Chippewa County Road Commission

BASIC FINANCIAL STATEMENTS

December 31, 2021

CHIPPEWA COUNTY ROAD COMMISSION

BOARD OF COUNTY ROAD COMMISSIONERS

Richard B. Timmer
Chairman

Jeremy K. Gagnon
Vice Chairman

Charles Moser
Member

Robert Laitinen
Manager

Brian Decker
Office Manager

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA
LESLIE A. BOHN, CPA
TORI N. KRUISE, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS
MEMBER MACPA
OFFICES IN
MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, major fund and the aggregate remaining fund information of the Chippewa County Road Commission (a component unit of Chippewa County, Michigan) as of and for the year ended December 31, 2021, and related notes to the financial statements, which collectively comprise the Chippewa County Road Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and the aggregate remaining fund information of the Chippewa County Road Commission, as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Chippewa County Road Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chippewa County Road Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chippewa County Road Commission's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chippewa County Road Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefit systems, and budgetary comparison information on pages 4 through 8, pages 34 through 42 and pages 43 through 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of County Road Commissioners
Chippewa County Road Commission

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chippewa County Road Commission's basic financial statements. The analysis schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the analysis schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2022 on our consideration of the Chippewa County Road Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Chippewa County Road Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chippewa County Road Commission's internal control over financial reporting and compliance.

Anderson Tackman & Co. PLC

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

May 19, 2022

Management's Discussion and Analysis

Using This Annual Report

The Chippewa County Road Commission's discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the Road Commission's financial activity; (c) identify changes in the Road Commission's financial position (its ability to address the next and subsequent year challenges); (d) identify any material deviations from the approved budget; and (e) identify any issues or concerns.

Reporting the Road Commission as a Whole

The statement of net position and the statement of activities report information about the Road Commission as a whole and about its activities in a way that helps answer the question of whether the Road Commission as a whole is better off or worse off as of a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method, used by most private-sector companies. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements mentioned above, report the Road Commission's net position and the changes in them. The reader can think of the Road Commission's net position (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) as one way to measure the Road Commission's financial health or financial position. Over time, increases or decreases in the Road Commission's net position are one indicator of whether its financial health is improving or deteriorating.

Reporting the Road Commission's Major Fund

Our analysis of the Road Commission's major fund begins on page 11. The fund financial statements begin on page 45 and provide detailed information about the major fund. The Road Commission currently has only two funds, the general operations and trust funds, in which all of the Road Commission's activities are accounted. The general operations fund is a governmental fund type.

- Governmental funds focus on how money flows into and out of this fund and the balances left at year end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Road Commission's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Road Commission's services. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and the governmental fund in a reconciliation following the fund financial statements.

- Fiduciary fund – The Road Commission is trustee, or fiduciary, for its employees' health benefit plan. The Road Commission is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. All of the Road Commission's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the Road Commission's government-wide financial statements because the Road Commission cannot use these assets to finance its operations.

The Road Commission as a Whole

The Road Commission's Net Position increased 7.81% from $72,903,224 to $78,596,038 for the year ended December 31, 2021. The Net Position and Change in Net Position are summarized below.

Unrestricted Net Position improved $4,056,421. The primary reason was a decrease in other post employment benefits liabilities.

Net Position as of the years ended December 31, 2020 and 2021 follows:

	Governmental Activities	
	2020	2021
Current Assets	$ 5,100,378	$ 5,238,423
Capital Assets	101,845,506	102,993,638
Total Assets	106,945,884	108,232,061
Deferred Outflows of Resources	625,266	695,267
Current Liabilities	1,817,324	2,317,047
Noncurrent Liabilities	27,137,361	20,804,842
Total Liabilities	28,954,685	23,121,889
Deferred Inflows of Resources	5,713,241	7,209,401
Net Position		
Net Investment in Capital Assets	100,574,872	102,211,265
Unrestricted (Deficit)	(27,671,648)	(23,615,227)
Total Net Position	$ 72,903,224	$ 78,596,038

A summary of Changes in Net Position for the years ended December 31, 2020 and 2021 follows:

	Governmental Activities	
	2020	2021
Program Revenues		
Charges for Services	$ 3,453,632	$ 4,332,619
Grants and Contributions	13,366,018	10,114,477
Interest and Other	3,525	1,840
General Revenues		
Property Taxes	860,554	862,001
Gain (Loss) on Equipment Disposal	277,506	7,188
Total Revenues	17,961,235	15,318,125
Program Expenses		
Primary Roads	4,715,704	5,161,293
Local Roads	3,726,862	4,029,925
State Trunkline	3,138,086	3,716,411
Equipment Expense	219,706	761,723
Administrative	433,630	357,999
Interest Expense and Other	(2,484,968)	(4,402,040)
Total Expenses	9,749,020	9,625,311
Change in Net Position	8,212,215	5,692,814
Net Position – Beginning	64,691,009	72,903,224
Net Position – Ending	$ 72,903,224	$ 78,596,038

The Road Commission's Fund

The Road Commission's general operations fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the County which are earmarked by law for road and highway purposes.

For the year ended December 31, 2021, the fund balance of the general operations fund decreased $374,904 as compared to a decrease of $89,006 in the fund balance for the prior year. Total revenues were $15,318,125 a decrease of $3,715,940 as compared to last year. This change in revenues resulted primarily from local contributions and federal sources.

Total expenditures were $15,693,029, a decrease of $3,430,042. The decrease is largely due to equipment expense and preservation activities.

Budgetary Highlights

Prior to the beginning of any year, the Road Commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the Road Commission board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the board reviews and authorizes large expenditures when requested throughout the year.

The revenue budget for 2021 was $72,383 less than the actual receipts. This was due, in part, to the projection of charges for services. The Road Commission budgets for the receipt of funds from state maintenance on primary and local roads as earned.

Road Commission expenditures were projected at $15,450,000 while actual expenditures were $15,693,029. This resulted in total expenditures being over budget by $243,029. There were several items that account for the variance in the projection of the budget.

Capital Assets

As of December 31, 2020 and 2021, the Road Commission had invested in capital assets as follows:

	2020	2021
Capital Assets Not Being Depreciated		
Land and Improvements	$ 59,342,346	$ 61,036,690
Other Capital Assets		
Buildings and Improvements	5,265,253	5,930,857
Road Equipment	16,739,783	17,357,957
Other Equipment and Assets	1,650,829	1,811,573
Infrastructure	68,063,445	67,968,313
Total Capital Assets at Historic Cost	151,061,656	154,105,390
Total Accumulated Depreciation	(49,216,150)	(51,111,752)
Total Net Capital Assets	$ 101,845,506	$ 102,993,638

Major additions included the following:

Buildings	$ 88,172	$ 768,875
Land & Improvements	$ 2,519,096	$ 1,697,416
Various Resurfacing Projects and Bridges	$ 6,024,857	$ 1,536,447
Trucks/Equipment/Other	$ 1,584,222	$ 1,321,143

Debt

The Road Commission currently has long-term debt in the amount of $21,232,976 which represents bank loans, equipment financing, pension and benefit liabilities, and vested employee benefits. Due to provisions of applicable GASB Statements, the Commission recorded a $10,088,961 and $10,229,770 liability for other post employment benefits and pension, respectively.

Economic Factors and Next Year’s Budget

The Board of County Road Commissioner’s considered many factors when setting the fiscal year 2021 budget. One of the factors is the economy. The Road Commission derives approximately 60% of its revenues from the fuel tax collected. The economic changes have resulted in stable consumption of fuel and consequently stable Michigan Transportation Funds to be distributed. If a decrease in funding occurs, road projects may be reduced. Additionally, management may consider reducing labor costs through attrition.

The board realized, and the reader should understand, that there are not sufficient funds available to repair and/or rebuild every road in Chippewa County’s transportation system. Therefore, the board attempts to spend the public’s money wisely and equitably and in the best interest of the motoring public and the citizens of the County.

Contacting the Road Commission’s Financial Management

This financial report is designed to provide the motoring public, citizens and other interested parties a general overview of the Road Commission’s finances and to show the Road Commission’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chippewa County Road Commission administrative offices at 3949 S. Mackinac Trail, Sault Ste. Marie, MI 49783.

Basic Financial Statements

Statement of Net Position
December 31, 2021

ASSETS		
Cash and Equivalents	$	582,374
Accounts Receivable:		
Taxes		901,446
Michigan Transportation Fund		1,468,822
State Trunkline Maintenance		649,758
State Other		268,294
Due on County Road Agreements		207,139
Sundry Accounts		173
Inventories:		
Road Materials		760,617
Equipment, Parts and Materials		296,272
Prepaid Items		103,528
Capital Assets (Not Depreciated)		61,036,690
Capital Assets (Net of Accumulated Depreciation)		41,956,948
Total Assets		108,232,061
DEFERRED OUTFLOWS OF RESOURCES		
Pension & OPEB Items		695,267
LIABILITIES		
Accounts Payable		663,079
Accrued Liabilities		191,684
Due to State		3,095
Interest Payable		2,115
Advances		1,025,940
Notes Payable - Due within one year		431,134
Notes Payable - Due in more than one year		351,239
Vested Employee Benefits - Due in more than one year		134,872
Other Post Employment Benefits - Due in more than one year		10,088,961
Net Pension Liability - Due in more than one year		10,229,770
Total Liabilities		23,121,889
DEFERRED INFLOWS OF RESOURCES		
Pension & OPEB Items		6,307,955
Taxes Levied for Subsequent Period		901,446
Total Deferred Inflows of Resources		7,209,401
NET POSITION		
Net Investment in Capital Assets		102,211,265
Unrestricted (Deficit)		(23,615,227)
Total Net Position	$	78,596,038

See accompanying notes to financial statements.

Statement of Activities
For the Year Ended December 31, 2021

Program Expenses:	
Primary Road Maintenance	
and Preventive Maintenance	$ 5,161,293
Local Road Maintenance	
and Preventive Maintenance	4,029,925
State Trunkline	3,716,411
Net Equipment Expense	761,723
Net Administrative Expense	357,999
Interest Expense	29,285
Other	(4,431,325)
Total Program Expenses	9,625,311
Program Revenues:	
Charges for Services:	
Licenses and Permits	19,399
Charges for Services	4,313,220
Operating Grants and Contributions:	
State Grants	6,880,614
Interest Earnings	1,840
Capital Grants and Contributions:	
Federal Grants	190,482
State Grants	2,078,351
Contributions from Local Units	965,030
Total Program Revenues	14,448,936
Net Program Revenues (Expenses)	4,823,625
General Revenues:	
Taxes - Real Property	862,001
Gain (Loss) on Disposal	7,188
Total General Revenues	869,189
Change in Net Position	5,692,814
Net Position - Beginning Balance	72,903,224
Net Position - Ending Balance	$ 78,596,038

See accompanying notes to financial statements.

Balance Sheet
December 31, 2021

		Governmental Fund Type
		General Operating Fund
ASSETS		
Cash and Equivalents	$	582,374
Accounts Receivable:		
Taxes		901,446
Michigan Transportation Fund		1,468,822
State Trunkline Maintenance		649,758
State Other		268,294
Due on County Road Agreements		207,139
Sundry Accounts		173
Inventories:		
Road Materials		760,617
Equipment, Parts and Materials		296,272
Prepaid Items		103,528
Total Assets	$	5,238,423
LIABILITIES		
Accounts Payable	$	663,079
Accrued Liabilities		191,684
Due to State		3,095
Advances		1,025,940
Total Liabilities		1,883,798
DEFERRED INFLOWS OF RESOURCES		
Taxes Levied for Subsequent Period		901,446
Total Deferred Inflows of Resources		901,446
FUND BALANCE		
Nonspendable		1,160,417
Unassigned		1,292,762
Total Fund Balance	$	2,453,179

See accompanying notes to financial statements.

Reconciliation of the Balance Sheet Fund Balance to the Statement of Net Position For the Year Ended December 31, 2021

Total Governmental Fund Balance	$	2,453,179
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.		102,993,638
Net pension liability requirement.		(10,229,770)
Other post employment benefit liability requirement.		(10,088,961)
Deferred outflows or inflows resulting from pension and opeb items.		(5,612,688)
Other long-term liabilities are not available to pay in the current period and therefore are not reported in the funds.		(919,360)
Net Position of Governmental Activities	$	78,596,038

See accompanying notes to financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2021

	Governmental Fund Type — General Operating Fund
Revenues	
Property Taxes	$ 862,001
Licenses and Permits	19,399
Federal Sources	190,482
State Sources	8,958,965
Contributions from Local Units	965,030
Charges for Services	4,309,666
Interest Earnings and Rent	1,840
Other Revenue	10,742
Total Revenues	15,318,125
Expenditures	
Public Works	14,338,088
Capital Outlay	837,395
Debt Service	517,546
Total Expenditures	15,693,029
Excess of Revenues Over (Under) Expenditures	(374,904)
Fund Balance - Beginning of Year	2,828,083
Fund Balance - End of Year	$ 2,453,179

See accompanying notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balance - Total Governmental Funds	$	(374,904)
Amounts reported for governmental activities in the statements are different because:		
Governmental funds report capital outlays and infrastructure costs 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 outlay exceeded depreciation and equipment retirements in the currend period.		1,148,132
Repayment of notes/bonds payable is an expenditure in governmental funds, but reduces the long-term liabilities in the statement of net position. Note proceeds provide current financial resources to governmental funds, but entering into loan agreements increases long-term liabilities in the statement of net position.		488,261
Pension and other post employment expense not recorded under modified accrual.		4,447,348
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(16,023)
Net Change in Net Position of Governmental Activities	$	5,692,814

Statement of Net Position
Fiduciary Fund
December 31, 2021

	OPEB Trust Fund
ASSETS	
Investments at Fair Market Value	$ 3,778,863
NET POSITION	
Restricted for Other Post Employment Benefits	$ 3,778,863

See accompanying notes to financial statements.

Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2021

		OPEB Trust Fund
ADDITIONS		
Investment Earnings:		
Contributions - Employer	$	1,829,566
Net Increase (Decrease) in Fair Value of Investments		229,438
Total Additions		2,059,004
DEDUCTIONS:		
Benefit payments, including refunds of member contributions		1,179,566
Administrative Fees		32,669
Total Deductions		1,212,235
Change in Net Position		846,769
Net Position Restricted for Other Post Employment Benefits		
Beginning of Year		2,932,094
End of Year	$	3,778,863

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Chippewa County Road Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Chippewa County Road Commission.

A. Reporting Entity

The Chippewa County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a three-member Board of County Road Commissioners appointed by the Chippewa County Board of County Commissioners. The Road Commission may not issue debt without the County's approval and property tax levies are subject to County Board of Commissioners' approval.

The criteria established by the Governmental Accounting Standards Board 61, "The Financial Reporting Entity," for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the component unit data were not included. Based on the above criteria, these financial statements present the Chippewa County Road Commission, a discretely presented component unit of Chippewa County.

The Road Commission Operating Fund is used to control the expenditures of Michigan Transportation Fund moneys distributed to the County, which are earmarked by law for street and highway purposes. The Board of County Road Commissioners is responsible for the administration of the Road Commission Operating Fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Chippewa County Road Commission. There is only one fund reported in the government-wide financial statements.

The statement of net position presents the Road Commission's assets deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as either invested in capital assets or restricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for the operating funds (governmental and fiduciary funds). The operating fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Major individual governmental funds are reported as separate columns in the fund financial statements. The operating fund is the only major fund of the Commission.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Michigan transportation funds, grants, permits, township contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government. Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Commission’s policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash, Equivalents and Investments

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

Inventories

Inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, equipment repairs and operations as used.

Prepaid Items

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

Property Taxes Receivable

The property tax is levied each December 1st. on the taxable valuation of property located in the County as of the preceding December 31st. The 2021 taxable valuation of $1,204,975,422 for Road Millage amounted to $1,208,600 less $307,154 for cities and villages, (on which ad valorem taxes of .09879 mills were levied) for road maintenance purposes resulted in a net total of $901,446.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the government-wide financial statements, the tax is recorded as revenue when the tax is levied in the current year. Although the County's 2021 ad valorem tax is levied and collectible December 1, 2021, it is the Road Commission's policy to recognize revenues from the current tax levy in the subsequent year. When the proceeds of this levy are budgeted, and made available for the financing of the Road Commission's operations in the governmental fund financial statements. The tax receivable is offset to deferred inflows.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges and similar items), are reported in the operating fund in the government-wide financial statements. Capital assets are defined by Chippewa County Road Commission as assets with an initial individual cost of more than $2,500 and/or an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 to 50 years
Road Equipment	5 to 8 years
Shop Equipment	10 years
Engineers' Equipment	3 to 10 years
Office Equipment	4 to 10 years
Infrastructure – Roads	8 to 30 years
Infrastructure – Bridges	12 to 50 years
Depletable Assets	10 to 50 years

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions and OPEB

For purposes of measuring the net pension and other post employment benefits liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the fiduciary net position has been determined on the same basis as they are reported. 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.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the operating fund statement of net position.

Compensated Absences (Vacation and Sick Leave)

Vacation – 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.

Sick Leave – 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.

Use of Estimates

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

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Road Commission is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Road Commission has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Board would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Procedures

Budgetary procedures are established pursuant to PA 2 of 1968, as amended, which requires the County Board of Road Commissioners to approve a budget for the County Road Fund. The Office Manager prepares a budget in accordance with the Act which is adopted by the Board at a public hearing each December. All budgets lapse at fiscal year end. Any violations of the Act are indicated on page 44.

NOTE 3 - CASH AND EQUIVALENTS

Michigan Compiled Laws, Section 129.91, authorizes the Road Commission to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchased; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

NOTE 3 - CASH AND EQUIVALENTS (Continued)

The Road Commission has adopted the County's investment policy, which is in accordance with the provisions of Public Act 196 of 1997.

	Carrying Amount	Financial Institution Balance
Petty Cash	$ 100	$ -
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	582,274	895,720
Total Cash and Equivalents	$ 582,374	$ 895,720

Interest rate risk. The Road Commission 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. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Road Commission has no investment policy that would further limit its investment choices. Ratings were unavailable for the investments listed below.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the Road Commission's deposits may not be returned. State law does not require and the Road Commission does not have a policy for deposit custodial credit risk. As of year end, $395,720 of the Road Commission's bank balance of $895,720 was exposed to credit risk because it was uninsured and uncollateralized.

Fair value measurement. The Road Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy. Investment ratings were unavailable.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Road Commission's assessment of the significance of particular inputs to these fair value measurements required judgement and considers factors specific to each asset or liability.

The Road Commission has the following fair value measurements as of December 31, 2021:

Investments	Concentration	Fair Value	Level 1	Level 2	Level 3
Money Market	0.58%	$ 21,984	$ -	$ 21,984	$ -
ETF's	22.75%	859,725	-	859,725	-
Mutual Funds	76.67%	2,897,154	-	2,897,154	-
Total	100.00%	$ 3,778,863	$ -	$ 3,778,863	$ -

NOTE 4 - DEFERRED COMPENSATION PLAN

The Chippewa County Road Commission offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof 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 Chippewa County Road Commission's financial statements.

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the Chippewa County Road Commission for the current year was as follows:

	Beginning Balances 01/01/21	Additions	Adjustments/ Deductions	Ending Balances 12/31/21
Capital Assets Not Being Depreciated				
Land and Improvements	$ 373,230	$ -	$ 3,072	$ 370,158
Land/Improvements - Infrastructure	58,969,116	1,697,416	-	60,666,532
Subtotal	59,342,346	1,697,416	3,072	61,036,690
Capital Assets Being Depreciated				
Buildings	5,265,253	768,875	103,271	5,930,857
Road Equipment	16,739,783	1,143,200	525,026	17,357,957
Shop Equipment	275,802	63,655	15,809	323,648
Office Equipment	79,467	-	1,390	78,077
Engineers' Equipment	67,122	33,088	-	100,210
Depletable Assets	1,228,438	81,200	-	1,309,638
Infrastructure – Roads	45,866,984	1,536,447	1,631,579	45,771,852
Infrastructure – Bridges	22,196,461	-	-	22,196,461
Subtotal	91,719,310	3,626,465	2,277,075	93,068,700
Less Accumulated Depreciation				
Buildings	3,126,864	139,627	98,456	3,168,035
Road Equipment	14,027,551	1,135,665	525,025	14,638,191
Shop Equipment	273,580	5,294	15,809	263,065
Office Equipment	72,784	5,528	1,390	76,922
Engineers' Equipment	66,104	678	-	66,782
Depletable Assets	455,399	3,820	-	459,219
Infrastructure – Roads	21,079,829	2,477,742	1,631,579	21,925,992
Infrastructure – Bridges	10,114,039	399,507	-	10,513,546
Subtotal	49,216,150	4,167,861	2,272,259	51,111,752
Net Capital Assets Being Depreciated	42,503,160	(541,396)	(4,816)	41,956,948
Total Net Capital Assets	$ 101,845,506	$ 1,156,020	$ (7,888)	$ 102,993,638

NOTE 5 - CAPITAL ASSETS (Continued)

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

Primary Road Maintenance	
and Preventive Maintenance	$ 1,646,927
Local Road Maintenance	
and Preventive Maintenance	1,230,322
Equipment Expense	1,135,665
Administrative	13,131
Other Allocated	141,816
Total Depreciation Expense	$ 4,167,861

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFITS SYSTEMS

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.25% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2020.

General Information about the Pension Plan

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

01 – General: Closed Division	2020 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	0%
Act 88:	Yes (Adopted 11/20/1970)

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

02 – General: Open Division	
	2020 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	2%
Act 88:	Yes (Adopted 2/1/2004)

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	88
Inactive employees entitled to but not yet receiving benefits	6
Active employees	66
	160

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Road Commission is required to contribute at an actuarially determined monthly amount for 2021 was $98,743.

Net Pension Liability

The Road Commission's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Salary increases	3.00 %
Investment rate of return	7.35 %, net of interest and administrative expense including inflation

Mortality rates used were based on the Pub-2010 General Employees and Healthy Retirees, head-count weighted, MP-2019 scale.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of January 1, 2014, through December 31, 2018.

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	60.00%	5.25%
Global Fixed Income	20.00%	1.25%
Private Investment	20.00%	7.25%

Discount Rate. The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at December 31, 2020	$ 21,915,405	$ 11,158,189	$ 10,757,216
Service cost	367,323	-	367,323
Interest on total pension liability	1,623,235	-	1,623,235
Difference between expected and actual experience	(131,286)	-	(131,286)
Changes in assumptions	513,219	-	513,219
Employer contributions	-	1,245,140	(1,245,140)
Employee contributions	-	62,753	(62,753)
Net investment income	-	1,562,843	(1,562,843)
Benefit payments, including employee refunds	(1,481,420)	(1,481,420)	-
Administrative expense	-	(17,926)	17,926
Other changes	(47,127)	-	(47,127)
Net changes	843,944	1,371,390	(527,446)
Balances as of December 31, 2021	$ 22,759,349	$ 12,529,579	$ 10,229,770

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Road Commission, calculated using the discount rate of 7.60%, as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Road Commission's net pension liability	$12,756,891	$10,229,770	$8,092,218

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended December 31, 2021, the Road Commission recognized pension expense of $1,148,197. At December 31, 2021, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,882	$ -
Changes in assumptions	676,989	-
Net difference between projected and actual earnings on pension plan investments	-	945,659
Total	$ 689,871	$ 945,659

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

Year Ended December 31:	
2022	$ 186,405
2023	(112,740)
2024	(179,503)
2025	(149,950)

NOTE 7 - FEDERAL GRANTS

The Michigan Department of Transportation (MDOT) requires that all Road Commissions report all federal and state grants pertaining to their county. During the year ended December 31, 2021, the federal aid received and expended by the Road Commission was $190,482 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). Local administered projects are projects where the Road Commissions perform the work and would be subject to single audit requirements if they expended $750,000 or more.

NOTE 8 - 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 9 - LONG-TERM DEBT

The following is a summary of pertinent information concerning the County Road Commission's long-term debt.

	Balance 01/01/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Installment payable secured by equipment, payable in monthly installments of $12,103 including interest of 3.31%, due 2023.	$ 325,974	$ -	$ 186,375	$ 139,599	$ 139,599
Installment payable secured by equipment, payable in monthly installments of $3,598 including interest of 3.25%, due 2025.	180,521	-	37,869	142,652	39,121
Installment payable secured by equipment, payable in monthly installments of $4,226 including interest of 3.25%, due 2025.	208,364	-	44,600	163,764	46,077
Note payable to bank, secured by equipment, payable in monthly installments of $17,693 including interest of 2.30%, due 2025.	555,775	-	219,417	336,358	206,337
Subtotal	1,270,634	-	488,261	782,373	$ 431,134
Compensated Absences (1)	118,849	16,023	-	134,872	
TOTAL LONG-TERM DEBT	$ 1,389,483	$ 16,023	$ 488,261	$ 917,245	

(1) Net increase.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2022	$ 431,134	$ 18,806	$ 449,940
2023	218,029	7,216	225,245
2024	90,912	2,970	93,882
2025	42,298	368	42,666
Total	$ 782,373	$ 29,360	$ 811,733

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

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

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

Plan Description. The Road Commission administers a single-employer healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees through the Road Commission's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the Road Commission and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the Road Commission and employees. The Road Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2021, the Road Commission contributed $1,829,566 to the plan. There are no long-term contracts for contributions to the plan.

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	69
Inactive employees entitled to but not yet receiving benefits	-
Active employees	68
Total participants covered by OPEB Plan	137

The Road Commission's total OPEB liability of was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2021.

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of December 31, 2021 and the following actuarial assumptions, applies to all periods included in the measurement:

Inflation	1.75%
Salary Increases	4.00%
Investment rate of return	6.16% including inflation
Discount rate	6.16%
20 year Aa Municipal Bond rate	2.25%
Mortality	2010 Public General Employees and Healthy Retirees Head-count weighted, MP-2019 improvement scale

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the retirement plan's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap US	24%	6.05%
Mid Cap US	4	6.50
Small Cap US	4	5.80
International Equities	25	5.05
Emerging Mkt Equity	8	6.65
Short Term Fixed Inc.	14	1.25
US Fixed Inc.	9	1.65
International Fixed Inc.	2	1.45
Inflation – Linked	2	2.35
High Yield	4	3.25
Precious Metals (Commodities)	4	3.65

The sum of each target allocation times its long-term expected rate results in a long-term expected rate of return of - 6.16%.

Discount Rate - The discount rate used to measure the total OPEB liability was 6.16%. 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 crossover point or "*depletion date*", not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2020	$ 18,343,916	$ 2,932,094	$ 15,411,822
Service cost	106,750	-	106,750
Interest on total OPEB liability	1,075,225	-	1,075,225
Difference between actual and expected experience	(3,859,812)	-	(3,859,812)
Changes in actuarial assumptions	(691,997)	-	(691,997)
Changes in plan terms	73,308	-	73,308
Contributions to OPEB trust	-	650,000	(650,000)
Contributions/benefit paid from general operating funds	-	1,179,566	(1,179,566)
Net investment income	-	229,438	(229,438)
Benefit payments including refunds of employee contributions	(1,179,566)	(1,179,566)	-
Administrative expense	-	(32,669)	32,669
Net changes	(4,476,092)	846,769	(5,322,861)
Balances as December 31, 2021	$ 13,867,824	$ 3,778,863	$ 10,088,961

Net OPEB Liability – Discount and Trend Rate Sensitivities – The following presents the net OPEB Liability (NOL) of the Road Commission, calculated using trend and discount rates 1% higher and lower than base assumptions:

	Discount		
	1% Decrease	**Current Rate**	**1% Increase**
Net OPEB Liability	$11,457,298	$10,088,961	$8,920,587

	Trend		
	1% Decrease	**Current Rate**	**1% Increase**
Net OPEB Liability	$8,849,605	$10,088,961	$11,535,914

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense

Components of Road Commission's OPEB Expense for the fiscal year ending December 31, 2021 are as follows:

Service Cost	$ 106,750
Interest on total OPEB liability	1,075,225
Experience (Gains)/Losses	(983,623)
Changes in Plan Terms	73,308
Changes of Assumptions	(2,614,940)
Projected Earnings on OPEB Plan Investments	(195,094)
Investment Earnings (Gains)/Losses	(85,871)
Administrative Expenses	32,669
Total OPEB Expense	$ (2,591,576)

Deferred Outflows and Inflows of Resources Related to OPEB Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (Gains)/Losses	$ 5,396	$ 3,022,969
Changes in Assumptions	-	2,065,962
Investment Earnings (Gains)/Losses	-	273,365
Total	$ 5,396	$ 5,362,296

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

Year Ended December 31:	
2022	$ (2,715,497)
2023	(1,200,281)
2024	(1,146,433)
2025	(294,689)

NOTE 11 - COMMITMENTS AND 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.

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

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 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.

Required Supplementary Information

Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Changes in Pension Liability
For the Year Ended December 31, 2021

	2015	2016	2017	2018	2019	2020	2021
Total pension liability							
Service cost	$ 281,858	$ 285,706	$ 312,302	$ 312,381	$ 335,653	$ 364,811	$ 367,323
Interest on total pension liability	1,397,298	1,434,259	1,505,449	1,535,810	1,578,409	1,534,967	1,623,235
Difference between expected and actual experience	-	81,278	(92,224)	118,002	24,754	98,920	(131,286)
Changes in assumptions	-	916,942	-	-	-	584,149	513,219
Benefit payments, including refund of member contributions	(1,201,033)	(1,262,953)	(1,332,756)	(1,404,808)	(1,497,808)	(1,494,112)	(1,481,420)
Other changes	(1,078)	(471)	22,721	5,968	9,386	65,087	(47,127)
Net change in total pension liability	477,045	1,454,761	415,492	567,353	450,394	1,153,822	843,944
Total pension liability - beginning	17,396,538	17,873,583	19,328,344	19,743,836	20,311,189	20,761,583	21,915,405
Total pension liability - ending	$ 17,873,583	$ 19,328,344	$ 19,743,836	$ 20,311,189	$ 20,761,583	$ 21,915,405	$ 22,759,349
Plan fiduciary net position							
Contributions - employer	$ 685,503	$ 762,975	$ 842,918	$ 974,042	$ 1,047,895	$ 1,095,363	$ 1,245,140
Contributions - employee	32,043	35,320	40,590	47,782	55,396	58,181	62,753
Net investment income	(139,106)	993,016	1,223,866	(386,989)	1,255,648	1,276,335	1,562,843
Benefit payments, including refunds of member contributions	(1,201,033)	(1,262,953)	(1,332,756)	(1,404,808)	(1,497,808)	(1,494,112)	(1,481,420)
Administrative expense	(20,530)	(19,619)	(19,412)	(19,466)	(21,628)	(20,343)	(17,926)
Net change in plan fiduciary net position	(643,123)	508,739	755,206	(789,439)	839,503	915,424	1,371,390
Plan fiduciary net position - beginning	9,571,879	8,928,756	9,437,495	10,192,701	9,403,262	10,242,765	11,158,189
Plan fiduciary net position - ending	$ 8,928,756	$ 9,437,495	$ 10,192,701	$ 9,403,262	$ 10,242,765	$ 11,158,189	$ 12,529,579
Net pension liability - ending	$ 8,944,827	$ 9,890,849	$ 9,551,135	$ 10,907,927	$ 10,518,818	$ 10,757,216	$ 10,229,770
Plan fiduciary net position as a percentage of the total pension liability	50%	49%	52%	46%	49%	51%	55%
Covered - employee payroll	$ 3,086,023	$ 3,076,955	$ 3,244,097	$ 3,211,709	$ 3,378,810	$ 3,671,723	$ 3,670,603
Net pension liability as a percentage of covered-employee payroll	290%	321%	294%	340%	311%	293%	279%

Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Employer Contributions
For the Year Ended December 31, 2021

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 685,503	$ 762,975	$ 842,918	$ 974,042	$ 1,047,895	$ 1,095,363	$ 1,245,140
Contributions in relation to the actuarially determined contribution	(685,503)	(762,975)	(842,918)	(974,042)	(1,047,895)	(1,095,363)	(1,245,140)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll	$ 2,660,500	$ 3,086,023	$ 3,076,955	$ 3,244,097	$ 3,211,709	$ 3,378,810	$ 3,378,810
Contributions as a percentage of covered-employee payroll	26%	25%	27%	30%	33%	32%	37%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31st, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.35%
Discount rate	7.60%
Retirement age	Varies depending on plan adoption
Mortality	Assumptions were based on Pub-2010 General Employees and Healthy Retirees, head count weighted, MP-2019 scale.

Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Changes in the OPEB Liability
For the Year Ended December 31, 2021

	2018	2019	2020	2021
Total OPEB Liability - Beginning of Year	$ 27,396,310	$ 25,551,384	$ 18,230,242	$ 18,343,916
Service cost	265,610	235,298	113,097	106,750
Interest on total OPEB liability	861,367	940,390	1,099,108	1,075,225
Changes in assumptions	(1,989,391)	(7,287,012)	(7,086)	(691,997)
Differences between actual and expected experience	(175,598)	(195,101)	25,384	(3,859,812)
Changes in plan terms	-	-	-	73,308
Benefit payments	(806,914)	(1,014,717)	(1,116,829)	(1,179,566)
Total OPEB Liability - End of Year	25,551,384	18,230,242	18,343,916	13,867,824
Plan fiduciary net position				
Contributions - employer	1,606,914	1,764,717	1,916,829	1,829,566
Net investment income	(59,045)	182,778	494,383	229,438
Benefits payments, including refunds of member contributions	(806,914)	(1,014,717)	(1,116,829)	(1,179,566)
Administrative expense	(5,082)	(11,082)	(19,858)	(32,669)
Net change in plan fiduciary net position	735,873	921,696	1,274,525	846,769
Plan fiduciary net position - Beginning of Year	-	735,873	1,657,569	2,932,094
Plan fiduciary net position - End of Year	735,873	1,657,569	2,932,094	3,778,863
Net OPEB liability - End of Year	$ 24,815,511	$ 16,572,673	$ 15,411,822	$ 10,088,961
Plan fiduciary net position as a percentage of the total OPEB liability	2.88%	9.09%	15.98%	27.25%
Covered Payroll	Not available	$ 3,603,686	$ 3,978,757	$ 3,622,027
Net OPEB liability as a percentage of covered payroll	Not available	459.88%	387.35%	278.54%
Schedule of Employer Contributions				
Actuarially determined employer contribution (ADC)	$ 1,527,292	$ 1,495,901	$ 1,931,995	$ 1,929,608
Employer contribution	(1,606,914)	(1,764,717)	(1,916,829)	(1,829,566)
Contribution deficiency/(excess)	$ (79,622)	$ (268,816)	$ 15,166	$ 100,042
ADC as a percentage of Covered Payroll	Not available	41.51%	48.56%	53.27%
Contribution as percentage of covered payroll	Not available	48.97%	48.18%	50.51%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Discount rate	6.16%
Inflation rate	1.75%
Salary increases	4.00%
Investment rate of return	6.16%
Mortality rate	2010 Public General Employees and Healthy Retirees, head-count weighted MP-2021 improvement scale

Employee Retirement and Benefit Systems
Required Supplementary Information
State of Michigan Public Acts 530 and 202 Information
For the Year Ended December 31, 2021

Financial Information	
Assets (Fiduciary Net Position)	$ 3,778,863
Liabilities (Total OPEB Liability)	13,867,824
Funded ratio for the plan year	27.25%
Actuarially recommended contribution (ARC)	1,929,608
Is ARC calculated in compliance with No. Letter 2018-3?	Yes

Membership	
Active members	68
Retirees and beneficiaries	69
Premiums paid on behalf of the retirants	$ 1,179,566

Actuarial Assumptions	
Actuarially assumed rate of investment return	6.16%
Discount rate	6.16%
Amortization method used for funding unfunded liability	Level percent of compensation
Amortization period used for funding unfunded liability	10 years
Is each division closed to new employees	No
Healthcare trend assumption	7.50%
Healthcare trend assumption - long term	4.50%

Uniform Assumptions	
Actuarial value of assets using uniform assumptions	$ 3,778,863
Actuarial accrued liability using uniform assumptions	13,916,457
Funded ratio using uniform assumptions	27.15%
Actuarially determined contribution (ADC) using uniform assumptions	1,671,411

Employee Retirement and Benefit Systems
Required Supplementary Information
Assumptions and Methods for Calculation of Actuarially Determined Contributions
For the Year Ended December 31, 2021

Valuation Date December 31, 2021

Measurement Date December 31, 2021

Actuarial Methods

Cost method Entry Age Normal (level percentage of compensation)

Amortization method Level percentage of compensation

Asset valuation method Market value

Actuarial Assumptions

Discount rate - 6.16% for December 31, 2021 liability and 2022 contribution
Rationale - Blended rate consisting of long-term return on assets and 20 year Aa Municipal Bond rate

Salary scale - 4.00%
Rationale - Employer experience and expectations

Return on plan assets - 6.16%
Rationale - Based on plan investment experience

Mortality rates - 2010 Public General Employees and Healthy Retirees with MP-2021 mortality improvement
Rationale - Current mortality rates available for municipalities

Utilization - 100% of eligible employees will elect coverage at retirement; actual coverage used for non-active
Rationale - Historical

Termination rates - See sample rates below:
Rationale - Based on employer experience

Age	Rate
30	0.090
35	0.070
40	0.050
45	0.040
50	0.030

Employee Retirement and Benefit Systems
Required Supplementary Information
Assumptions and Methods for Calculation of Actuarially Determined Contributions
For the Year Ended December 31, 2021

Retirement rates - Rates as shown below:
Rationale - Based on employer experience

Age	Rate	Age	Rate
55-57	10%	64	10%
58-59	5	65	25
60	15	66	45
61	10	67-68	10
62	35	69	25
63	20	70	100

Disability rates - Rates as shown below
Rationale - Based on employer experience

Age	Rate	Age	Rate
20	0.02%	45	0.11%
25	0.02%	50	0.24%
30	0.02%	55	0.60%
35	0.06%	60	0.60%
40	0.06%	65	0.60%

Marital assumptions - 85% of active employees will have covered spouse at retirement with females 3 years younger than males; Actual spouse data used for retirees
Rationale - Consistent with experience

Monthly per-capita costs valued
Rationale - Actual retiree premiums as of the valuation date

Pre-65 Retiree Premiums				
	006	007	010	013
Single	$ 1,215.46	$ 848.99	$ 664.96	$ 662.25
Double	2,843.30	1,986.03	1,544.35	1,534.31
Family	3,576.80	2,498.38	1,946.29	1,942.28
1 Reg./1 Comp.	2,470.36	1,719.19	1,384.54	2,671.50
Single Comp.	1,254.91	870.20	719.58	2,009.25
Double Comp.	2,509.81	1,740.40	1,439.16	4,018.50

Post-65 Retiree Premiums					
	906/908	900/910	905	901/904	909
Single	$ 608.76	$ 487.91	$ 622.57	$ 632.66	$ 602.54
Double	1,217.52	975.82	1,245.14	1,265.32	1,205.08

Implicit Subsidy - Not applicable
Rationale - Separate premiums for pre-65 retirees and active employees

Administration fees - $16 per retiree per month for post-65 medical coverage
Rationale - actual fees in effect as of the valuation date

Healthcare inflation
Pre-65 - 7.5% graded down 0.25% per year to 4.5% by 0.25% per year
Medicare eligible - 5.75% graded down to 4.50% by 0.25% per year
Administration fees - 0.0% per year
Rationale - Based on State of Michigan trend survey

Assumption changes since prior valuation
- Discount rate changed from 6.02% to 6.16%
- Trend rates updated
- Mortality improvement updated
- Termination rates updated

Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Amortization of Deferred Outflows/Inflows of Resources
For the Year Ended December 31, 2021

Schedule of Difference between Actual and Expected Experience

Year	Difference between actual and expected experience	Recognition period (Years)	2021	2022	2023	2024	2025	Deferred Outflows of Resources	Deferred Inflows of Resources
			Amount Recognized in Year Ended December 31,						
2018	(175,598)	5.08	$ (34,567)	$ (34,567)	$ (2,765)	$ -	$ -	$ -	$ (37,332)
2019	(195,101)	3.54	(55,113)	(29,762)	-	-	-	-	(29,762)
2020	25,384	2.54	9,994	5,396	-	-	-	5,396	-
2021	(3,859,812)	4.27	(903,937)	(903,937)	(903,937)	(903,937)	(244,064)	-	$ (2,955,875)
Net recognized in OPEB expense			$ (983,623)	$ (962,870)	$ (906,702)	$ (903,937)	$ (244,064)	$ 5,396	$ (3,022,969)

Schedule of Changes in Assumptions

Year	Changes in assumptions	Recognition period (Years)	2021	2022	2023	2024	2025	Deferred Outflows of Resources	Deferred Inflows of Resources
			Amount Recognized in Year Ended December 31,						
2018	(1,989,391)	5.08	$ (391,612)	$ (391,612)	$ (31,329)	$ -	$ -	$ -	$ (422,941)
2019	(7,287,012)	3.54	(2,058,478)	(1,111,578)	-	-	-	-	(1,111,578)
2020	(7,086)	2.54	(2,790)	(1,506)	-	-	-	-	(1,506)
2021	(691,997)	4.27	(162,060)	(162,060)	(162,060)	(162,060)	(43,757)	-	(529,937)
Net recognized in OPEB expense			$ (2,614,940)	$ (1,666,756)	$ (193,389)	$ (162,060)	$ (43,757)	$ -	$ (2,065,962)

Schedule of Differences between Projected and Actual Earnings on OPEB Assets

Year	Difference between projected and actual earnings on OPEB assets	Recognition period (Years)	2021	2022	2023	2024	2025	Deferred Outflows of Resources	Deferred Inflows of Resources
			Amount Recognized in Year Ended December 31,						
2018	71,605	5.00	$ 14,321	$ 14,321	$ -	$ -	$ -	$ 14,321	$ -
2019	(98,773)	5.00	(19,755)	(19,755)	(19,753)	-	-	-	(39,508)
2020	(367,839)	5.00	(73,568)	(73,568)	(73,568)	(73,567)	-	-	(220,703)
2021	(34,344)	5.00	(6,869)	(6,869)	(6,869)	(6,869)	(6,868)	-	(27,475)
Net recognized in OPEB expense			$ (85,871)	$ (85,871)	$ (100,190)	$ (80,436)	$ (6,868)	$ 14,321	$ (287,686)

Total Deferred Outflow/(Inflow) of Resources

	2022	2023	2024	2025
	Amount Recognized in Year Ended December 31,			
Total Deferred Outflow/(Inflow) of Resources	$ (2,715,497)	$ (1,200,281)	$ (1,146,433)	$ (294,689)

Employee Retirement and Benefit Systems
Required Supplementary Information
Summary of Plan Provisions
For the Year Ended December 31, 2021

Plan name - Chippewa County Road Commission Other Post-Employment Benefits Plan

Eligibility Requirements

Normal Retirement - Age 55 with 25 years of service or Age 60 with 10 years of service
Disability - 10 years of service and hired prior to 2/1/2005
Non-Duty Death in service - 10 years of service and hired prior to 2/1/2005
Duty Death in service - no age or service requirement and hired prior to 2/1/2005

Summary of Benefits

Retire prior to 2/1/2001

- Employer agrees to pay the full cost of Medical and Prescription Drug coverage for the Retiree and spouse
- Vision and Dental coverage may be continued at the expense of the Retiree/Spouse
- Surviving Spouses may continue coverage but will be responsible for 100% of premiums

Retire after 2/1/2001 and hired prior to 2/1/2005

- Employer agrees to pay the full cost of Medical and Prescription Drug coverage for the Retiree and spouse
- Vision and Dental coverage may be continued at the expense of the Retiree/Spouse
- Surviving Spouses will receive full Medical and Prescription Drug coverage from the Employer until eligible for Medicare. Surviving Spouses who are eligible for Medicare may continue coverage but will be responsible for 100% of premiums

Hired after 2/1/2005

- Employer will provide Medical and Prescription Drug coverage for the Retiree and Spouse according to the chart below, until the retiree becomes eligible for Medicare
- Vision and Dental coverage may be continued at the expense of the Retiree/Spouse
- Surviving Spouses shall retain eligibility for the Medical and Prescription Drug coverage to which the Retiree was entitled at death, until eligible for Medicare, or for the maximum period for which the Retiree remained eligible, whichever occurs first

Age and Service	Percentage of Premium Paid
Minimum age 55, 25 years of service	100%
Minimum age 60, 20 years of service	75
Minimum age 60, 15 years of service	50
Minimum age 60, 10 years of service	25

Life Insurance - $2,000 benefit

Changes Since Prior Valuation - None

Required Supplementary Information
Budgetary Comparison Schedule
Statement of Revenues - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Taxes	$ 865,000	$ 865,000	$ 862,001	$ (2,999)
Federal Sources	596,569	196,569	190,482	(6,087)
State Sources	8,603,173	9,103,173	8,958,965	(144,208)
Contributions from Local Units	1,410,000	910,000	965,030	55,030
Charges for Services	3,400,000	4,100,000	4,309,666	209,666
Other Revenue	596,000	71,000	31,981	(39,019)
Total Revenues	$ 15,470,742	$ 15,245,742	$ 15,318,125	$ 72,383

Required Supplementary Information
Budgetary Comparison Schedule
Statement of Expenditures - Budget and Actual
For the Year Ended December 31, 2021

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Primary Road	$ 3,316,711	$ 5,000,000	$ 4,961,097	$ 38,903
Local Road	3,253,400	4,560,000	4,540,858	19,142
Trunkline Maintenance	3,400,000	3,600,000	3,716,411	(116,411)
Administrative Expense - Net	134,500	340,000	357,999	(17,999)
Equipment Expense - Net	(650,000)	600,000	761,723	(161,723)
Capital Outlay - Net	673,200	825,000	837,395	(12,395)
Debt Service	451,440	525,000	517,546	7,454
Distributive	4,788,000	-	-	-
Total Expenditures	15,367,251	15,450,000	$ 15,693,029	$ (243,029)
Fund Balance - January 1, 2021	2,828,083	2,828,083		
Total Budget	$ 18,195,334	$ 18,278,083		

Other Information

Analysis of Changes in Fund Balance
For the Year Ended December 31, 2021

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Total Revenues	$ 5,460,887	$ 5,274,038	$ 4,583,200	$ 15,318,125
Total Expenditures	5,439,577	4,963,955	5,289,497	15,693,029
Excess of Revenues Over (Under) Expenditures	21,310	310,083	(706,297)	(374,904)
Fund Balance - January 1, 2021	1,002,654	616,082	1,209,347	2,828,083
Fund Balance - December 31, 2021	$ 1,023,964	$ 926,165	$ 503,050	$ 2,453,179

Analysis of Revenues
For the Year Ended December 31, 2021

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Taxes	$ 300,000	$ 300,000	$ 262,001	$ 862,001
Licenses and Permits	-	19,399	-	19,399
Federal Sources				
Surface Transportation Program	190,402	-	-	190,402
Other	80	-	-	80
State Sources				
Michigan Transportation Fund				
Engineering	5,590	4,410	-	10,000
Allocation	4,221,647	3,330,548	-	7,552,195
Snow Removal	-	591,009	-	591,009
Urban Road	464,446	86,613	-	551,059
Rural Primary	12,665	-	-	12,665
Forest Road	-	230,356	-	230,356
Other	-	11,681	-	11,681
Contributions from Local Units				
Townships	265,413	699,617	-	965,030
Charges for Services				
Trunkline Maintenance	-	-	3,046,169	3,046,169
Trunkline Nonmaintenance	-	-	670,242	670,242
Salvage Sales	-	-	14,408	14,408
Other	-	-	578,847	578,847
Interest and Rents				
Interest Earnings	644	405	791	1,840
Other Revenue				
Gain on Equipment Disposals	-	-	7,188	7,188
Other	-	-	3,554	3,554
Total Revenues	$ 5,460,887	$ 5,274,038	$ 4,583,200	$ 15,318,125

Analysis of Expenditures
For the Year Ended December 31, 2021

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Primary Road				
Preservation/Structural Improvements	$ 1,492,608	$ -	$ -	$ 1,492,608
Maintenance	3,468,489	-	-	3,468,489
Local Road				
Preservation/Structural Improvements	-	1,741,255	-	1,741,255
Maintenance	-	2,799,603	-	2,799,603
Trunkline Maintenance	-	-	3,046,169	3,046,169
Trunkline Nonmaintenance	-	-	670,242	670,242
Administrative Expense - Net	186,916	171,083	-	357,999
Equipment Expense - Net	291,564	252,014	218,145	761,723
Capital Outlay - Net	-	-	837,395	837,395
Debt Service				
Debt Principal Payments	-	-	488,261	488,261
Interest Expense	-	-	29,285	29,285
Total Expenditures	$ 5,439,577	$ 4,963,955	$ 5,289,497	$ 15,693,029

Report on Compliance

ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA
LESLIE A. BOHN, CPA
TORI N. KRUISE, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS
MEMBER MACPA
OFFICES IN
MICHIGAN & WISCONSIN

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, major fund and aggregate remaining fund information of the Chippewa County Road Commission (a component unit of Chippewa County, Michigan), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Chippewa County Road Commission's basic financial statements and have issued our report thereon dated May 19, 2022.

Report on Internal Control over Financial Reporting

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

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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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chippewa County 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-002.

Chippewa County Road Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Chippewa County Road Commission's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Chippewa County Road Commission's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Anderson Tackman & Co. PLC

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

May 19, 2022

SIGNIFICANT DEFICIENCIES

Preparation of the Financial Statements in Accordance with Generally Accepted Accounting Principles ***Finding 2021-001***

Specific Requirement: Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 115 requires management to prepare annual audit statements in accordance with GASB Statement Number 34. (Audit report format)

Criteria: Internal controls should be in place to provide reasonable assurance to the Commission that management reports financial statements (with GASB Statement number 34 formats) necessary to monitor and report annual financial activity without auditor intervention.

Condition: Auditor modifies financial statements and footnotes to comply with governmental generally accepted accounting principles.

Effect: The effect of this condition places a reliance on the independent auditor as part of the Commission's internal controls over financial reporting.

Cause: Change in application of auditing standard.

Recommendation: The Commission should consider subcontracting financial statement preparation activities to monitor and report annual financial activity in accordance with GASB Statement Number 34 or train staff to accomplish this element.

Planned Corrective Action: In the past, the Board has relied on the auditors for this type of reporting for cost effectiveness. For fiscal 2021, it is anticipated that management will implement provisions of the statement. Management reviews adjustments for accuracy upon completion and reconciles discrepancies and other disclosures.

- Contact Person(s) Responsible for Correction:
  Robert Laitinen, Manager

Significant Deficiencies – Noncompliance with State Statutes

Expenditures in Excess of Appropriations—Budgetary Funds ***Finding 2021-002***

Criteria: The expenditures of funds in excess of appropriations are contrary to the provisions of Section 16 of Public Act 2 of 1968, as amended.

Condition: Our examination of procedures used by the Road Commission to adopt and maintain operating budgets for the Road Commission's budgetary fund revealed the following instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budget and Accounting Act.

The Road Commission's 2021 General Appropriations Act (budget) provided for expenditures of the General Fund to be controlled to the activity level. As detailed, actual 2021 expenditures exceeded the board's approved budget allocations for some general fund activities.

During the fiscal year ended December 31, 2021, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund as listed on page 44 of the financial statements.

Effect: Condition's may violate State Law.

Cause: During fiscal 2021, an invoice for work on a state maintenance, Transportation Work Authorization (TWA) project was discovered after the year-end budget adjustments had been approved. This, along with more leave time taken than what was anticipated, increased expenditures for those line items affected, once the invoice was entered and fringe benefits were recalculated.

Recommendation: We recommend that the Road Commission's chief administrative officer and personnel responsible for administering the activities of the various funds of the Road Commission, develop budgetary control procedures for the General Fund which will assure that expenditures do not exceed amounts authorized in the General Appropriations Act, or amendments thereof.

Planned Corrective Action: Amounts will be maintained in the future.

- Contact Person(s) Responsible for Correction:
    - Robert Laitinen, Manager

ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER AICPA
DIVISION FOR CPA FIRMS
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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, major fund and aggregate remaining fund information of the Chippewa County Road Commission (a component unit of Chippewa County, Michigan) for the year ended December 31, 2021, and have issued our reports thereon dated May 19, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated January 7, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Chippewa County Road Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Chippewa County Road Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, schedule of funding progress, and budgetary comparison schedules, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

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We have been engaged to report on the individual schedules which accompany the financial statements but are not RSI. Our responsibility for this other information, as described by professional standards, is to evaluate the presentation of the other information in relation to the financial statements as a whole and to report on whether the other information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in your Board Packet.

Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Chippewa County Road Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Road Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate to determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the accrued compensated absences liability is based on current hourly rates and policies.

- Management's estimate of the Acturarily Determined Contribution for OPEB Obligations and Net Pension Liabilities were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, there were no misstatements detected as a result of audit procedures and corrected by management that were material, either individually or in the aggregate, to the financial statements taken as a whole. A copy of any adjustments are available from management.

Disagreement with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 19, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit findings or Issues

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

Comments and Recommendations

Information Technology (Prior Year)

The Board may want to perform vulnerability or intrusion scans or tests to assure that unauthorized or illegal access to Commission software or data has not occurred to prevent or detect theft of private information. Additionally, this procedure detects "ghost" programs operating for other than Commission purposes due to the internet.

Status: An IT specialist has been hired to investigate this situation and recommendations will be forthcoming as to how best protect our software and data.

Uniform Administrative Requirements (Prior Year)

As a precondition to receive federal funds, prospective recipients must have effective administrative and financial internal controls. The Uniform Guidance requires *written* policies and procedures regarding:

- Cash Management – Section 200.302(b)(6) payment procedures
- Allowability of Costs – Section 200.302(b)(7) in accordance with Subpart E – Cost Principals
- Conflict of Interest – Section 200.318(c) covering standards of conduct
- Procurement – Section 200.319(c) for purchasing
- Method of Conducting Technical Evaluations – Section 200.320(d)(3) regarding proposals
- Travel Reimbursement – Section 200.474(b) regarding travel expenses

Written policies should include provisions for training and consequences for violations of policies. The Commission should review its current written policies for compliance with the above requirements regarding federal awards and amend as necessary.

Status: Written policies will be implemented in fiscal 2022.

Policy Manual Update (Prior Year)

The Board and management have gradually been updating the "Policy Manual." As part of this process, the board should consider formally adopting or amending the following policies:

Whistleblower policy – This policy is broader than the "fraud" policy in that it reports an activity that he/she considers to be illegal, dishonest, irregular or against commission approved policies. It requires reporting to one or more of the parties specified but the policy must exercise sound judgment to avoid baseless allegations.

Medical and Dental Insurance Policy – Should be updated to comply with the Affordable Care Act items.

Management and the board should consider engaging legal counsel, to review the "Policy Manual" to assure compliance with state and federal law.

Status: No change.

Survivor's Benefit Liability (Prior Year)

Section 4 of the union contract regarding life insurance payment to survivors of a related employee indicates those individuals are provided $2,000 upon death of the retiree. The employer assumes the entire cost of this item. Provisions of GASB Statement Number 75 regarding other post employment benefits require the obligation created by these types of fringe benefits be valued and recorded. We recommend management contact the actuary to determine if this benefit meets the criteria indicated in GASB Statement Number 75 and assess the impact of this potential liability or fund this obligation utilizing a life insurance product.

Status: This information has been included in the OPEB actuarial calculation for fiscal year ended 2021.

Uniform Accounting Procedures Manual for County Road Commissions 2022

In January 2022, the Michigan Department of Treasury, issued a revised "Uniform Accounting Procedures Manual for County Road Commissions." The provisions in the manual are effective for fiscal years ending on September 30, 2023 and thereafter. The manual contains significant changes including implementation of new governmental accounting standards and financial reporting requirements. The board and management should review the provisions included in the revised document and apply those requirements as applicable. The document is available online at treasury's website.

Uniform Chart of Accounts

In April 2017, the Michigan Department of Treasury released an updated Uniform Chart of Accounts. The Michigan Department of Treasury subsequently issued a memorandum that established an implementation date for the chart of accounts for fiscal years ending on October 31, 2022 and thereafter. A final release of the chart of accounts was issued in November 2020 and is available at http://www.michigan.gov/documents/uniformchart 24524_7.pdf. This final version follows statutory changes and reformats the document to make it more user-friendly. The board and management should review the new chart of accounts and implement the changes as required.

Credit Cards

It was noted during our testing of controls over credit cards, that there were occurrences of meal purchases that did not have an itemized receipt as to items included. Only the credit card receipt was provided. Without the actual meal receipt, it cannot be determined if unallowable items were purchased. Also, all credit card purchases are required to indicate the official business for the purchase in accordance with Public Act 266 of 1995. We recommend that all purchases have an itemized receipt and the official business reason noted.

Status: Procedures have been implemented to correct this in the future.

Inventory Variance Account

The general ledger contains an account which monitors parts usage differences. The account reports approximately $64,000 in variances. The accounting manual for county road commissions requires that these difference, if they cannot be reconciled be charged to an expenditure account and spread as cost of equipment. We recommend the account be reviewed and allocated in accordance with the manual annually.

Status: The variance will be reviewed and corrected in fiscal 2022.

Upcoming Accounting Standards

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Road Commission in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Road Commission. For the complete text of these and other GASB standards, visit www.gasb.org. If you have questions regarding the applicability, timing, or implementation, please contact us.

GASB 87 – Single Approach for Reporting Leases

The Governmental Accounting Standards Board (GASB) issued guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The single approach is based on the principle that leases are financing of the right to use an underlying asset.

GASB Statement No. 87, *Leases*, provides guidance for lease contracts for nonfinancial assets – including vehicles heavy equipment, and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets.

Under the new Statement a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements.
A lease also will report the following in its financial statements:

- Amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset.
- Interest expense on the lease liability
- Note disclosures about the lease, including a general description of the leasing arrangement, the amount of the lease assets recognized, and a schedule of future lease payments to be made.

Limited exceptions to the single-approach guidance are provided for:

- Short-term leases, defined as lasting a maximum of 12 months at inception, including any options to extend.
- Financial purchases
- Certain regulated leases, such as between municipal airports and air carriers.

The full text of Statement 87 is available on the GASB website, www.gasb.org.

GASB Statement No. 96 – Subscription based Information Technology Arrangements

In May 2020, GASB issued Statement No. 96, *Subscription based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) established 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. The Road Commission is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

This standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately. It also clarifies when a 457 plan should be considered a pension plan or another employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Road Commission is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of the statement that relate to 457 plans are effective for the Road Commission's financial statements for the year ending March 31, 2023.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedule of funding progress, and budgetary comparison schedules, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual schedules which accompany the financial statements but are not RSI. With respect to this other information, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Conclusion

We would like to express our appreciation, as well as that of our staff for the excellent cooperation we received while performing the audit. If we can be of assistance, please contact us.

This information is intended solely for the use of the Chippewa County Road Commission, the cognizant audit agencies and other federal and state agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Co. PLC

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

May 19, 2022