b>	<b>-</b>	<b>-</b>	<b>1,139,314</b>
<b>State Sources:</b>				
Michigan Transportation Fund:				
Engineering	5,612	4,388	-	10,000
Snow removal	-	668,753	-	668,753
Urban	499,911	93,228	-	593,139
Allocation	4,555,270	3,561,628	-	8,116,898
<b>Total Michigan Transportation Fund</b>	<b>5,060,793</b>	<b>4,327,997</b>	<b>-</b>	<b>9,388,790</b>
Other:				
Bridge	104,175	-	-	104,175
Other	765,321	-	1,991,054	2,756,375
<b>Total Other</b>	<b>869,496</b>	<b>-</b>	<b>1,991,054</b>	<b>2,860,550</b>
Economic Development Fund:				
Target industry	-	-	-	-
Urban congestion	-	-	-	-
Rural primary	55	-	-	55
Forest road	230,355	-	-	230,355
Other	-	-	-	-
<b>Total Economic Development Fund</b>	<b>230,410</b>	<b>-</b>	<b>-</b>	<b>230,410</b>
<b>Total State Sources</b>	<b>6,160,699</b>	<b>4,327,997</b>	<b>1,991,054</b>	<b>12,479,750</b>
<b>Contributions from Local Units:</b>				
City contribution	-	-	-	-
Township contribution	399,339	221,927	-	621,266
Private contribution	-	-	-	-
Other	232,773	-	1,998	234,771
<b>Total Contributions from Local Units</b>	<b>632,112</b>	<b>221,927</b>	<b>1,998</b>	<b>856,037</b>
<b>Charges for Services:</b>				
Trunkline maintenance	-	-	3,140,672	3,140,672
Trunkline non-maintenance	-	-	653,480	653,480
Salvage sales	-	-	21,291	21,291
Other	-	-	-	-
<b>Total Charges for Services</b>	<b>-</b>	<b>-</b>	<b>3,815,443</b>	<b>3,815,443</b>

**Chippewa County Road Commission**

ANALYSIS OF REVENUES AND OTHER FINANCING SOURCES

For the Year Ended December 31, 2023

	Primary Road Fund	Local Road Fund	County Road Commission Fund	Total
<b>Interest and Rents:</b>				
Interest earned	\$ 8,243	\$ 3,435	\$ 5,496	\$ 17,174
Property rentals	-	-	200	200
<b>Total Interest and Rents</b>	<u>8,243</u>	<u>3,435</u>	<u>5,696</u>	<u>17,374</u>
<b>Other Revenue:</b>				
Sundry refunds	-	-	-	-
Gain (loss) equipment disposal	-	-	69,820	69,820
Other	3,241	-	274,813	278,054
<b>Total Other Revenue</b>	<u>3,241</u>	<u>-</u>	<u>344,633</u>	<u>347,874</u>
<b>TOTAL OPERATING REVENUE</b>	<u>\$ 7,943,609</u>	<u>\$ 4,720,580</u>	<u>\$ 6,967,662</u>	<u>\$ 19,631,851</u>

**Chippewa County Road Commission**

ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

For the Year Ended December 31, 2023

	Primary Road Fund	Local Road Fund	County Road Commission Fund	Total
<b>Construction/Capacity Improvement</b>				
Roads	\$ -	\$ 298	\$ -	\$ 298
Structures	-	-	-	-
<b>Total Construction/Capacity Improvement</b>	<u>-</u>	<u>298</u>	<u>-</u>	<u>298</u>
<b>Preservation - Structural Improvements:</b>				
Roads	3,443,121	1,151,154	-	4,594,275
Structures	294,296	-	-	294,296
Safety projects	-	-	-	-
<b>Total Preservation - Structural Improvements</b>	<u>3,737,417</u>	<u>1,151,154</u>	<u>-</u>	<u>4,888,571</u>
<b>Maintenance:</b>				
Roads	1,380,368	2,202,662	-	3,583,030
Structures	35,055	70,952	-	106,007
Winter maintenance	1,940,939	974,465	-	2,915,404
Traffic control	157,819	105,620	-	263,439
<b>Total Maintenance</b>	<u>3,514,181</u>	<u>3,353,699</u>	<u>-</u>	<u>6,867,880</u>
<b>Total Preservation - Structural Improvements and Maintenance</b>	<u>7,251,598</u>	<u>4,505,151</u>	<u>-</u>	<u>11,756,749</u>
<b>Other:</b>				
Trunkline maintenance	-	-	3,170,582	3,170,582
Trunkline non-maintenance	-	-	653,480	653,480
Administrative expense	299,551	186,100	-	485,651
Equipment expense - net	469,994	501,074	469,942	1,441,010
Capital outlay - net	-	-	35,853	35,853
Other	-	-	2,431,330	2,431,330
Debt principal payment	-	-	200,590	200,590
Debt interest	-	-	5,885	5,885
<b>Total Other</b>	<u>769,545</u>	<u>687,174</u>	<u>6,967,662</u>	<u>8,424,381</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 8,021,143</u>	<u>\$ 5,192,325</u>	<u>\$ 6,967,662</u>	<u>\$ 20,181,130</u>

## COMPLIANCE SECTION



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

To the Board of County Road Commissioners of the  
Chippewa County Road Commission  
3949 S. Mackinac Trail  
Sault Ste. Marie, MI 49855

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa County Road Commission (the Road Commission), a component unit of Chippewa County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Road Commission's basic financial statements, and have issued our report thereon dated June 6, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Road Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

June 6, 2024

## COMMUNICATIONS SECTION



***Chippewa County Road Commission***  
***Report to Management***  
***For the Year Ended December 31, 2023***

To the Board of County Road Commissioners and  
Management of the Chippewa County Road Commission  
3949 S. Mackinac Trail  
Sault Ste. Marie, MI 49783

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa County Road Commission (the Road Commission), a component unit of Chippewa County, as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Road Commission's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Road Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Road Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

June 6, 2024



***Chippewa County Road Commission***  
***Communication with Those Charged with Governance***  
***For the Year Ended December 31, 2023***

June 6, 2024

To the Board of County Road Commissioners of the  
Chippewa County Road Commission  
3949 S. Mackinac Trail  
Sault Ste. Marie, MI 49783

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chippewa County Road Commission (Road Commission), a component unit of Chippewa County, for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 22, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Road Commission are described in the Notes to the financial statements. Newly adopted GASB standards are disclosed in the notes to the financial statements. We noted no transactions entered into by the Road Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Road Commission's financial statements were:

Management's estimate of accumulated depreciation and depreciation expense is based on historical costs and useful lives of the assets. Depreciation is calculated using the straight-line method. We evaluated the methods, assumptions, and data used to develop the current years depreciation expense and accumulated

depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of compensated absences is based on employee pay rates and the various subsidiary ledgers maintained for hour balances. We evaluated the methods, assumptions, and data used to develop the accrued employee benefit balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Net Pension Liability is based on an actuarial performed for the Municipal Employees' Retirement System of Michigan to determine its liability. We evaluated the methods, assumptions, and data used to develop the Net Pension Liability, based on information provided by the GRS Retirement Plan Services, in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Net OPEB Liability is based on an actuarial performed by Watkins Ross to determine its liability. We evaluated the methods, assumptions, and data used to develop the Net OPEB Liability, based on information provided by Watkins Ross, in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the Defined Benefit Pension Plan includes significant actuarial assumptions used in calculating the valuation. GRS Retirement Plan Services was the actuarial company hired by the Retirement Board of the Municipal Employees' Retirement System of Michigan (MERS) for preparation of the annual actuarial valuation. A full listing of the actuarial assumptions used can be found MERS' Comprehensive Annual Financial Report of the Fiscal Year Ended December 31, 2022.

The disclosure of the Defined Benefit OPEB Plan includes significant actuarial assumptions used in calculating the valuation. Watkins Ross was the actuarial company hired for preparation of the annual actuarial valuation.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were

Board of County Road Commissioners of the  
Chippewa County Road Commission

material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 6, 2024.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Our consideration of internal control was for the limited purpose described in a separate letter and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether the Road Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of County Road Commissioners of the  
Chippewa County Road Commission

Other Matters

We applied certain limited procedures to required supplementary information (RSI), as listed in the table of contents, which supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Additional Supplementary Information, as listed in the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants