

**Iron County, Michigan**  
**ANNUAL FINANCIAL REPORT**

December 31, 2018

# Iron County, Michigan

DECEMBER 31, 2018

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## Independent auditors' report

To the County Board  
Iron County, Michigan

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Michigan (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Iron County Road Commission and the Iron County Medical Care Facility, which are presented as component units of Iron County, Michigan. They represent 97%, 110%, and 91% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. These statements were audited by other auditors whose reports, thereon, have been furnished to us and our opinion, insofar as it relates to the amounts included for the Iron County Road Commission and Iron County Medical Care Facility, is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **OPINIONS**

In our opinion based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information, and the schedules relating to pensions and other postemployment benefits on pages 67 through 84 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Iron Mountain, Michigan  
July 1, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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# Management's Discussion and Analysis

DECEMBER 31, 2018

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As management of the County of Iron, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2018.

## Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows or resources as of December 31, 2018, by \$4,661,275. The County's *unrestricted net position* was \$1,932,589.
- The County's total net position increased by \$267,957, with business-type activities decreasing \$277,610 and governmental activities increasing \$545,567.
- As of December 31, 2018, the County's governmental funds reported combined ending fund balances of \$5,065,742. Approximately \$4,007,611 is *available for spending* at the County's discretion (*committed and unassigned fund balance*). The unassigned general fund balance was \$2,031,672 million or approximately 39% of 2018 general fund expenditures.

## Overview of the Basic Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highway and transportation, health and welfare, culture and recreation, and community development. The business-type activities of the County include the collection of delinquent taxes and the construction code department.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Road Commission, Health District Department, and Medical Care Facility. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 11 - 13 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 37 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Maintenance of Effort – Medicare, Youth Camp special revenue funds, Indian Lake Capital Projects Fund, and the 2012 Refunding Debt Service Fund, all of which are considered to be major funds. Data from the other 32 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and the major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 - 19 of this report.

**Proprietary funds.** *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Tax Revolving and Construction Code Enterprise Funds, both of which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 20 - 22 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The fiduciary fund financial statements can be found on pages 23 - 24 of this report.

**Component units.** Iron County Road Commission, Dickinson-Iron Health Department, and Iron County Medical Care Facility are reported as component units of Iron County.

The component units fund financial statements can be found on pages 25 - 27 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 - 66 of this report.

**Other information.** The required supplementary information and the combining statements referred to earlier in connection with nonmajor governmental funds, detailed comparisons of general fund budgeted and actual revenues and expenditures are presented immediately following the notes to the basic financial statements. These statements and schedules can be found on pages 67 - 97.

## Government-wide Financial Analysis

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's total net position was \$4,661,275 at the close of 2018, as summarized below.

IRON COUNTY, MICHIGAN						
Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 8,051,431	\$ 7,357,378	\$ 3,255,029	\$ 3,500,875	\$ 11,306,460	\$ 10,858,253
Capital assets	3,797,338	4,305,062	26,936	36,068	3,824,274	4,341,130
Total Assets	11,848,769	11,662,440	3,281,965	3,536,943	15,130,734	15,199,383
Deferred outflow s of resources	704,653	338,417	-	-	704,653	338,417
Long-term liabilities outstanding	8,347,733	8,354,716	-	-	8,347,733	8,354,716
Other liabilities	480,891	403,910	155,878	133,246	636,769	537,156
Total Liabilities	8,828,624	8,758,626	155,878	133,246	8,984,502	8,891,872
Deferred inflow s of resources	2,189,610	2,252,610	-	-	2,189,610	2,252,610
Net position						
Net investment in capital assets	1,753,385	2,060,765	26,936	36,068	1,780,321	2,096,833
Restricted	948,365	732,821	-	-	948,365	732,821
Unrestricted (deficit)	(1,166,562)	(1,803,965)	3,099,151	3,367,629	1,932,589	1,563,664
Total Net Position	\$ 1,535,188	\$ 989,621	\$ 3,126,087	\$ 3,403,697	\$ 4,661,275	\$ 4,393,318

By far the largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a balance of \$1,932,589.

**Change in net position.** Governmental activities increased the County's net position by \$545,567 and business-type activities decreased \$277,610. Key elements of this increase are as follows:

<b>IRON COUNTY, MICHIGAN</b>						
Change in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 1,386,402	\$ 1,313,775	\$ 401,644	\$ 394,423	\$ 1,788,046	\$ 1,708,198
Operating grants and contributions	1,373,019	1,265,980	-	-	1,373,019	1,265,980
Capital grants and contributions	-	564,000	-	-	-	564,000
<b>General Revenues</b>						
Property taxes	5,381,129	5,198,732	-	-	5,381,129	5,198,732
Other taxes	671,310	652,527	-	-	671,310	652,527
Grants and contributions not restricted to specific programs	276,446	274,103	-	-	276,446	274,103
Other	330,524	191,295	19,332	23,569	349,856	214,864
<b>Total Revenues</b>	<b>9,418,830</b>	<b>9,460,412</b>	<b>420,976</b>	<b>417,992</b>	<b>9,839,806</b>	<b>9,878,404</b>
<b>Expenses</b>						
General government	4,189,381	3,689,457	656,586	176,594	4,845,967	3,866,051
Public safety	2,801,276	2,588,843	-	-	2,801,276	2,588,843
Highway and transportation	14,252	11,279	-	-	14,252	11,279
Health and welfare	1,019,164	1,061,739	-	-	1,019,164	1,061,739
Culture and recreation	645,788	663,582	-	-	645,788	663,582
Community development	46,166	43,919	-	-	46,166	43,919
Interest and fiscal charges	199,236	204,745	-	-	199,236	204,745
<b>Total Expenses</b>	<b>8,915,263</b>	<b>8,263,564</b>	<b>656,586</b>	<b>176,594</b>	<b>9,571,849</b>	<b>8,440,158</b>
<b>Change in Net Position Before Transfers</b>	<b>503,567</b>	<b>1,196,848</b>	<b>(235,610)</b>	<b>241,398</b>	<b>267,957</b>	<b>1,438,246</b>
<b>Transfers</b>	<b>42,000</b>	<b>48,000</b>	<b>(42,000)</b>	<b>(48,000)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>545,567</b>	<b>1,244,848</b>	<b>(277,610)</b>	<b>193,398</b>	<b>267,957</b>	<b>1,438,246</b>
<b>Net Position - January 1</b>	<b>989,621</b>	<b>(255,227)</b>	<b>3,403,697</b>	<b>3,210,299</b>	<b>4,393,318</b>	<b>2,955,072</b>
<b>Net Position - December 31</b>	<b>\$ 1,535,188</b>	<b>\$ 989,621</b>	<b>\$ 3,126,087</b>	<b>\$ 3,403,697</b>	<b>\$ 4,661,275</b>	<b>\$ 4,393,318</b>

## Financial Analysis of the County's Funds

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

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

As of December 31, 2018, the County's governmental funds (consisting of the general fund, special revenue, debt service, and capital project funds as detailed on pages 14 - 19 reported combined ending fund balances of \$5,065,742, an increase of \$741,323 in comparison with the prior year. Of this amount, \$2,031,672 constitutes *unassigned fund balance*, which is available for spending at the County's discretion. \$1,975,939 of fund balance is committed. Fund balance of \$967,968 *restricted* to indicate that it is not available for new spending because it has already been restricted for specific spending. The remainder of fund balance of \$90,163 is nonspendable as it is not in spendable form (inventory and prepaid items).

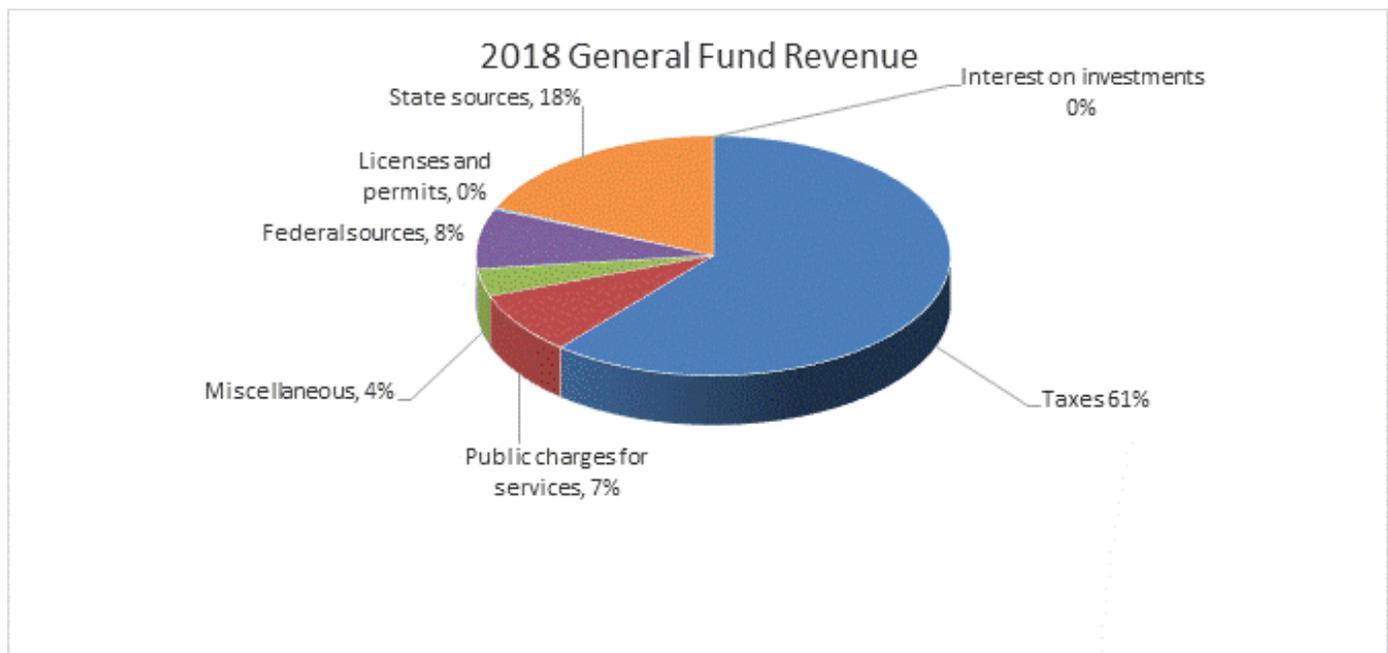
### **General Fund**

The General Fund is the main operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$2,013,672. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39% of total general fund expenditures. Committed fund balance of the general fund is \$748,479 which is committed for budget stabilization.

The County's general fund balance increased \$93,958. This increase was due to positive expenditures throughout the general fund.

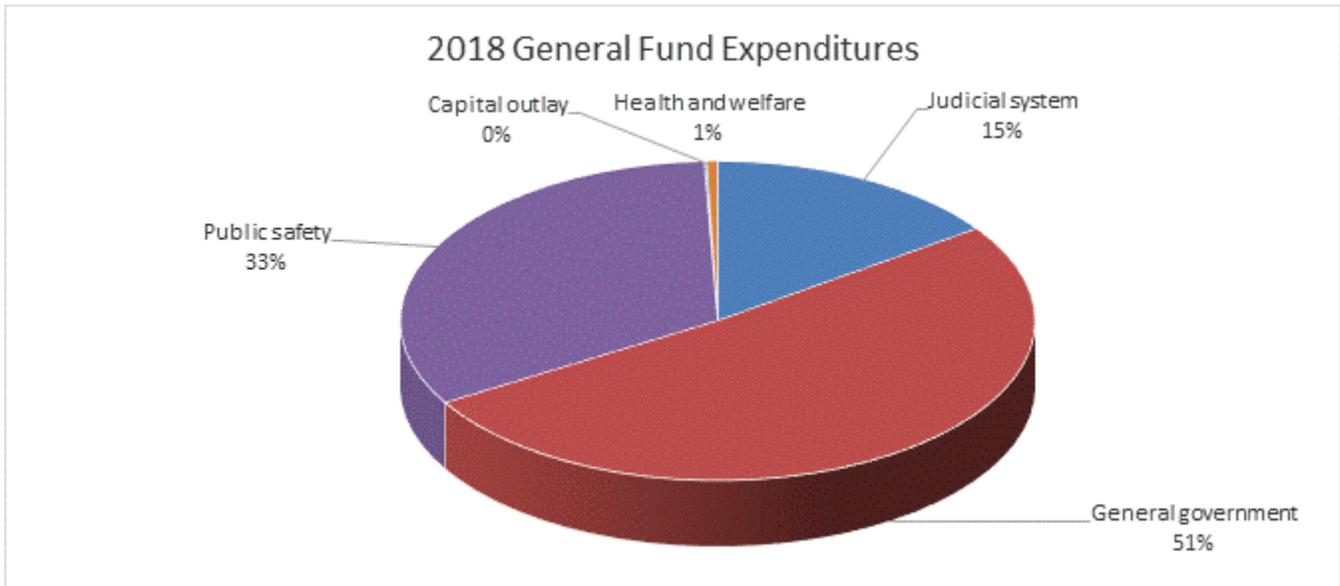
Actual revenue including transfers in was \$5,597,593 as compared with final budgeted revenue of \$5,602,256, resulted in a variance of \$4,663 or 0%.

Below is a graph illustrating the sources of revenues for the general fund:



The final expenditures including transfers out were \$5,503,635 compared with final budgeted expenditures of \$5,602,256 resulting in a positive variance of \$98,621 or 2%.

Below is a graph illustrating the classifications of expenditures for the general fund:



**Proprietary funds.** The County's proprietary funds provide the same type of information found in the County's government-wide financial statements, but in more detail.

Unrestricted net position of Tax Revolving Fund at the end of the year was \$2,842,839. The total decrease in net position was \$288,362.

Unrestricted net position of the Construction Code Fund at the end of the year amounted to \$256,312. The total increase in net position was \$10,752.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$3,824,374 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure. The County's investment in capital assets decreased \$516,856 for the year.

IRON COUNTY, MICHIGAN (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 189,118	\$ 189,118	\$ -	\$ -	\$ 189,118	\$ 189,118
Buildings	7,027,624	7,677,624	-	-	7,027,624	7,677,624
Machinery and equipment	1,878,366	1,825,215	45,647	45,647	1,924,013	1,870,862
Infrastructure	486,431	486,431	-	-	486,431	486,431
Subtotal	9,581,539	10,178,388	45,647	45,647	9,627,186	10,224,035
Less: Accumulated depreciation	5,784,201	5,873,326	18,711	9,579	5,802,912	5,882,905
Net Capital Assets	\$ 3,797,338	\$ 4,305,062	\$ 26,936	\$ 36,068	\$ 3,824,274	\$ 4,341,130

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$5,058,000.

<b>IRON COUNTY, MICHIGAN</b>						
General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General Obligation Debt						
2003 Limited Tax Bond	\$ 263,000	\$ 275,000	\$ -	\$ 2,065,000	\$ 263,000	\$ 2,340,000
2015 Unlimited Tax Refunding	4,285,000	4,920,000	-	-	4,285,000	4,920,000
2017 Limited Tax Special Assessment Bonds	510,000	510,000	-	6,923,566	510,000	7,433,566
<b>Total</b>	<b>\$ 5,058,000</b>	<b>\$ 5,705,000</b>	<b>\$ -</b>	<b>\$ 8,988,566</b>	<b>\$ 5,058,000</b>	<b>\$ 14,693,566</b>

The County's total debt decreased by \$647,000 (11%) during the current fiscal year.

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

- The economic condition and outlook of the County has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry, and retail activities which support our tax base.
- Inflationary trends in our region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2019 fiscal year.

**Contacting the County's Financial Management**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to County Administrator, County of Iron, 2 South Sixth Street, Suite 7, Crystal Falls, Michigan 49920-1413.

BASIC FINANCIAL STATEMENTS

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# Iron County, Michigan

## STATEMENT OF NET POSITION DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and investments	\$ 4,781,322	\$ 2,450,638	\$ 7,231,960	\$ 7,801,249
Receivables				
Property taxes	2,436,420	-	2,436,420	207,832
Delinquent taxes	-	716,702	716,702	-
Accounts, net	139,879	-	139,879	1,943,768
Special assessments	328,845	-	328,845	-
Loans	5,946	-	5,946	-
Other	-	87,512	87,512	-
Due from other governments	267,955	-	267,955	920,776
Inventories and prepaid items	91,064	177	91,241	630,275
Assets limited as to use	-	-	-	1,613,466
Other current assets	-	-	-	137,234
Capital assets, nondepreciable	189,118	-	189,118	901,055
Capital assets, depreciable	3,608,220	26,936	3,635,156	41,836,894
Total assets	<u>11,848,769</u>	<u>3,281,965</u>	<u>15,130,734</u>	<u>55,992,549</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	704,653	-	704,653	9,013,289
Other postemployment related amounts	-	-	-	12,522
Total deferred outflows of resources	<u>704,653</u>	<u>-</u>	<u>704,653</u>	<u>9,025,811</u>
<b>LIABILITIES</b>				
Accounts payable	282,155	6,278	288,433	773,846
Accrued and other current liabilities	179,133	2,754	181,887	742,205
Due to other governments	-	146,846	146,846	73,345
Accrued interest payable	19,603	-	19,603	173,538
Special deposits	-	-	-	66,276
Unearned revenues	-	-	-	213,420
Other liabilities	-	-	-	357,906
Long-term obligations				
Due within one year				
Bonds and notes payable	698,000	-	698,000	834,765
Compensated absences	-	-	-	1,826,792
Due in more than one year				
Bonds and notes payable	4,360,000	-	4,360,000	12,867,567
Compensated absences	176,073	-	176,073	175,909
Net pension liability	3,113,660	-	3,113,660	18,154,762
Other postemployment benefits	-	-	-	4,904,322
Total liabilities	<u>8,828,624</u>	<u>155,878</u>	<u>8,984,502</u>	<u>41,164,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	2,189,610	-	2,189,610	207,832
Pension related amounts	-	-	-	1,519,300
Other postemployment related amounts	-	-	-	547,961
Total deferred inflows of resources	<u>2,189,610</u>	<u>-</u>	<u>2,189,610</u>	<u>2,275,093</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,753,385	26,936	1,780,321	35,005,205
Restricted	948,365	-	948,365	1,314,242
Unrestricted	(1,166,562)	3,099,151	1,932,589	(14,740,833)
Total net position	<u>\$ 1,535,188</u>	<u>\$ 3,126,087</u>	<u>\$ 4,661,275</u>	<u>\$ 21,578,614</u>

The notes to the basic financial statements are an integral part of this statement.

# Iron County, Michigan

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 4,189,381	\$ 240,487	\$ 668,521	\$ -
Public safety	2,801,276	628,039	561,777	-
Highway and transportation	14,252	7,026	-	-
Health and welfare	1,019,164	117,349	55,852	-
Culture and recreation	645,788	381,777	86,869	-
Community development	46,166	11,724	-	-
Interest and fiscal charges	199,236	-	-	-
Total governmental activities	8,915,263	1,386,402	1,373,019	-
<b>BUSINESS-TYPE ACTIVITIES</b>				
Delinquent tax revolving collections	544,451	276,757	-	-
Building inspection	112,135	124,887	-	-
Total business-type activities	656,586	401,644	-	-
Total primary government	<u>\$ 9,571,849</u>	<u>\$ 1,788,046</u>	<u>\$ 1,373,019</u>	<u>\$ -</u>
Component units	<u>\$ 31,298,285</u>	<u>\$ 25,428,711</u>	<u>\$ 4,890,463</u>	<u>\$ 1,042,711</u>

General revenues  
 Taxes  
   Property taxes  
   Other taxes  
 Federal and state grants and other contributions  
   not restricted to specific functions  
 Interest and investment earnings  
 Forest timber sales  
 Miscellaneous  
 Gain on sale of asset  
 Transfers

Total general revenues and transfers

**Change in net position**

**Net position - January 1 - as originally reported**

**Change in accounting principle**

**Net Position - January 1 - as restated**

**Net position - December 31**

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (3,280,373)	\$ -	\$ (3,280,373)	\$ -
(1,611,460)	-	(1,611,460)	-
(7,226)	-	(7,226)	-
(845,963)	-	(845,963)	-
(177,142)	-	(177,142)	-
(34,442)	-	(34,442)	-
(199,236)	-	(199,236)	-
(6,155,842)	-	(6,155,842)	-
-	(267,694)	(267,694)	-
-	12,752	12,752	-
-	(254,942)	(254,942)	-
(6,155,842)	(254,942)	(6,410,784)	-
-	-	-	63,600
5,381,129	-	5,381,129	863,593
671,310	-	671,310	-
276,446	-	276,446	-
29,247	-	29,247	65,246
258,953	-	258,953	-
42,272	19,332	61,604	22,202
52	-	52	12,000
42,000	(42,000)	-	-
6,701,409	(22,668)	6,678,741	963,041
545,567	(277,610)	267,957	1,026,641
989,621	3,403,697	4,393,318	23,283,961
-	-	-	(2,731,988)
-	-	-	20,551,973
\$ 1,535,188	\$ 3,126,087	\$ 4,661,275	\$ 21,578,614

# Iron County, Michigan

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<u>General</u>	<u>Maintenance of Effort</u>	<u>Indian Lake Capital Projects</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,548,443	\$ 465,670	\$ 189,076
Receivables			
Taxes and special charges	246,810	765,598	-
Accounts, net	61,871	-	-
Special assessments	-	-	328,845
Loans	-	-	-
Due from other funds	100,277	-	-
Due from other governments	140,373	-	-
Inventories and prepaid items	66,201	-	-
	<u>3,163,975</u>	<u>1,231,268</u>	<u>517,921</u>
Total assets	<u>\$ 3,163,975</u>	<u>\$ 1,231,268</u>	<u>\$ 517,921</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 177,932	\$ 59,475	\$ 284
Accrued and other current liabilities	139,691	-	-
Due to other funds	-	-	-
	<u>317,623</u>	<u>59,475</u>	<u>284</u>
Total liabilities	<u>317,623</u>	<u>59,475</u>	<u>284</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	-	765,598	-
Loans receivable	-	-	-
Special assessments	-	-	328,845
	<u>-</u>	<u>765,598</u>	<u>328,845</u>
Total deferred inflows of resources	<u>-</u>	<u>765,598</u>	<u>328,845</u>
Fund balances			
Nonspendable	66,201	-	-
Restricted	-	406,195	-
Committed	748,479	-	188,792
Unassigned	2,031,672	-	-
	<u>2,846,352</u>	<u>406,195</u>	<u>188,792</u>
Total fund balances	<u>2,846,352</u>	<u>406,195</u>	<u>188,792</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,163,975</u>	<u>\$ 1,231,268</u>	<u>\$ 517,921</u>

*The notes to the basic financial statements are an integral part of this statement.*

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2012 Refunding Bond Debt Service	Other Governmental Funds	Total
\$ 172,940	\$ 1,405,193	\$ 4,781,322
852,365	571,647	2,436,420
-	78,008	139,879
-	-	328,845
-	5,946	5,946
-	-	100,277
-	127,582	267,955
-	24,863	91,064
<u>\$ 1,025,305</u>	<u>\$ 2,213,239</u>	<u>\$ 8,151,708</u>

\$ -	\$ 44,464	\$ 282,155
-	39,442	179,133
-	100,277	100,277
<u>-</u>	<u>184,183</u>	<u>561,565</u>

852,365	571,647	2,189,610
-	5,946	5,946
-	-	328,845
<u>852,365</u>	<u>577,593</u>	<u>2,524,401</u>

-	23,962	90,163
172,940	388,833	967,968
-	1,038,668	1,975,939
-	-	2,031,672
<u>172,940</u>	<u>1,451,463</u>	<u>5,065,742</u>

<u>\$ 1,025,305</u>	<u>\$ 2,213,239</u>	<u>\$ 8,151,708</u>
---------------------	---------------------	---------------------

# Iron County, Michigan

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

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	<u>2018</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	
Total fund balances as shown on previous page	\$ 5,065,742
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	3,797,338
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	334,791
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred outflows related to pensions	704,653
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(5,058,000)
Compensated absences	(176,073)
Net pension liability (asset)	(3,113,660)
Accrued interest on long-term obligations	<u>(19,603)</u>
Net position of governmental activities as reported on the statement of net position (see page 11)	<u>\$ 1,535,188</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Iron County, Michigan

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General</u>	<u>Maintenance of Effort</u>	<u>Indian Lake Capital Projects</u>
<b>REVENUES</b>			
Taxes	\$ 3,318,236	\$ 776,182	\$ -
Special assessments	-	-	182,876
Federal sources	436,913	-	-
State sources	1,004,527	1,258	-
Intergovernmental	-	-	-
Licenses and permits	12,696	-	-
Fines and forfeits	-	-	-
Public charges for services	455,125	-	-
Miscellaneous	203,357	3,628	26,824
	<u>5,430,854</u>	<u>781,068</u>	<u>209,700</u>
Total revenues			
<b>EXPENDITURES</b>			
Current			
Judicial system	796,510	-	-
General government	2,686,296	-	2,120
Public safety	1,729,552	-	-
Highway and transportation	-	-	-
Health and welfare	29,361	739,713	-
Culture and recreation	486	-	-
Community development	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	12,339
	<u>5,242,205</u>	<u>739,713</u>	<u>14,459</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>188,649</u>	<u>41,355</u>	<u>195,241</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	166,739	-	-
Transfers out	(261,430)	-	(16,849)
	<u>(94,691)</u>	<u>-</u>	<u>(16,849)</u>
Total other financing sources (uses)			
<b>Net change in fund balances</b>	93,958	41,355	178,392
<b>Fund balances - January 1</b>	<u>2,752,394</u>	<u>364,840</u>	<u>10,400</u>
<b>Fund balances - December 31</b>	<u>\$ 2,846,352</u>	<u>\$ 406,195</u>	<u>\$ 188,792</u>

The notes to the basic financial statements are an integral part of this statement.

<b>2012 Refunding Bond Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ 865,098	\$ 571,311	\$ 5,530,827
-	-	182,876
-	125,044	561,957
-	436,823	1,442,608
1,380	-	1,380
-	7,552	20,248
-	2,501	2,501
-	1,153,793	1,608,918
676	59,341	293,826
<u>867,154</u>	<u>2,356,365</u>	<u>9,645,141</u>
-	-	796,510
-	175,832	2,864,248
-	961,051	2,690,603
-	11,299	11,299
-	250,090	1,019,164
-	587,814	588,300
-	43,783	43,783
635,000	12,000	647,000
171,850	28,537	200,387
-	72,185	84,524
<u>806,850</u>	<u>2,142,591</u>	<u>8,945,818</u>
<u>60,304</u>	<u>213,774</u>	<u>699,323</u>
-	278,279	445,018
-	(124,739)	(403,018)
-	153,540	42,000
60,304	367,314	741,323
<u>112,636</u>	<u>1,084,149</u>	<u>4,324,419</u>
<u>\$ 172,940</u>	<u>\$ 1,451,463</u>	<u>\$ 5,065,742</u>

# Iron County, Michigan

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

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### RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page	\$ 741,323
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets reported as capital outlay in governmental fund statements	53,151
Depreciation expense reported in the statement of activities	(300,875)
Net book value of disposals	(260,000)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	
	(181,401)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	647,000
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:	
Accrued interest on long-term debt	1,151
Compensated absences	(44,524)
Net pension liability	(595,493)
Deferred outflows of resources related to pensions	366,236
Deferred inflows of resources related to pensions	118,999
Change in net position of governmental activities as reported in the statement of activities (see pages 12 - 13)	<u>\$ 545,567</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Iron County, Michigan

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

	<u>Tax Revolving</u>	<u>Construction Code</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 2,191,503	\$ 259,135	\$ 2,450,638
Receivables			
Other	87,512	-	87,512
Inventories and prepaid items	-	177	177
Total current assets	<u>2,279,015</u>	<u>259,312</u>	<u>2,538,327</u>
Noncurrent assets			
Delinquent taxes receivable	<u>716,702</u>	-	<u>716,702</u>
Capital assets			
Depreciable	<u>3,614</u>	<u>23,322</u>	<u>26,936</u>
Total assets	<u>2,999,331</u>	<u>282,634</u>	<u>3,281,965</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	6,032	246	6,278
Accrued and other current liabilities	-	2,754	2,754
Due to other governments	<u>146,846</u>	-	<u>146,846</u>
Total current liabilities	<u>152,878</u>	<u>3,000</u>	<u>155,878</u>
<b>NET POSITION</b>			
Investment in capital assets	3,614	23,322	26,936
Unrestricted	<u>2,842,839</u>	<u>256,312</u>	<u>3,099,151</u>
Total net position	<u>\$ 2,846,453</u>	<u>\$ 279,634</u>	<u>\$ 3,126,087</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Iron County, Michigan

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Tax Revolving</b>	<b>Construction Code</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 148,613	\$ 124,887	\$ 273,500
Penalties and interest on taxes	137,848	-	137,848
Total operating revenues	<u>286,461</u>	<u>124,887</u>	<u>411,348</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	552,799	104,359	657,158
Depreciation	1,356	7,776	9,132
Total operating expenses	<u>554,155</u>	<u>112,135</u>	<u>666,290</u>
Operating income	<u>(267,694)</u>	<u>12,752</u>	<u>(254,942)</u>
<b>NONOPERATING REVENUES</b>			
Interest income	<u>19,332</u>	<u>-</u>	<u>19,332</u>
Income before transfers	(248,362)	12,752	(235,610)
Transfers out	<u>(40,000)</u>	<u>(2,000)</u>	<u>(42,000)</u>
<b>Change in net position</b>	(288,362)	10,752	(277,610)
<b>Net position - January 1</b>	<u>3,134,815</u>	<u>268,882</u>	<u>3,403,697</u>
<b>Net position - December 31</b>	<u>\$ 2,846,453</u>	<u>\$ 279,634</u>	<u>\$ 3,126,087</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Iron County, Michigan

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>Tax Revolving</b>	<b>Construction Code</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 243,879	\$ 124,887	\$ 368,766
Cash paid for employee wages and benefits	-	(58,519)	(58,519)
Cash paid to suppliers and service providers	(530,781)	(45,403)	(576,184)
Net cash provided by operating activities	<u>(286,902)</u>	<u>20,965</u>	<u>(265,937)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	<u>(40,000)</u>	<u>(2,000)</u>	<u>(42,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>19,332</u>	<u>-</u>	<u>19,332</u>
<b>Change in cash and cash equivalents</b>	<b>(307,570)</b>	<b>18,965</b>	<b>(288,605)</b>
<b>Cash and cash equivalents - January 1</b>	<b><u>2,499,073</u></b>	<b><u>240,170</u></b>	<b><u>2,739,243</u></b>
<b>Cash and cash equivalents - December 31</b>	<b><u>\$ 2,191,503</u></b>	<b><u>\$ 259,135</u></b>	<b><u>\$ 2,450,638</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ (267,694)	\$ 12,752	\$ (254,942)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	1,356	7,776	9,132
Change in operating assets and liabilities			
Other accounts receivable	(1,191)	-	(1,191)
Delinquent taxes receivable	(41,391)	-	(41,391)
Inventories and prepaid items	-	(177)	(177)
Accounts payable	2,548	82	2,630
Accrued and other current liabilities	19,470	532	20,002
Net cash provided by operating activities	<u>\$ (286,902)</u>	<u>\$ 20,965</u>	<u>\$ (265,937)</u>
Reconciliation of cash and cash equivalents to the statement of net position			
Cash and cash equivalents in current assets	<u>\$ 2,191,503</u>	<u>\$ 259,135</u>	<u>\$ 2,450,638</u>
Total cash and cash equivalents	<u>\$ 2,191,503</u>	<u>\$ 259,135</u>	<u>\$ 2,450,638</u>
Noncash capital and related financing activities			
None			

*The notes to the basic financial statements are an integral part of this statement.*

# Iron County, Michigan

## STATEMENT OF NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2018

---

	<u>Youth Camp Scholarship Fund</u>	<u>Agency Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 3,758	\$ 379,742	\$ 383,500
<b>LIABILITIES</b>			
Accounts payable	36	39,205	39,241
Other liabilities	-	112,994	112,994
Due to other governments	-	227,543	227,543
Total liabilities	<u>36</u>	<u>379,742</u>	<u>379,778</u>
<b>NET POSITION</b>			
Restricted for scholarships	<u>\$ 3,722</u>	<u>\$ -</u>	<u>\$ 3,722</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Iron County, Michigan

## STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2018

---

	<b>Youth Camp Scholarship Fund</b>
<b>DEDUCTIONS</b>	
Scholarships awarded	<u>\$          4,100</u>
<b>Change in net position</b>	(4,100)
<b>Net position - January 1</b>	<u>7,822</u>
<b>Net position - December 31</b>	<u><u>\$          3,722</u></u>

*The notes to the basic financial statements are an integral part of this statement.*

# Iron County, Michigan

## COMBINING STATEMENT OF NET POSITION COMPONENT UNITS DECEMBER 31, 2018

	Road Commission	District Health	Medical Care Facility	Totals
<b>ASSETS</b>				
Cash and investments	\$ 2,673,452	\$ 1,240,888	\$ 3,886,909	\$ 7,801,249
Receivables				
Property taxes	207,832	-	-	207,832
Accounts	888	94,747	1,848,133	1,943,768
Due from other governments	871,051	49,725	-	920,776
Inventories and prepaid items	630,275	-	-	630,275
Assets limited as to use	-	-	1,613,466	1,613,466
Other current assets	-	-	137,234	137,234
Capital assets, nondepreciable	830,737	-	70,318	901,055
Capital assets, depreciable	21,437,275	272,992	20,126,627	41,836,894
<b>Total assets</b>	<b>26,651,510</b>	<b>1,658,352</b>	<b>27,682,687</b>	<b>55,992,549</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	549,386	467,869	7,996,034	9,013,289
Other postemployment related amounts	-	-	12,522	12,522
<b>Total deferred outflows of resources</b>	<b>549,386</b>	<b>467,869</b>	<b>8,008,556</b>	<b>9,025,811</b>
<b>LIABILITIES</b>				
Accounts payable	150,177	60,038	563,631	773,846
Accrued and other current liabilities	57,746	-	684,459	742,205
Due to other governments	73,345	-	-	73,345
Accrued interest payable	-	96,736	76,802	173,538
Special deposits	-	-	66,276	66,276
Unearned revenues	213,420	-	-	213,420
Advances from the state	357,906	-	-	357,906
Long-term obligations				
Due within one year				
Bonds and notes payable	327,838	-	506,927	834,765
Compensated absences	25,932	190,766	1,610,094	1,826,792
Due in more than one year				
Bonds and notes payable	1,451,847	-	11,415,720	12,867,567
Compensated absences	173,089	2,820	-	175,909
Net pension liability	7,581,239	3,831,159	6,742,364	18,154,762
Other postemployment benefits	3,261,663	-	1,642,659	4,904,322
<b>Total liabilities</b>	<b>13,674,202</b>	<b>4,181,519</b>	<b>23,308,932</b>	<b>41,164,653</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	207,832	-	-	207,832
Pension related amounts	-	-	1,519,300	1,519,300
Other postemployment related amounts	-	-	547,961	547,961
<b>Total deferred inflows of resources</b>	<b>207,832</b>	<b>-</b>	<b>2,067,261</b>	<b>2,275,093</b>
<b>NET POSITION</b>				
Net investment in capital assets	20,488,327	272,992	14,243,886	35,005,205
Restricted	-	-	1,314,242	1,314,242
Unrestricted	(7,169,465)	(2,328,290)	(5,243,078)	(14,740,833)
<b>Total net position</b>	<b>\$ 13,318,862</b>	<b>\$ (2,055,298)</b>	<b>\$ 10,315,050</b>	<b>\$ 21,578,614</b>

The notes to the basic financial statements are an integral part of this statement.

# Iron County, Michigan

**COMBINING STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Road Commission	\$ 5,953,628	\$ 1,428,143	\$ 3,282,713	\$ 1,042,711
District Health	2,953,394	1,159,847	1,207,750	-
Medical Care Facility	22,391,263	22,840,721	400,000	-
Total component units	<u>\$ 31,298,285</u>	<u>\$ 25,428,711</u>	<u>\$ 4,890,463</u>	<u>\$ 1,042,711</u>

General revenues  
 Taxes  
     Property taxes  
 Interest and investment earnings  
 Miscellaneous  
 Gain on sale of asset

Total general revenues

**Change in net position**

**Net position - January 1 - as originally reported**

**Change in accounting principle**

**Net position - January 1 - as restated**

**Net position - December 31**

*The notes to the basic financial statements are an integral part of this statement.*

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Road Commission</b>	<b>District Health</b>	<b>Medical Care Facility</b>	<b>Totals</b>
\$ (200,061)	\$ -	\$ -	\$ (200,061)
-	(585,797)	-	(585,797)
-	-	849,458	849,458
<u>(200,061)</u>	<u>(585,797)</u>	<u>849,458</u>	<u>63,600</u>
211,910	651,683	-	863,593
20,392	7,439	37,415	65,246
-	22,202	-	22,202
12,000	-	-	12,000
<u>244,302</u>	<u>681,324</u>	<u>37,415</u>	<u>963,041</u>
44,241	95,527	886,873	1,026,641
14,943,439	(2,150,825)	10,491,347	23,283,961
<u>(1,668,818)</u>	<u>-</u>	<u>(1,063,170)</u>	<u>(2,731,988)</u>
<u>13,274,621</u>	<u>(2,150,825)</u>	<u>9,428,177</u>	<u>20,551,973</u>
<u>\$ 13,318,862</u>	<u>\$ (2,055,298)</u>	<u>\$ 10,315,050</u>	<u>\$ 21,578,614</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Iron County, Michigan (the "County"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

#### A. REPORTING ENTITY

The County is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the County and any separate component units that have a significant operational or financial relationship with the County. The County has identified the following component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

##### **Iron County Road Commission**

An elected five member board governs the Commission. The Commission may not issue debt or levy property taxes without the County's approval. The Commission follows the requirements of the Uniform Budgeting and Accounting Act, Michigan Public Act 621 of 1978 in the preparation and execution of its annual general appropriations act. Complete financial statements at the Commission can be obtained directly from their administration office.

##### **Dickinson-Iron District Health Department**

The members of the governing board of the Dickinson-Iron District Health are jointly appointed by the Iron County board of Commissioners and the Dickinson County Board of Commissioners. The Health Department's operations and capital budgets are approved by the County Commissioners. Complete financial statements of the Health Department can be obtained directly from their administrative office.

##### **Iron County Medical Care Facility**

The Facility is a 200 bed, long-term medical care unit owned and operated by Iron County. The Facility also operates a 25 bed assisted living unit. It is governed by the Iron County Department of Human Services Board. This Board consists of three members, two of whom are appointed by the Iron County Board of Commissioners, and one appointed by the Michigan governor. Further, the Iron County Board of Commissioners approves the budget for the Facility. Complete financial statements of the Facility can be obtained directly from their administrative office.

#### B. JOINT VENTURE

##### **Northpointe Behavioral Healthcare Systems Authority**

Iron County entered into an inter-local agreement with Dickinson and Menominee Counties on October 26, 1994 for the purpose of establishing an Authority to govern community mental health programs. The Northpointe Behavioral Healthcare Systems Authority was established pursuant to the Michigan Constitution of 1963, Article 7, Section 28, the Mental Health Code, 1974 PA 258, as amended, and the Urban Cooperation Act, 1967 PA 7 and is governed by a twelve member board. The board is made up of five members each from Menominee and Dickinson Counties and two members from Iron County. The County does not have an ongoing financial interest, or an ongoing financial responsibility in Northpointe, but did make an appropriation in the amount of \$44,113. Complete financial statements for Northpointe can be obtained from their administrative office.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### C. 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 nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. The County has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

#### General Fund

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

#### Maintenance of Effort Special Projects Fund

This fund accounts for the maintenance of effort activities of the Medical Care Facility.

#### Indian Lake Capital Projects Fund

This fund accounts for the construction of a well and subsequent collections of assessments to finance debt retirement.

#### 2012 Refunding Bond Debt Service Fund

This fund accounts for the activity related to the 2012 refunding bond debt issuance.

The County reports the following major enterprise funds:

#### Tax Revolving Fund

This fund accounts for the purchase and collection of delinquent property taxes from cities and townships of the county.

#### Construction Code Fund

This fund accounts for inspections for municipalities within Iron County.

Additionally, the County reports the following fund types:

- ▶ The County uses agency funds to account for assets held by the County in a trustee capacity or as an agent for other entities or individuals.
- ▶ The County uses a private purpose trust fund to account for assets held under a trust agreement.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### **D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County 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.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

### **E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE**

#### **1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 2. Property Taxes

The County General Fund property tax is levied on each July 1st and other County approved millage are levied on December 1st on the taxable valuation of the property located in the County as of the preceding March 31st and December 31st, respectively. The extra voted millage of the County's 2018 ad valorem taxes are levied and collectible on December 1, 2017. It is the County policy to recognize revenues from the current tax levy in the subsequent fiscal year when the proceeds from this levy are budgeted and made available for the financing of the extra voted millage purposes. The County also levies all of its operating millage on July 1st, these amounts are recognized as revenue when collected as well as the amount the County expects to receive as part of the tax settlement which is usually within 180 days of the end of the County's fiscal year end.

The December 1, 2018 tax levy for all of the County's extra voted millage will be recorded as taxes receivable and deferred inflows of resources and is anticipated to raise the following tax revenue for fiscal year 2019: Youth Camp \$255,199; MCF Operations \$765,598; Senior Citizens \$137,808; Health Department \$214,367; County Road Commission \$255,199; 2012 Refunded Bond Retirement \$852,365; County Ambulance \$76,560 and 911 Equipment \$102,080.

The 2017 taxable valuation of Iron County amounted to \$494,059,357 on which ad valorem taxes of .5000 mills were levied for Youth Camp; 1.500 mills for MCF Operations; .2700 mills for Senior Citizens Fund, .4200 mills for Health Department; .5000 mills for County Road Commission; 1.67 mills for 2012 Refunding Bond Debt; and .2000 for 911 Equipment. The County also levied 6.4300 mills as part of the July 1st levy.

For fiscal year 2018, the December 2017 tax levy raised approximately \$247,000 for Youth Camp; \$741,000 for MCF Operations; \$133,000 for Senior Citizens; \$207,000 for Health Department; \$247,000 for County Road Commission; \$830,000 for 2012 Refunding Bond Debt, \$99,000 for 911 Equipment, and \$74,000 for Ambulance.

### 3. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. In 2017 the County assessed property owners who benefited from improvements made at Indian Lake.

### 4. Loans Receivable

The County has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The County records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the County records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

### 5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 6. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

### 7. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

### 8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Buildings and improvements	20-50	20-50
Machinery and equipment	3-20	3-20
Infrastructure	40	-

### 9. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

### 10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The County reports unavailable revenues for special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 11. Long-term Obligations

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

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

### 12. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### 13. Fund Equity

#### *Governmental Fund Financial Statements*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the County Board of Commissioners. These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of County management. The County Board has authorized the County Board of Commissioners to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The County has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### *Government-Wide and Proprietary Fund Statements*

Equity is classified as net position and displayed in three components:

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

### **F. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## **NOTE 2: STEWARDSHIP AND COMPLIANCE**

### **A. BUDGETS AND BUDGETARY ACCOUNTING**

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. In mid-year a proposed operating budget for the fiscal year commencing the following January 1<sup>st</sup> is submitted to the County Board of Commissioners. The operating budget includes proposed expenditures and the means of financing them.
2. Numerous opportunities exist for public comment during the budget process including at least one formal public hearing conducted at the Courthouse to obtain taxpayer comment.
3. Pursuant to statute, prior to commencement of a year, the budget for the ensuing year is legally enacted through adoption by the County Board of Commissioners.
4. The general statute governing County budgetary activity is the Uniform Budgeting and Accounting Act.
5. The Iron County adopts its annual budget on a line item basis. The budget structure consists of level of detail as follows:
  - a. Resources
  - b. General appropriation and functional groups
  - c. Departmental appropriations

At each level of detail, governmental operation are summarized into revenue or expenditure account groups. Budgetary control exists at the level adopted by the Board of Commissioners. Accounting classification controls, reside at the line item detail level.

6. Annual budgets are adopted on a basis consistent with generally accepted accounts principles for the general and special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is the activity lead in the general funds and the functional level for special revenue funds.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

8. Budgets of certain funds reflect utilization of a portion of beginning fund balance. Only the appropriated beginning fund balance amount is reflected in the budgets under the caption "Fund Balance, beginning of year."
9. Budgets have been amended during 2018. All budget amendments are presented to the Finance Committee. In December, the Board of Commissioners approved the final amendments to the annual budget.

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for the General Fund and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2018 as follows:

Fund	Excess Expenditures
General Fund	
General government	
Trial court	\$ 2,710
Public safety	
Jail	24,325

### NOTE 3: DETAILED NOTES ON ALL FUNDS

#### A. CASH AND INVESTMENTS

The carrying amount of the County's cash and investments totaled \$7,615,460 on December 31, 2018 as summarized below:

Petty cash and cash on hand	\$ 3,086
Deposits with financial institutions	<u>7,612,374</u>
	<u>\$ 7,615,460</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 7,231,960
Fiduciary fund statement of net position	
Cash and investments	<u>383,500</u>
	<u>\$ 7,615,460</u>

#### Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County currently has no investments that are subject to fair value.

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Michigan are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Michigan are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member.

As of December 31, 2018, \$4,770,601 of the County's deposits with financial institutions were in excess of federal depository insurance limits. No amounts were collateralized.

### B. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 189,118	\$ -	\$ -	\$ 189,118
Capital assets, depreciable:				
Buildings and improvements	7,677,624	-	650,000	7,027,624
Machinery and equipment	1,825,215	53,151	-	1,878,366
Infrastructure	486,431	-	-	486,431
Subtotals	9,989,270	53,151	650,000	9,392,421
Less accumulated depreciation for:				
Buildings and improvements	4,612,712	127,638	390,000	4,350,350
Machinery and equipment	1,086,817	156,005	-	1,242,822
Infrastructure	173,797	17,232	-	191,029
Subtotals	5,873,326	300,875	390,000	5,784,201
Total capital assets, depreciable, net	4,115,944	(247,724)	260,000	3,608,220
Governmental activities capital assets, net	<u>\$ 4,305,062</u>	<u>\$ (247,724)</u>	<u>\$ 260,000</u>	3,797,338
Less: Capital related debt				<u>2,043,953</u>
Net investment in capital assets				<u>\$ 1,753,385</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, depreciable:				
Machinery and equipment	\$ 45,647	\$ -	\$ -	\$ 45,647
Less accumulated depreciation for:				
Machinery and equipment	9,579	9,132	-	18,711
Total capital assets, depreciable, net	36,068	(9,132)	-	26,936
Business-type activities capital assets, net	<u>\$ 36,068</u>	<u>\$ (9,132)</u>	<u>\$ -</u>	<u>\$ 26,936</u>

Depreciation expense was charged to functions of the County as follows:

Governmental activities	
General government	\$ 130,033
Public safety	141,218
Highway and transportation	2,953
Culture and recreation	26,671
Total depreciation expense - governmental activities	<u>\$ 300,875</u>
Business-type activities	
Tax revolving	\$ 1,356
Construction code	7,776
Total depreciation expense - business-type activities	<u>\$ 9,132</u>

### C. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2018 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds		
General	\$ 100,277	\$ -
Friend of Court Incentive	-	28,859
Central dispatch	-	71,418
Totals	<u>\$ 100,277</u>	<u>\$ 100,277</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Interfund transfers for the year ended December 31, 2018 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 166,739	\$ 261,430
Central Dispatch	118,000	-
Law Library	12,000	-
Child Care	85,822	-
Soldiers Relief	1,400	-
Airport	5,000	-
Invasive Species	5,000	-
2003 Courthouse Debt Retirement	23,688	-
Human Services Agency	2,500	-
Equipment for 911	-	99,739
Friend of the Court Incentive	8,020	-
Alcohol Assessment	-	10,000
Plat Book	-	15,000
EDC/Revolving Loan	-	40,000
Indian Lake Capital Projects	-	16,849
Indian Lake Bond	16,849	-
Construction Code	-	2,000
	<u>\$ 445,018</u>	<u>\$ 445,018</u>

Interfund transfers were made for the following purposes:

Tax revenue transfer from the Equipment for 911 to the General Fund	\$ 99,739
Quarterly apportionments from the General Fund to Central Dispatch, Friend of the Court Incentive, Law Library, Human Services, Child Care, Soldiers Relief, Invasive Species, and Airport Fund	237,742
Cover operational expenditures for Alcohol Assessment, Plat Book, and Construction Code	27,000
Payment on GO debt from the General Fund	23,688
Payment for Indian Lake Bond	16,849
Delinquent Tax Revolving Fund recovered payment to General Fund	40,000
	<u>\$ 445,018</u>

### D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2018:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation debt					
Bonds	\$ 5,705,000	\$ -	\$ 647,000	\$ 5,058,000	\$ 698,000
Compensated absences	131,549	44,524	-	176,073	-
Governmental activities					
Long-term obligations	<u>\$ 5,836,549</u>	<u>\$ 44,524</u>	<u>\$ 647,000</u>	<u>\$ 5,234,073</u>	<u>\$ 698,000</u>

Total interest paid during the year on long-term debt totaled \$200,187.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
General obligation bonds	8/19/03	8/1/33	4.25%	\$ 400,000	\$ 263,000
General obligation tax refunding	3/8/12	6/1/33	2.75	7,285,000	4,285,000
General obligation bonds	12/21/17	6/1/37	2.65%-4.30%	510,000	510,000
Total outstanding general obligation debt					<u>\$ 5,058,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$5,058,000 on December 31, 2018 are detailed below:

<u>Year Ended</u> <u>December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 698,000	\$ 175,446	\$ 873,446
2019	723,000	148,894	871,894
2020	754,000	119,636	873,636
2021	785,000	89,136	874,136
2022	155,000	71,211	226,211
2023 - 2027	831,000	278,588	1,109,588
2028 - 2032	992,000	119,614	1,111,614
2033 - 2037	120,000	10,320	130,320
	<u>\$ 5,058,000</u>	<u>\$ 1,012,845</u>	<u>\$ 6,070,845</u>

### E. PENSION PLAN - GENERAL COUNTY

#### 1. Plan Description

The County participates in an agent multiple employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com) or in writing at 1134 Municipal Way, Lansing, Michigan 48917.

#### 2. Benefits Provided

Benefit provisions used in the December 31, 2017 valuation were as follows:

	<u>01-General Closed</u>	<u>02-Sheriff Closed</u>	<u>10-AFSCME Courthouse EE Closed</u>	<u>11-911 Dispatchers Closed</u>	<u>20-Sheriff &amp; Undersheriff Closed</u>
	2.25% - 80%	2.25% - 80%	2.25% - 80%	2.25% - 80%	2.25% - 80%
Benefit Multiplier:	Max	Max	Max	Max	Max
Normal Retirement Age:	60	60	60	60	60
Vesting:	6 years	6 years	6 years	6 years	6 years
Early Retirement (Unreduced):	55/15	55/15	55/15	55/15	55/15
Early Retirement (Reduced):	50/25	50/25	50/25	50/25	50/25
Final Average Compensation:	5 years	5 years	5 years	5 years	5 years
Employee Contributions:	0%	0%	0%	0%	0%
Act 88:	Yes	Yes	Yes	Yes	Yes

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### 3. Employees Covered by Benefit Terms

At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>13</u>
Total	<u><u>91</u></u>

### 4. Contributions

The County is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County may establish contribution rates to be paid by its covered employees.

The required monthly contributions at December 31, 2018 for open divisions is shown as a percent of pay contributions and for closed divisions is shown as a monthly dollar contribution as follows.

01 - General	\$ 16,622
02 - Sheriff	4,880
10 - AFSCME Courthouse EE	9,987
11 - 911 Dispatchers	1,306
20 - Sheriff & Undersheriff	2,882

During the year ended December 31, 2018, the County's contributions to MERS totaled \$445,440, respectively.

### 5. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net position liability reported at December 31, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in net pension liability during the measurement year ended December 31, 2018 are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension (a)</u>	<u>Plan Fiduciary (b)</u>	<u>Net Pension (a) - (b)</u>
Balances at December 31, 2017	<u>\$ 8,518,382</u>	<u>\$ 6,000,215</u>	<u>\$ 2,518,167</u>
Changes for the year			
Service cost	55,483	-	55,483
Interest on total pension liability	658,345	-	658,345
Difference between expected and actual experience	71,108	-	71,108
Contributions - Employer	-	445,440	(445,440)
Net investment income (loss)	-	(230,576)	230,576
Benefit payments, including refunds	(633,630)	(633,630)	-
Administrative expenses	-	(11,522)	11,522
Other changes	-	(13,899)	13,899
Net changes	<u>151,306</u>	<u>(444,187)</u>	<u>595,493</u>
Balances at December 31, 2018	<u><u>\$ 8,669,688</u></u>	<u><u>\$ 5,556,028</u></u>	<u><u>\$ 3,113,660</u></u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

For the year ended December 31, 2018 the County recognized pension expense of \$541,799. At December 31, 2018, the County reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 111,671	\$ -
Net differences between projected and actual earnings on pension plan investments	428,688	-
Changes in assumptions	164,294	-
Total	<u>\$ 704,653</u>	<u>\$ -</u>

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

<u>Year Ended December 31,</u>	<u>Expense</u>
2019	\$ 288,478
2020	183,808
2021	91,846
2022	140,521
Total	<u>\$ 704,653</u>

### 6. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.5%
Salary Increases:	3.75% average, including inflation
Investment rate of return:	8.0%, net of investment and administrative expense including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; the RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables of a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retirees Mortality Tables were used based on a 50 percent male and 50 percent female blend.

The actuarial assumptions used in the December 31, 2017 actuarial valuation was based on the results of the most recent actuarial experience study of for the period January 1, 2009 through December 31, 2013.

**Long-term Expected Return on Plan Assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	55.0%	6.65%
Global Fixed Income	18.0%	1.76%
Real Assets	14.0%	7.72%
Diversifying Strategies	13.0%	5.50%

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

**Single Discount Rate.** The discount rate used to measure the total pension liability is 8.0% for 2017. 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 total pension liability.

**Sensitivity of the County's net pension liability (asset) to changes in the discount rate.** The following presents the Net Pension Liability of the County, calculated using the discount rate of 8.0%, as well as what the Commission's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	<b>1% Decrease to Discount Rate (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase to Discount Rate (9%)</b>
Net pension liability	\$ 4,663,782	\$ 3,847,147	\$ 3,235,044

### 7. Payables to the Pension Plan

At December 31, 2018, the County reported a payable of \$37,120 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

### F. DEFINED CONTRIBUTION PLAN DESCRIPTION

Iron County participates in a defined contribution plan administered by the Municipal Employee's Retirement System (MERS). The retirement plan covers regular full-time and part-time employees hired after April 1, 2004.

For full-time employees, the County agrees to fund 6% of the gross employee earnings per pay period into a Section 401(a) Defined contribution individual retirement account. To encourage full-time employees to participate, the County agrees to match individual pre-tax contributions into a section 457 Deferred Compensation Program, 50% employer and 50% employee, up to an additional 6% (3% employer and 3% employee) for a total of 12% (9% employer and 3% employee).

For part-time employees, the County agrees to fund 4% of the gross employee earnings per pay period into a Section 401(a) defined contribution individual retirement account. To encourage part-time employees to participate, the County agrees to match individual pre-tax contributions into a section 457 Deferred Compensation Program, 50% employer and 50% employee, up to an additional 6% (3% employer and 3% employee) for a total of 10% (7% employer and 3% employee).

Both full-time and part-time employees have the option of providing additional unmatched pre-tax contributions to their individual Section 457 retirement account as authorized by the plan. A vesting schedule gives employees 20% vesting per year and at the end of the fifth year employees will be 100% vested on the employer's contribution portion. Employees are always 100% vested on the employee contribution portion.

During the 2018 fiscal year, employer contributions relating to the defined contribution plan were \$156,184.

### G. FUND EQUITY

#### Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2018, nonspendable fund balance was as follows:

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2018, restricted fund balance was as follows:

#### Special Revenue Funds

##### Restricted for

Maintenance of effort of long term care facility	\$ 406,195
Public safety equipment	2,664
Probation and correction holds	7,964
Friend of the court	11,416
Economic development loans	120,971
Community development	95,965
Senior citizen centers	1,500
MDOC Inmate	1,940
Public Act 302	2,745
Michigan indigent defense	<u>142,745</u>

#### Debt Service Fund

##### Restricted for

Debt service	<u>173,863</u>
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#### Total restricted fund balance

\$ 967,968

### Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by County Board action. At December 31, 2018, government fund balance was committed as follows:

#### General Fund

##### Committed for

Budget stabilization	\$ 748,479
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#### Special Revenue Funds

##### Committed for

County youth camp	109,804
Family counseling	19,322
County parks	98,792
Register of deeds automation	160,480
Central dispatch	279
Correction officer training	18,479
Concealed weapon permits	20,600
Drug forfeiture	2,225
Law library	4,141
Drug court	31,450
Alcohol assessment	38,003
Human services agency	5,530
Child care	83,904
Soldiers relief	1,274
Plat books	38,774
Sheriff equipment	41,060
Courthouse repairs	33,123
Airport	9,954
Forest management	300,678
Ambulance	1,730

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### Capital Projects Fund

#### Committed for

Invasive species	19,066
Indian lake	<u>188,792</u>

Total committed fund balance \$ 1,975,939

### Minimum General Fund Balance Policy

With the implementation of GASB 54, budget stabilization funds are required to be reported within the General Fund, and beginning and ending fund balances are reflected within the fund balances of the General Fund as of year-end

The County has a minimum fund balance policy whereas the unassigned balance should exceed 17% of the current year's general fund budgeted expenditures. See the current year's minimum fund balance below:

Current 2018 General Fund budgeted expenditures	\$ 5,348,846
Minimum fund balance %	(x) 17%
Minimum fund balance amount	<u><u>\$ 909,304</u></u>

The general fund's unassigned balance as of December 31, 2018 is \$2,031,672, which is greater than the minimum required.

### Net Position

The County reports restricted net position at December 31, 2018 as follows:

#### Governmental activities

##### Restricted for

Maintenance of effort of long term care facility	\$ 406,195
Public safety equipment	2,664
Probation and correction holds	7,964
Friend of the court	11,416
Economic development loans	120,971
Community development	95,965
Senior citizen centers	1,500
MDOC Inmate	1,940
Public Act 302	2,745
Michigan indigent defense	142,745
Debt service	<u>154,260</u>
Total governmental activities restricted net position	<u><u>\$ 948,365</u></u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### NOTE 4: OTHER INFORMATION

#### A. COMPONENT UNITS

This report contains the Iron County Road Commission (the "Commission"), the Dickinson-Iron Health District (the "District"), and the Iron County Medical Care Facility (the "Facility") which are included as component units. Financial information for the year ended December 31, 2018 is presented as a discrete column in the statement of net position and the statement of activities. Additional disclosures related to amounts reported by the units is as follows by component unit:

#### Iron County Road Commission

##### 1. Cash and Investments

As of December 31, 2018, the carrying amount of the Commission's cash and investments totaled \$2,673,452 and consisted of bank deposits of \$2,673,252 and petty cash of \$200.

The bank balance of the Commission's deposits is \$2,686,981, of which \$750,000 is covered by Federal depository insurance. The remaining \$1,936,981 is uncollateralized.

##### 2. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	\$ 26,568	\$ -	\$ -	\$ 26,568
Construction in progress	84,244	742,882	22,957	804,169
Total capital assets, nondepreciable	<u>110,812</u>	<u>742,882</u>	<u>22,957</u>	<u>830,737</u>
Capital assets, depreciable:				
Buildings and improvements	3,339,348	45,032	-	3,384,380
Equipment	5,098,854	352,356	52,409	5,398,801
Infrastructure	29,139,828	90,333	-	29,230,161
Total capital assets, depreciable	<u>37,578,030</u>	<u>487,721</u>	<u>52,409</u>	<u>38,013,342</u>
Less accumulated depreciation for:				
Buildings and improvements	1,546,911	108,149	-	1,655,060
Equipment	4,320,160	276,459	52,409	4,544,210
Infrastructure	8,991,681	1,385,116	-	10,376,797
Subtotals	<u>14,858,752</u>	<u>1,769,724</u>	<u>52,409</u>	<u>16,576,067</u>
Total capital assets, depreciable, net	<u>22,719,278</u>	<u>(1,282,003)</u>	<u>-</u>	<u>21,437,275</u>
Capital assets, net	<u>\$22,830,090</u>	<u>\$ (539,121)</u>	<u>\$ 22,957</u>	22,268,012
Less: Capital related debt				<u>1,779,685</u>
Net investment in capital assets				<u>\$20,488,327</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### 3. Long Term Obligations

The following is a summary of changes in long-term obligations of the Commission for the year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation debt					
Bonds	\$ 1,495,000	\$ -	\$ 80,000	\$ 1,415,000	\$ 85,000
Installment notes	359,411	240,000	234,726	364,685	242,838
Compensated absences	192,310	102,059	95,348	199,021	25,932
Total long-term obligations	<u>\$ 2,046,721</u>	<u>\$ 342,059</u>	<u>\$ 410,074</u>	<u>\$ 1,978,706</u>	<u>\$ 353,770</u>

Long-term debt outstanding as of December 31, 2018 follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
General obligation bonds	04/03/12	08/01/32	1.20% - 3.25%	\$ 1,880,000	\$ 1,415,000
Installment note	12/19/17	12/19/19	3.3500%	245,223	124,685
Installment note	12/15/18	12/15/20	3.9500%	240,000	240,000
Total outstanding debt					<u>\$ 1,779,685</u>

Annual principal and interest maturities of the outstanding debt of \$1,779,685 on December 31, 2018 are detailed below:

<u>Year Ended December 31,</u>	<u>Bonds Payable</u>		<u>Installment Note Payable</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 85,000	\$ 41,722	\$ 242,838	\$ 10,501	\$ 327,838	\$ 52,223
2020	85,000	39,980	121,847	3,057	206,847	43,037
2021	85,000	38,238	-	-	85,000	38,238
2022	90,000	35,687	-	-	90,000	35,687
2023	95,000	32,988	-	-	95,000	32,988
2024 - 2028	505,000	120,987	-	-	505,000	120,987
2029 - 2032	470,000	38,225	-	-	470,000	38,225
	<u>\$ 1,415,000</u>	<u>\$ 347,827</u>	<u>\$ 364,685</u>	<u>\$ 13,558</u>	<u>\$ 1,779,685</u>	<u>\$ 361,385</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### 4. Pension Plan

#### *Plan Description*

The Commission participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com) or in writing at 1134 Municipal Way, Lansing, Michigan 48917.

#### *Benefits Provided*

Benefit provisions used in the December 31, 2017 valuation were as follows:

	<b>01- Commissioner Non-Union Closed</b>	<b>10 - Union Closed</b>	<b>11 - Hourly Non-Union Closed</b>	<b>12-Non-Union after 10-14 &amp; Union after 10/11 Open</b>
	2.50% - 80%	2.50% - 80%	2.50% - 80%	1.70% - 80%
Benefit Multiplier:	Max	Max	Max	No Max
Normal Retirement Age:	60	60	60	60
Vesting:	10 years	10 years	10 years	10 years
Early Retirement (Unreduced):	55/20	55-20	55/20	-
Early Retirement (Reduced)	50/25; 55/15	50/25; 55/15	50/25; 55/15	50/25; 55/15
Final Average Compensation:	3 years	3 years	3 years	5 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)	-
Employee Contributions:	0%	0%	0%	0%
Act 88:	Yes	Yes	Yes	Yes

#### *Employees Covered by Benefit Terms*

At the December 31, 2017 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	2
Active employees	21
Total	<u>69</u>

#### *Contributions*

The Commission is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Health Department may establish contribution rates to be paid by its covered employees.

The required employer contribution at December 31, 2018 for open divisions is shown as a percent of pay contribution and for closed divisions is shown as a monthly contribution as follows.

01 - Comm/Sal/Non-Union	5,032
10 - Union	24,139
11 - Hourly Non-Union	18,517
21 - Non-Union after 10/14: Union after 10/11	1.83%

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

The net position liability reported at December 31, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in net pension liability during the measurement year ended December 31, 2018 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 12,612,803	\$ 5,412,073	\$ 7,200,730
Changes for the year			
Service cost	108,076	-	108,076
Interest on total pension liability	975,547	-	975,547
Difference between expected and actual experience	157,448	-	157,448
Contributions - Employer	-	1,062,080	(1,062,080)
Net investment income	-	(217,621)	217,621
Benefit payments, including employee refunds	(945,017)	(945,017)	-
Administrative expenses	-	(10,549)	10,549
Other changes	(26,652)	-	(26,652)
Net changes	269,402	(111,107)	380,509
Balances at December 31, 2017	\$ 12,882,205	\$ 5,300,966	\$ 7,581,239

For the year ended December 31, 2018, the Commission recognized pension expense of \$(229,352). At December 31, 2018, the Commission reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,724	\$ -
Net differences between projected and actual earnings on pension plan investments	470,662	-
Total	\$ 549,386	\$ -

There is no amount reported as deferred outflows of resources resulting from contributions subsequent to measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2019	\$ 237,542
2020	69,313
2021	96,442
2022	146,089
Total	\$ 549,386

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Actuarial Assumptions*

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; the RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables of a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retirees Mortality Tables were used based on a 50 percent male and 50 percent female blend.

The actuarial assumptions used in the December 31, 2017 actuarial valuation was based on the results of the most recent actuarial experience study of for the period January 1, 2009 through December 31, 2013.

**Long-term Expected Return on Plan Assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 real rates of return by the target asset allocation percentage and by adding expected inflation.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	55.0%	8.65%
Global Fixed Income	18.5%	3.76%
Real Assets	13.5%	9.72%
Diversifying Strategies	12.5	7.50%

**Single Discount Rate.** The discount rate used to measure the total pension liability is 8.0% for 2017. 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 total pension liability.

**Sensitivity of the Commission's net pension liability to changes in the discount rate.** The following presents the Net Pension Liability of the Commission, calculated using the discount rate of 8.0%, as well as what the Commission's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	1% Decrease to Discount Rate (7%)	Current Discount Rate (8%)	1% Increase to Discount Rate (9%)
Net pension liability	\$ 8,795,641	\$ 7,581,239	\$ 6,534,459

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 5. Other Postemployment Benefits

During the current year, the Commission adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45. The effect of this new standard was a decrease in net position to record the net OPEB liability under GASB Statement No. 75 at December 31, 2017 in the amount of \$3,311,906 and an increase in net position to remove the net OPEB obligation previously recorded in accordance with GASB Statement No.45 at December 31, 2017 in the amount of \$1,643,088. The net result was a decrease in the net position at December 31, 2017 of \$1,668,818.

**Plan Description.** The Iron County Road Commission Retiree Medical Plan is a single employer plan administered by Iron County Road Commission and can be amended at its discretion. The Plan provides postemployment health care benefits and life insurance benefits, in accordance with the provision of Article 50, Section 9, and Article 51, Section 2 of the union agreement for all retirees who were hired by the Commission and retiree under the provided Michigan Municipal Employee's Retirement System.

**Benefits Provided.** Healthcare benefits are provided upon retirement as follows: Medical is provided from age 60 with 10 years of service or age 55 with 15 years of service. Employees hired prior to February 1, 1986 will receive benefits for the retiree's lifetime. Employees hired after February 1, 1986 will receive fully paid pre-65 benefits for one year. Life insurance will be provided from age 60 and 10 years of service and fired prior to September 13, 2011. The Commission will provide Blue Cross/Blue Shield pre 65 insurance coverage, plan coverage complementary to Medicare and life insurance of \$8,000. No coverage is offered for spouses. If retiring at or after age 60, no retiree contribution is required. If hired prior to February 1, 1986 and retiring prior to age 60, employee contribution shall be 1/ of 1% for every month of retirement prior to age 60; for those who retire prior to age 60, coverage and contributions commence at age 60 and end when the retiree reaches age 70.

**Employees covered by benefit terms.** At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Active employees	21
Total	<u>44</u>

**Contributions.** The Iron County Road Commission Retiree Medical Plan was established and is being funded under the authority of the Commission and under agreements with the unions representing various classes of employees. The plan's funding policy is to pay expected plan benefits from general operating fund on a "pay-as-you-go" basis. Active participants do not make contributions to pre-fund the Plan. There are no long term contracts for contributions to the plan. The plan has no legally required reserves. During the year, the Commission contributed \$173,802 for the benefit.

**Net OPEB Liability.** The Commission's net OPEB liability was measured as of December 31, 2018. The December 31, 2018 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018.

**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of December 31, 2018 and the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	N/A; plan is not pre-funded
Salary increase	3.5%
Investment rate of return	N/A; plan is not pre-funded
20-year Aa municipal bond rate	3.0%
Mortality	RP-2014 adjusted 2006 Total Data Set, Headcount-weighted, MP-2018 with no pre-retirement mortality

As the plan is not pre-funded, no long-term expected rate of return on plan investments was determined.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

**Discount Rate.** The discount rate used to measure the total OPEB liability was 3.0%. Because the plan does not have a dedicated OPEB trust, there are not assets 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 benefits payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. December 31, 2018 is the first year of required compliance with GASB 75, so there is no required discount rate to disclose.

### Changes in OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of 12/31/17	\$ 3,311,906
Changes for the year	
Service cost	26,028
Interest on total pension liability	97,531
Benefit payments, including employee refunds	<u>(173,802)</u>
Net changes	<u>(50,243)</u>
Balances as of 12/31/18	<u>\$ 3,261,663</u>

### Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the Commission, calculated using the discount rate of 7%, as well as what the Commission's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease to Discount Rate (2%)</u>	<u>Current Discount Rate (3%)</u>	<u>1% Increase to Discount Rate (4%)</u>
Net OPEB liability	\$ 3,657,490	\$ 3,261,663	\$ 2,931,616

### Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the OPEB liability of the Commission, calculated using the healthcare cost trend rate of 1%, as well as what the Commission's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,936,507	\$ 3,261,663	\$ 3,649,112

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.**

For the year ended December 31, 2018, the Commission recognized OPEB expense of (\$50,243). At December 31, 2018, the Commission did not have any deferred outflows of resources and deferred inflows related to OPEB.

### **6. Risk Management**

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefits claims and participates in the Michigan County Road Commission Self-Insurance Pool (Pool) for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents) and workers' compensation. The Road Commission's maximum deductible for property and liability coverage, and automobile coverage is \$1,000 per occurrence. The maximum liability for the property and liability coverage is \$10,500,000 per occurrence. The automobile coverage provides for limits of liability of \$250,000 per person, \$500,000 per accident and \$1,000,000 in total. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past 3 years.

The county road commissions in the State of Michigan established and created a trust fund, known as the Pool pursuant to the provisions of Public Act 138 of 1982. The Pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection.

Membership is restricted to road commissions and related road commission activities with the State. The Road Commission became a member of the Pool for liability and property coverage in 1991 and for workers' compensation coverage in 1993. The Pool program operates as a common risk-sharing management program for road commissions in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

### **Dickinson-Iron District Health Department**

#### **1. Cash and Investments**

As of December 31, 2018, the carrying amount of the District's deposits and investments was \$1,240,888. Cash of \$558,653 was insured, while cash of \$739,224 was uninsured.

#### **2. Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2018 is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, depreciable:				
Equipment	\$ 444,979	\$ 13,621	\$ -	\$ 458,600
Less: Accumulated depreciation	150,958	34,650	-	185,608
Capital assets, net	<u>\$ 294,021</u>	<u>\$ (21,029)</u>	<u>\$ -</u>	<u>\$ 272,992</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### 3. Pension plan

#### *Plan Description*

The District participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com) or in writing at 1134 Municipal Way, Lansing, Michigan 48917.

#### *Benefits Provided*

Benefit provisions used in the December 31, 2018 valuation were as follows:

	<u>01-MNA Open</u>	<u>10-AFSCME Closed</u>	<u>11-Non-Union Closed</u>	<u>13-Medical Director Closed</u>
	2.50% - 80%	2.50% - 80%	2.50% - 80%	2.50% - 80%
Benefit Multiplier:	Max	Max	Max	Max
Normal Retirement Age:	60	60	60	60
Vesting:	8 years	8 years	8 years	8 years
Early Retirement (Unreduced):	55/15	55/15	55/15	55/15
Early Retirement (Reduced)	50/25	50/25	50/25	50/25
Final Average Compensation:	5 years	5 years	5 years	5 years
Employee Contributions:	1%	1%	1%	1%
Act 88:	Yes	Yes	Yes	Yes

#### *Employees Covered by Benefit Terms*

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

Inactive employees or beneficiaries currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	11
Active employees	17
Total	<u>82</u>

#### *Contributions*

The District is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Health Department may establish contribution rates to be paid by its covered employees.

The required employer contribution at December 31, 2018 for open divisions is shown as a percent of pay contribution and for closed divisions is shown as a monthly contribution as follows:

01 - MNA Employee	30.99%
10 - AFSCME	7,611
11 - Non-Union	26,100
20 - Medical Director	181

During the year ended December 31, 2018, the District's contributions to MERS totaled \$512,501.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

The net position liability reported at December 31, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of December 31, 2016.

Changes in net pension liability during the measurement year ended December 31, 2018 are as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2017	\$9,665,379	\$6,426,081	\$3,239,298
Changes for the year			
Service cost	84,553	-	84,553
Interest on total pension liability	750,192	-	750,192
Difference between expected and actual experience	17,212	-	17,212
Contributions - Employer	-	512,501	(512,501)
Contributions - Employee	-	9,398	(9,398)
Net investment income	-	(249,406)	249,406
Benefit payments, including employee refunds	(660,504)	(660,504)	-
Administrative expenses	-	(12,397)	12,397
Other changes	-	-	-
Net changes	191,453	(400,408)	591,861
Balances at December 31, 2018	<u>\$9,856,832</u>	<u>\$6,025,673</u>	<u>\$3,831,159</u>

For the year ended December 31, 2018 the District recognized pension expense of \$488,749. The District reported deferred outflows and inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,606	\$ -
Net differences between projected and actual earnings on pension plan investments	459,263	-
Total	<u>\$ 467,869</u>	<u>\$ -</u>

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

<b>Year Ended December 31,</b>	<b>Expense</b>
2019	\$ 169,114
2020	56,760
2021	90,503
2022	151,492
Total	<u>\$ 467,869</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Actuarial Assumptions*

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

Inflation:	2.5%
Salary Increases:	3.75% average, including inflation
Investment rate of return:	8.0%, net of investment and administrative expense including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; the RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables of a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retirees Mortality Tables were used based on a 50 percent male and 50 percent female blend.

The actuarial assumptions used in the December 31, 2017 actuarial valuation was based on the results of the most recent actuarial experience study of for the period January 1, 2009 through December 31, 2013.

**Long-term Expected Return on Plan Assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	55.0%	6.65%
Global Fixed Income	18.0%	1.76%
Real Assets	14.0%	7.72%
Diversifying Strategies	13.0%	5.50%

**Single Discount Rate.** The discount rate used to measure the total pension liability is 8.0% for 2018. 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 total pension liability.

**Sensitivity of the District's net pension liability (asset) to changes in the discount rate.** The following presents the Net Pension Liability of the Health Department, calculated using the discount rate of 8.0%, as well as what the District's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	<u>1% Decrease to Discount Rate (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase to Discount Rate (9%)</u>
Net pension liability	\$ 4,793,931	\$ 3,831,159	\$ 3,001,074

### *Payables to the Pension Plan*

At December 31, 2018, the District reported a payable of \$42,223 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### 4. Defined Contribution Plan

Effective January 1, 2006 the Dickinson-Iron District Health Department adopted a Defined Contribution Plan administered by the Municipal Employees Retirement System (MERS). AFSCME (Division #10) and Non-Union (Division #11) employees and eligible employees for MERS memberships hired after January 1, 2006, or who have previously not participated in MERS eligible to participate in the plan. Normal retirement age under the plan shall be age 60 (not to exceed age 65).

Defined contribution plan contribution provisions are as follows:

<u>Employer Contributions</u>	<u>Required Employee Contributions</u>
5%	0%
6%	1%
7%	2%

Defined contribution plan vesting provisions are as follows:

<u>Years of Service Completed</u>	<u>Specified vesting Requirements</u>
0	0%
1	20%
2	40%
3	60%
4	80%
5 or more	100%

During the 2018 fiscal year, employer and employee contributions relating to the defined contribution plan were \$28,466 and \$8,134 respectively. Forfeiture of non-vested amounts are used to reduce future employer contributions. There were no forfeitures in 2018; however, there were forfeiture balance available for use by the Department in the amount of \$7,128.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### Iron County Medical Care Facility

#### 1. Cash and Investments

As of December 31, 2018, the Facility had the following cash and cash equivalents and assets limited as to use:

	<u>Cash and Cash Equivalents</u>	<u>Assets Limited as to Use</u>
Deposits:		
County treasurer	\$ 3,522,566	\$ -
Bank	363,793	413,455
Petty cash	550	-
Money market funds	-	1,200,311
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 3,886,909</u>	<u>\$ 1,613,766</u>

The Facility does not have a deposit policy for custodial credit risk and the Facility's investment policy does not restrict investment maturities. At December 31, 2018, the Facility had approximately \$900,000 of funds not commingled with other county deposits that were uninsured and uncollateralized. The Facility believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Facility evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Assets limited as to use include assets held by trustees under indenture agreements and designated assets set aside by the board for future capital improvements, over which the board retains control and may, at its discretion, subsequently use for other purposes.

#### 2. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, nondepreciable:				
Construction in progress	\$ 401,318	\$ 73,142	\$ 404,142	\$ 70,318
Capital assets, depreciable:				
Land Improvements	908,764	27,874	-	936,638
Buildings	26,418,621	482,913	-	26,901,534
Fixed equipment	3,699,832	17,781	15,835	3,701,778
Movable equipment	2,220,791	313,141	197,503	2,336,429
Subtotals	<u>33,248,008</u>	<u>841,709</u>	<u>213,338</u>	<u>33,876,379</u>
Less accumulated depreciation for:				
Land improvements	312,806	64,557	-	377,363
Buildings and improvements	9,773,174	789,970	-	10,563,144
Fixed equipment	1,127,213	205,316	15,835	1,316,694
Movable equipment	1,507,725	182,329	197,503	1,492,551
Subtotals	<u>12,720,918</u>	<u>1,242,172</u>	<u>213,338</u>	<u>13,749,752</u>
Total capital assets, depreciable, net	<u>20,527,090</u>	<u>(400,463)</u>	<u>-</u>	<u>20,126,627</u>
Capital assets, net	<u>\$ 20,928,408</u>	<u>\$ (327,321)</u>	<u>\$ 404,142</u>	20,196,945
Less: Capital related debt				<u>5,953,059</u>
Net investment in capital assets				<u>\$ 14,243,886</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### 3. Long-Term Debt

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$6,303,318	\$6,000,000	\$ 350,259	\$11,953,059	\$ 506,927
Debt discount	-	(30,412)	-	(30,412)	-
Total long-term debt	<u>\$6,303,318</u>	<u>\$5,969,588</u>	<u>\$ 350,259</u>	<u>\$11,922,647</u>	<u>\$ 506,927</u>

Total interest paid during the year on long-term debt totaled \$193,621.

Bonds payable currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
Series 2012 bonds payable	07/12/12	08/01/22	3.10%	\$ 7,900,000	\$ 5,953,059
Series 2018 pension bonds	12/20/18	10/01/40	3.17% - 3.45%	6,000,000	<u>6,000,000</u>
Total outstanding general obligation debt					<u>\$ 11,953,059</u>

Annual principal and interest maturities of the outstanding bonds payable of \$11,953,059 on December 31, 2018 are detailed below:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 506,927	\$ 347,306	\$ 854,233
2020	556,899	413,400	970,299
2021	578,976	395,661	974,637
2022	5,035,257	377,485	5,412,742
2023	205,000	223,978	428,978
Thereafter	5,070,000	2,239,467	7,309,467
	<u>\$11,953,059</u>	<u>\$ 3,997,297</u>	<u>\$15,950,356</u>

### 4. Pension Plan

#### *Plan Description*

The Facility participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com) or in writing at 1134 Municipal Way, Lansing, Michigan 48917.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Benefits Provided*

Benefit provisions used in the December 31, 2017 valuation were as follows:

	<b>04-AFSCME &lt;25 yrs service Open</b>	<b>40-Admin Staff &amp; RN Group Open</b>	<b>41-SEIU Union Open</b>	<b>42-RN Employees Open</b>	<b>43 Crystal Manor Closed</b>
Benefit Multiplier:	2.0% - No Max	2.50% - 80% Max	2.25% - 80% Max	2.25% - 80% Max	1.70% - No Max
Normal Retirement Age:	60	60	60	60	60
Vesting:	10 years	6 years	10 years	10 years	10 years
Early Retirement (Unreduced):	55/15	55/15	55/15	55/15	55/15
Early Retirement (Reduced):	50/25	50/25	50/25	50/25	50/25
Final Average Compensation:	5 years	5 years	5 years	5 years	5 years
COLA for Future Retirees:	0.00%	2.50%	0.00%	0.00%	0.00%
Employee Contributions:	5.6%	3.00%	10.62%	3.00%	4.94%
Act 88:	Yes	Yes	Yes	Yes	Yes

### *Employees Covered by Benefit Terms*

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

Inactive employees or beneficiaries currently receiving benefits	129
Inactive employees entitled to but not yet receiving benefits	33
Active employees	<u>264</u>
Total	<u><u>426</u></u>

### *Contributions*

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee services rendered in each year be funded during that year. Accordingly MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rates as established by the MERS retirement board. The actuarially determined rate is the estimated amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2018, the average active employee contribution rate ranged from no contribution to 10.94 percent. For the year ended December 31, 2018, the Facility's overall contribution rate was 55.10 percent.

The Facility's required and actual contributions to the plan for the year ended December 31, 2018 were \$1,160,220 and \$7,008,628, respectively.

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

The net position liability reported at December 31, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Changes in net pension liability during the measurement year ended December 31, 2018 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 31,427,213	\$ 23,328,106	\$ 8,099,107
Changes for the year			
Service cost	1,099,669	-	1,099,669
Interest	2,505,990	-	2,505,990
Changes in benefits	(78,908)	-	(78,908)
Difference between expected and actual experience	(207,259)	-	(207,259)
Contributions - employer	-	1,047,554	(1,047,554)
Contributions - employee	-	556,606	(556,606)
Net investment income	-	3,121,644	(3,121,644)
Benefit payments, including refunds	(1,304,315)	(1,304,315)	-
Administrative expenses	-	(49,319)	49,319
Other changes	-	(250)	250
Net changes	<u>2,015,177</u>	<u>3,371,920</u>	<u>(1,356,743)</u>
Balances at December 31, 2017	<u>\$ 33,442,390</u>	<u>\$ 26,700,026</u>	<u>\$ 6,742,364</u>

For the year ended December 31, 2018 the Facility recognized pension expense of \$1,366,786. At December 31, 2018, the Facility reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 302,038	\$ 978,895
Net differences between projected and actual earnings on pension plan investments	-	540,405
Changes in assumptions	685,368	-
Employer contributions subsequent to the measurement date	7,008,628	-
Total	<u>\$ 7,996,034</u>	<u>\$ 1,519,300</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date of \$7,008,628 which will impact the net pension plan liability for the year ended December 31, 2018, rather than pension expense.

Year Ended December 31,	Expense
2019	\$ 223,530
2020	144,812
2021	(435,098)
2022	(310,490)
2023	(154,648)
Total	<u>\$ (531,894)</u>

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Actuarial Assumptions*

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.5%
Salary Increases:	3.75% average, including inflation
Investment rate of return:	8.0%, net of investment and administrative expense including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; the RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables of a 50 percent male and 50 percent female blend. For disabled retirees, the RP-2014 Disabled Retirees Mortality Tables were used based on a 50 percent male and 50 percent female blend.

The actuarial assumptions used in the December 31, 2017 actuarial valuation was based on the results of the most recent actuarial experience study of for the period January 1, 2009 through December 31, 2013.

**Long-term Expected Return on Plan Assets.** The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of the December 31, 2017 measurement date for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	55.0%	6.65%
Global Fixed Income	18.0%	1.76%
Real Assets	14.0%	7.72%
Diversifying Strategies	13.0%	5.50%

**Single Discount Rate.** The discount rate used to measure the total pension liability was 8.0% for the measurement period ended December 31, 2017. 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 total pension liability.

**Sensitivity of the Facilities net pension liability (asset) to changes in the discount rate.** The following presents the Net Pension Liability of the Facility, calculated using the discount rate of 8.0%, as well as what the Facilities Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate.

	<u>1% Decrease to Discount Rate (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase to Discount Rate (9%)</u>
Net pension liability	\$ 10,923,526	\$ 6,742,364	\$ 3,247,541

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

### 5. Other Postemployment Benefits

During the current year, the Facility adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45. The effect of this new standard was a decrease in net position to record the net OPEB liability under GASB Statement No. 75 at December 31, 2017 in the amount of \$2,417,606 and an increase in net position to remove the net OPEB obligation previously recorded in accordance with GASB Statement No.45 at December 31, 2017 in the amount of \$1,354,436. The net result was a decrease in the net position at December 31, 2017 of \$1,063,170.

The Facility participates in a single employer defined benefit other postemployment benefits plan (OPEB). Substantially all employees hired before January 15, 2017 may become eligible for benefits if they reach retirement age while working at the Facility. All investments are held in the MERS of Michigan Retiree Health Funding Vehicle, MERS issues a publicly available financial report. This report can be obtained at [www.mersofmichigan.com](http://www.mersofmichigan.com), or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

### Benefits Provided

The OPEB plan provides medical, dental, and vision benefits for eligible retirees. Benefits are provided through the Facility's self-insurance program, and 60 percent of the cost are paid by the Facility.

### Employees Covered by Benefit Terms

At the December 31 measurement date, the following employees were covered by the OPEB plan:

Inactive employees or beneficiaries currently receiving benefits	18
Active employees	<u>265</u>
Total	<u><u>283</u></u>

### Contributions

Retiree healthcare costs are paid by the Facility on a "pay-as-you-go" basis. For the year ended December 31, 2018, the Facility paid postemployment healthcare premiums of \$150,981; plus, it contributed \$175,000 into a prefunded retiree healthcare fund held with MERS.

### Net OPEB Liability

The Facility has chosen December 31 as its measurement date for the net OPEB liability. The December 31, 2018 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and OPEB net position as of the December 31, 2018 measurement date. The December 31, 2018 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016, which used updated procedures to roll forward the estimated liability to December 31, 2018.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Changes to the net OPEB liability during the measurement year were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at January 1, 2018	\$ 2,417,606	\$ -	\$ 2,417,606
Changes for the year			
Service cost	71,043	-	71,043
Interest	78,700	-	78,700
Difference between expected and actual experience	5,893	-	5,893
Changes in assumptions	(610,750)	-	(610,750)
Contributions - Employer	-	325,981	(325,981)
Net investment loss	-	(6,148)	6,148
Benefit payments, including refunds	(150,981)	(150,981)	-
Net changes	(606,095)	168,852	(774,947)
Balances at December 31, 2018	\$ 1,811,511	\$ 168,852	\$ 1,642,659

For the year ended December 31, 2018, the Facility recognized OPEB expense of \$86,473.

At December 31, 2018 the Facility reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,287	\$ -
Changes in assumptions	-	547,961
Net differences between projected and actual earnings on pension plan investments	7,235	-
Total	\$ 12,522	\$ 547,961

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

Year Ended December 31,	Expense
2019	\$ (60,374)
2020	(60,374)
2021	(60,374)
2022	(60,375)
2023	(62,183)
Thereafter	(231,759)
Total	\$ (535,439)

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### Actuarial Assumptions

At the December 31, 2018 measurement date, the entry age actuarial cost method was used. The actuarial assumptions included 7 percent investment rate of return; a healthcare cost trend of 9 percent to 4 percent for the medical/drug component initially, reduced to an ultimate rate of 4 percent over 16 years; a 4 percent for the dental/vision component, and the mortality rates are based on the RP-2000 mortality combined healthy tables projected 20 years with U.S. projection scale BB.

### Discount Rate

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Facility contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2018 for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	55.0%	6.65%
Global Fixed Income	18.0%	1.76%
Real Assets	14.0%	7.72%
Diversifying Strategies	13.0%	5.50%

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Facility, calculated using the discount rate of 7%, as well as what the Facility's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
Net OPEB liability	\$ 1,781,735	\$ 1,642,659	\$ 1,518,995

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

### Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Facility, calculated using the healthcare cost trend rate of 1%, as well as what the Facility's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 1,498,477	\$ 1,642,659	\$ 1,802,344

### OPEB Plan Fiduciary Net Position

Detailed information about the OPEB fiduciary net position is not available in separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by MERS. Investment are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

### Assumption Changes

The change in the total OPEB liability as a result of changes in assumption for the 2018 measurement year was due to the discount rate being adjusted to 7 percent from 4 percent to reflect the impact of contributing advance funding into a trust held by MERS.

### 6. Defined Contribution Retirement Plan

The Facility provides a defined contribution savings plan for certain employees. The deferred compensation plan is a defined contribution plan under Section 457(b) of the Internal Revenue Code and is administered by MERS of Michigan. The plan provides for the Facility to make a required nonmatching contribution and a matching contributions. Participants become fully vested in the Facility's contributions to their respective accounts after five years of service. The Facility made total contributions to the plan of \$1,714 for the year ended December 31, 2018. Employees made contributions to the plan of \$2,357 for the year ended December 31, 2018.

### 7. Risk Management

The Facility is exposed to various risks of loss related to property loss, torts, and errors and omissions, as well as medical benefits provided to employees. The Facility has purchased commercial insurance for malpractice, general liability claims, and employee medical benefit claims. The Facility is self-funded for workers' compensation claims with excess liability insurance through an insurance carrier. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Facility is insured against potential professional liability claims under an occurrence basis policy, whereby all claims resulting from incidents that occur during the policy period are covered up to insurance limits, regardless of when the claims are reported to the carrier. There are no known outstanding or pending claims at December 31, 2018.

The Facility records workers' compensation claims as they are processed by the claims administrator and records a liability for estimated outstanding claims at year end in accrued compensation and related liabilities on the statement of financial position. The Facility has also purchased stop-loss insurance for claims that exceed \$400,000 at December 31, 2018. Changes in the estimated liability for the year ended December 31, 2018 were as follows: the liability recorded as of December 31, 2018 was \$135,694 and the claim incurred, including change in estimate, along with claim payments, was not significant.

# Iron County, Michigan

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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### **B. CONTINGENCIES**

The County participates in a number of federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Uniform Guidance has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the County Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

### **C. RISK MANAGEMENT**

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

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability and auto liability is \$100,000 per person and \$250,000 per occurrence. The limits on vehicle physical damage are \$1,500,000. The retention limits for property coverage are subject to a \$250 deductible. Some members have individual retention levels different than ones previously stated.

The member must satisfy all deductibles before any payments are made from the member's self-insured retention by MMRMA.

All costs including damages and allocated loss adjustment expenses are on an occurrence basis and must be paid first from the member's self-insured retention. The member's self-insured retention and deductibles must be satisfied fully before MMRMA will be responsible for any payments. The most MMRMA will pay is the difference between the member's self-insured retention and the Limits of Coverage.

Iron County agrees to maintain, at all times, on account with MMRMA, sufficient funds to pay its self-insured retention obligations. The member agrees to abide by all MMRMA rules, regulations, and administrative procedures pertaining to the member's self-insured retention.

At December 31, 2018 the County had no outstanding claims, which exceed the plan's limits and there has been no significant reduction in insurance coverage over the past three years.

### **D. UPCOMING ACCOUNTING PRONOUNCEMENTS**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

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# Iron County, Michigan

## EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS\*

### GENERAL COUNTY

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ 55,483	\$ 56,770	\$ 62,655	\$ 68,015
Interest	658,345	659,730	635,176	609,763
Changes in benefits	-	-	-	-
Difference between expected and actual experience	71,108	44,238	94,310	-
Changes in assumptions	-	-	410,735	-
Benefit payments, including refund of member contributions	(633,630)	(615,934)	(596,107)	(594,309)
Other	-	(152,627)	(46,390)	(2,833)
	<u>151,306</u>	<u>(7,823)</u>	<u>560,379</u>	<u>80,636</u>
<b>Net change in total pension liability</b>				
	<u>151,306</u>	<u>(7,823)</u>	<u>560,379</u>	<u>80,636</u>
<b>Total pension liability - beginning</b>	<u>8,518,382</u>	<u>8,526,205</u>	<u>7,965,826</u>	<u>7,885,190</u>
<b>Total pension liability - ending</b>	<u>\$ 8,669,688</u>	<u>\$ 8,518,382</u>	<u>\$ 8,526,205</u>	<u>\$ 7,965,826</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 445,440	\$ 375,324	\$ 296,140	\$ 253,110
Contributions - employee	-	-	-	-
Net investment income	(230,576)	720,096	584,761	(81,936)
Benefit payments, including refunds of member contributions	(633,630)	(615,934)	(596,107)	(594,309)
Administrative expenses	(11,522)	(11,416)	(11,556)	(12,182)
Other	(13,899)	-	-	-
	<u>(444,187)</u>	<u>468,070</u>	<u>273,238</u>	<u>(435,317)</u>
<b>Net change in plan fiduciary net position</b>				
	<u>(444,187)</u>	<u>468,070</u>	<u>273,238</u>	<u>(435,317)</u>
<b>Plan fiduciary net position - beginning</b>	<u>6,000,215</u>	<u>5,532,145</u>	<u>5,258,907</u>	<u>5,694,224</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 5,556,028</u>	<u>\$ 6,000,215</u>	<u>\$ 5,532,145</u>	<u>\$ 5,258,907</u>
<b>County's net pension liability - ending</b>	<u>\$ 3,113,660</u>	<u>\$ 2,518,167</u>	<u>\$ 2,994,060</u>	<u>\$ 2,706,919</u>
Plan fiduciary net position as a percentage of the total pension liability	64%	70%	65%	66%
Covered payroll	608,304	608,304	693,264	744,458
County's net pension liability as a percentage of covered payroll	512%	414%	432%	364%

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The County is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

# Iron County, Michigan

## EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS SCHEDULE OF EMPLOYER CONTRIBUTIONS LAST 10 FISCAL YEARS\*

### GENERAL COUNTY

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 445,440	\$ 322,809	\$ 296,028	\$ 253,110
Contributions in relation to the actuarially determined contribution	<u>445,440</u>	<u>375,324</u>	<u>296,028</u>	<u>253,110</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ 52,515</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 608,304	\$ 608,304	\$ 693,264	\$ 744,458
Contributions as a percentage of covered payroll	73%	62%	43%	34%

### Notes to Schedule:

#### Actuarial valuation information relative to the determination of contributions:

Valuation Date                      December 31, 2018

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

#### Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ending December 31, 2018:

Actuarial cost method	Entry age normal
Amortization method	Option A, Level Dollar Contribution, Closed
Remaining amortization period	10-17 years
Asset valuation method	5 years smoothed value
Inflation	2.5% in the long term
Salary increases	3.75% average, including inflation
Investment rate of return	8.00%
Retirement age	Age 60. In the 2014 Actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	Assumptions were based on the RP-2014 Health Annuitant Mortality Tables (with rate multiplied by 105%), the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables using 50% male and 50% female blend.

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within

# Iron County, Michigan

## EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS\*

### COUNTY ROAD COMMISSION - COMPONENT UNIT

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ 108,076	\$ 100,440	\$ 87,857	\$ 81,979
Interest	975,547	959,506	923,580	892,034
Changes in benefits	-	-	-	-
Difference between expected and actual experience	157,448	80,984	96,319	-
Changes in assumptions	-	-	647,163	-
Benefit payments, including refund of member contributions	(945,017)	(954,157)	(946,161)	(956,535)
Other changes	(26,652)	5,343	(12,133)	18,875
<b>Net change in total pension liability</b>	269,402	192,116	796,625	36,353
<b>Total pension liability - beginning</b>	<u>12,612,803</u>	<u>12,420,687</u>	<u>11,624,062</u>	<u>11,587,709</u>
<b>Total pension liability - ending</b>	<u><u>\$ 12,882,205</u></u>	<u><u>\$ 12,612,803</u></u>	<u><u>\$ 12,420,687</u></u>	<u><u>\$ 11,624,062</u></u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,062,080	\$ 900,439	\$ 769,702	\$ 715,164
Contributions - employee	-	-	-	-
Net investment income (loss)	(217,621)	633,114	501,474	(69,679)
Benefit payments, including refunds	(945,017)	(954,157)	(946,161)	(956,535)
Administrative expenses	(10,549)	(10,019)	(9,907)	(10,334)
<b>Net change in plan fiduciary net position</b>	(111,107)	569,377	315,108	(321,384)
<b>Plan fiduciary net position - beginning</b>	<u>5,412,074</u>	<u>4,842,697</u>	<u>4,527,589</u>	<u>4,848,973</u>
<b>Plan fiduciary net position - ending</b>	<u><u>\$ 5,300,967</u></u>	<u><u>\$ 5,412,074</u></u>	<u><u>\$ 4,842,697</u></u>	<u><u>\$ 4,527,589</u></u>
<b>Commission's net pension liability - ending</b>	<u><u>\$ 7,581,238</u></u>	<u><u>\$ 7,200,729</u></u>	<u><u>\$ 7,577,990</u></u>	<u><u>\$ 7,096,473</u></u>
Plan fiduciary net position as a percentage of the total pension liability	41%	43%	39%	39%
Covered payroll	\$ 1,034,380	\$ 894,469	\$ 830,390	\$ 785,115
Commission's net pension liability as a percentage of covered payroll	733%	805%	913%	904%

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The County Road Commission is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.



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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 491,842	\$ 474,371	\$ 383,147	\$ 305,858	\$ 372,786	\$ 351,830
<u>731,842</u>	<u>714,371</u>	<u>583,147</u>	<u>350,858</u>	<u>372,786</u>	<u>351,830</u>
<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ 200,000</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 769,548	\$ 699,417	\$ 673,318	\$ 899,881	\$ 932,667	\$ 966,247
95%	102%	87%	39%	40%	36%

# Iron County, Michigan

## EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS\*

### DICKINSON-IRON DISTRICT HEALTH DEPARTMENT - COMPONENT UNIT

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service Cost	\$ 84,553	\$ 87,535	\$ 90,130	\$ 92,152
Interest	750,191	729,924	687,635	649,835
Difference between expected and actual experience	17,212	(20,665)	152,328	-
Changes in assumptions	-	-	434,793	-
Benefit payments, including refund of member contributions	(660,504)	(599,706)	(578,502)	(530,732)
Other	-	88,153	14,605	25,668
<b>Net change in total pension liability</b>	191,452	285,241	800,989	236,923
<b>Total pension liability - beginning</b>	<u>9,665,380</u>	<u>9,380,139</u>	<u>8,579,150</u>	<u>8,342,227</u>
<b>Total pension liability - ending</b>	<u><u>\$ 9,856,832</u></u>	<u><u>\$ 9,665,380</u></u>	<u><u>\$ 9,380,139</u></u>	<u><u>\$ 8,579,150</u></u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 512,501	\$ 453,018	\$ 469,455	\$ 430,584
Contributions - employee	9,398	9,568	9,517	10,388
Net investment income	(249,406)	763,883	603,003	(82,487)
Benefit payments, including refunds of member contributions	(660,504)	(599,706)	(578,502)	(530,732)
Administrative expenses	(12,398)	(12,094)	(11,898)	(12,018)
<b>Net change in plan fiduciary net position</b>	(400,409)	614,669	491,575	(184,265)
<b>Plan fiduciary net position - beginning</b>	<u>6,426,082</u>	<u>5,811,413</u>	<u>5,319,838</u>	<u>5,504,103</u>
<b>Plan fiduciary net position - ending</b>	<u><u>\$ 6,025,673</u></u>	<u><u>\$ 6,426,082</u></u>	<u><u>\$ 5,811,413</u></u>	<u><u>\$ 5,319,838</u></u>
<b>District's net pension liability - ending</b>	<u><u>\$ 3,831,159</u></u>	<u><u>\$ 3,239,298</u></u>	<u><u>\$ 3,568,726</u></u>	<u><u>\$ 3,259,312</u></u>
Plan fiduciary net position as a percentage of the total pension liability	61%	66%	62%	62%
Covered payroll	\$ 896,043	\$ 941,525	\$ 985,911	\$ 1,026,051
District's net pension liability as a percentage of covered payroll	428%	344%	362%	318%

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The District Health Department is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

# Iron County, Michigan

## EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS SCHEDULE OF EMPLOYER CONTRIBUTIONS LAST 10 FISCAL YEARS\*

### DICKINSON-IRON DISTRICT HEALTH DEPARTMENT - COMPONENT UNIT

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 476,958	\$ 405,398	\$ 349,455	\$ 310,584
Contributions in relation to the actuarially determined contribution	<u>512,501</u>	<u>453,018</u>	<u>469,455</u>	<u>430,584</u>
Contribution excess (deficiency)	<u>\$ 35,543</u>	<u>\$ 47,620</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>
Covered employee payroll	\$ 896,043	\$ 941,525	\$ 985,911	\$ 1,026,051
Contributions as a percentage of covered payroll	57%	48%	48%	42%

#### Notes to Schedule:

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

Actuarial cost method	Entry age
Amortization method	Option A, Level Dollar Contribution, Closed
Remaining amortization period	5 to 24 years
Asset valuation method	5 years smoothed value
Inflation	2.5% in the long term
Salary increases	3.75% average, including inflation
Investment rate of return	7.75%
Retirement age	Age 60. In the 2014 Actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experiences.
Mortality	Assumptions were based on the RP-2014 Health Annuitant Mortality Tables (with rate multiplied by 105%), the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables using 50% male and 50% female blend.

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The District Health Department is required to present the last ten fiscal years of data; however, accounting standards

# Iron County, Michigan

## EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS\*

### MEDICAL CARE FACILITY - COMPONENT UNIT

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ 1,099,669	\$ 1,058,633	\$ 941,341	\$ 1,018,214
Interest	2,505,990	2,408,898	2,293,670	1,980,798
Changes in benefits	(78,908)	40,585	(131,532)	-
Difference between expected and actual experience	(207,259)	(1,096,880)	493,921	-
Changes in assumptions	-	-	1,468,177	-
Benefit payments, including refunds	<u>(1,304,315)</u>	<u>(1,131,880)</u>	<u>(986,107)</u>	<u>(862,397)</u>
<b>Net change in total pension liability</b>	2,015,177	1,279,356	4,079,470	2,136,615
<b>Total pension liability - beginning of year</b>	<u>31,427,213</u>	<u>30,147,857</u>	<u>26,068,387</u>	<u>23,931,772</u>
<b>Total pension liability - ending of year</b>	<u><u>\$ 33,442,390</u></u>	<u><u>\$ 31,427,213</u></u>	<u><u>\$ 30,147,857</u></u>	<u><u>\$ 26,068,387</u></u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,047,554	\$ 996,710	\$ 1,017,632	\$ 904,991
Contributions - employee	556,606	443,414	449,754	398,939
Net investment income	3,121,644	2,384,547	(318,924)	1,209,231
Benefit payments, including refunds	(1,304,315)	(1,131,880)	(986,107)	(862,397)
Administrative expenses	(49,319)	(47,003)	(45,726)	(34,702)
Administrative expenses	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	3,371,920	2,645,788	116,629	1,616,062
<b>Plan fiduciary net position - beginning of year</b>	<u>23,328,106</u>	<u>20,682,318</u>	<u>20,565,689</u>	<u>18,949,627</u>
<b>Plan fiduciary net position - ending of year</b>	<u><u>\$ 26,700,026</u></u>	<u><u>\$ 23,328,106</u></u>	<u><u>\$ 20,682,318</u></u>	<u><u>\$ 20,565,689</u></u>
<b>Facility's net pension liability - ending</b>	<u><u>\$ 6,742,364</u></u>	<u><u>\$ 8,099,107</u></u>	<u><u>\$ 9,465,539</u></u>	<u><u>\$ 5,502,698</u></u>
Plan fiduciary net position as a percentage of the total pension liability	79.84%	74.23%	68.60%	78.89%
Covered payroll	\$ 12,728,556	\$ 12,395,120	\$ 13,167,588	\$ 12,455,857
Facility's net pension liability as a percentage of covered payroll	52.97%	65.34%	71.89%	44.18%

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Medical Care Facility is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.



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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 904,991	\$ 823,690	\$ 787,274	\$ 781,748	\$ 679,863	\$ 637,649
<u>904,991</u>	<u>823,690</u>	<u>787,274</u>	<u>781,748</u>	<u>679,863</u>	<u>637,649</u>
<u>\$ -</u>					
\$ 11,634,239	\$ 10,372,632	\$ 10,295,019	\$ 10,182,251	\$ 9,268,253	\$ 8,655,717
7.8%	7.9%	7.6%	7.7%	7.3%	7.4%

# Iron County, Michigan

## SCHEDULE OF NET OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS\*

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### COUNTY ROAD COMMISSION - COMPONENT UNIT

	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 26,028
Interest	97,531
Changes in benefits	-
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	<u>(173,802)</u>
<b>Net change in total OPEB liability</b>	(50,243)
<b>Total OPEB liability - beginning of year</b>	<u>3,311,906</u>
<b>Total OPEB liability - ending of year</b>	<u><u>\$ 3,261,663</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	\$ 1,116,801
Road Commission's net OPEB liability as a percentage of covered employee payroll	292.05%

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The County Road Commission is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

# Iron County, Michigan

## SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS LAST 10 FISCAL YEARS\*

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### COUNTY ROAD COMMISSION - COMPONENT UNIT

	<u>2018</u>
Actuarially determined contribution	\$ 384,752
Contributions in relation to the actuarially determined contribution	<u>173,802</u>
Contribution excess (deficiency)	<u>\$ (210,950)</u>
Covered employee payroll	\$ 1,116,801
Contributions as a percentage of covered employee payroll	15.56%

#### Notes to Schedule:

##### Actuarial valuation information relative to the determination of contributions:

Valuation date                      December 31, 2018

Measurement date                  December 31, 2018

##### Methods and assumptions used to determine contribution rates:

Actuarial cost method              Entry age

Amortization method              Level percentage of pay

Discount rate                      3%, consistent with Uniform Assumptions under Public Act 202 for unfunded plans  
20-year Aa Municipal Bond Rate    3.0% - Current bond rate

Inflation                              N/A - plan is not pre-funded

Salary increases                    3.5%

Mortality                              RPH-2014 adjusted to 2006 Total Data Set. Headcount-weighted, MP-2018 with  
no pre-retirement mortality

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The County Road Commission is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

# Iron County, Michigan

## SCHEDULE OF NET OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS\*

### MEDICAL CARE FACILITY - COMPONENT UNIT

	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 71,043
Interest	78,700
Difference between expected and actual experience	5,893
Changes in assumptions	(610,750)
Benefit payments, including refunds	<u>(150,981)</u>
<b>Net change in total OPEB liability</b>	(606,095)
<b>Total OPEB liability - beginning of year</b>	<u>2,417,606</u>
<b>Total OPEB liability - ending of year</b>	<u>\$ 1,811,511</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 325,981
Net investment loss	(6,148)
Benefit payments, including refunds	<u>(150,981)</u>
<b>Net change in plan fiduciary net position</b>	168,852
<b>Plan fiduciary net position - beginning of year</b>	<u>-</u>
<b>Plan fiduciary net position - ending of year</b>	<u>\$ 168,852</u>
<b>Facility's net OPEB liability - ending</b>	<u>\$ 1,642,659</u>
Plan fiduciary net position as a percentage of the total OPEB liability	9.32%
Covered employee payroll	\$ 8,450,405
Facility's net OPEB liability as a percentage of covered employee payroll	19.44%

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Medical Care Facility is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

# Iron County, Michigan

## SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS LAST 10 FISCAL YEARS\*

### MEDICAL CARE FACILITY - COMPONENT UNIT

	<u>2018</u>
Actuarially determined contribution	\$ 191,943
Contributions in relation to the actuarially determined contribution	<u>325,981</u>
Contribution excess (deficiency)	<u>\$ 134,038</u>
Covered employee payroll	\$ 8,450,405
Contributions as a percentage of covered employee payroll	3.86%

#### Notes to Schedule:

##### Actuarial valuation information relative to the determination of contributions:

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

##### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	27 years, closed
Asset valuation method	Market value of assets
Inflation	2.5%
Salary increases	4% to 17%
Investment rate of return	4.0%, net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Combined Healthy Tables projected 20 years with U.S. projection scale BB
Other information	There were no benefit changes during the year. However, a list of 27 members excluded from the 40 percent cost share was provided as part of the data collection process.

\* The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Medical Care Facility is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

# Iron County, Michigan

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,255,800	\$ 3,266,579	\$ 3,318,236	\$ 51,657
Federal sources	545,500	428,470	436,913	8,443
State sources	1,015,601	1,005,419	1,004,527	(892)
Licenses and permits	9,050	9,050	12,696	3,646
Public charges for services	434,518	475,818	455,125	(20,693)
Miscellaneous	168,475	248,932	203,357	(45,575)
Total revenues	5,428,944	5,434,268	5,430,854	(3,414)
<b>EXPENDITURES</b>				
Judicial system				
Trial court	813,732	793,800	796,510	(2,710)
Friend of the court	158,995	-	-	-
Jury commission	350	350	-	350
Total judicial system	973,077	794,150	796,510	(2,360)
General government				
County board	92,785	56,975	44,466	12,509
Elections	17,915	21,415	20,875	540
Clerk	270,815	271,280	269,927	1,353
General county	278,425	325,710	322,504	3,206
County administrator	206,725	199,078	196,219	2,859
Equalization department	174,812	149,844	148,077	1,767
Prosecuting attorney	299,393	279,371	275,360	4,011
Remonumentation	65,949	87,767	85,750	2,017
County treasurer	180,637	180,395	171,240	9,155
Courthouse and grounds	241,461	241,116	218,630	22,486
Drain commissioner	10,700	12,685	12,664	21
Retirement	366,000	549,653	545,420	4,233
Appropriations	182,064	201,084	182,064	19,020
Insurance and bonds	219,800	201,786	193,100	8,686
Total general government	2,607,481	2,778,159	2,686,296	91,863
Public safety				
Sheriff	752,320	760,559	759,430	1,129
Road patrol	82,516	77,516	70,278	7,238
Community work van	26,151	26,151	22,280	3,871
Marine patrol	5,500	5,700	5,493	207
Snowmobile patrol	3,550	3,550	2,355	1,195
ORV patrol	10,000	15,500	14,705	795
WIC - school resources officer	-	25,804	23,225	2,579
Jail	788,568	797,166	821,491	(24,325)
Mine inspector	10,520	10,405	10,295	110
Total public safety	1,679,125	1,722,351	1,729,552	(7,201)

# Iron County, Michigan

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Health and welfare				
Medical examiner	66,000	45,586	25,061	20,525
Veterans burials	7,000	7,000	4,300	2,700
Total health and welfare	<u>73,000</u>	<u>52,586</u>	<u>29,361</u>	<u>23,225</u>
Culture and recreation				
Parks and recreation	1,100	1,100	486	614
MSU extension	500	500	-	500
Total culture and recreation	<u>1,600</u>	<u>1,600</u>	<u>486</u>	<u>1,114</u>
Total expenditures	<u>5,334,283</u>	<u>5,348,846</u>	<u>5,242,205</u>	<u>106,641</u>
Excess of revenues over expenditures	<u>94,661</u>	<u>85,422</u>	<u>188,649</u>	<u>103,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	157,988	167,988	166,739	(1,249)
Transfers out	<u>(252,649)</u>	<u>(253,410)</u>	<u>(261,430)</u>	<u>8,020</u>
Total other financing sources (uses)	<u>(94,661)</u>	<u>(85,422)</u>	<u>(94,691)</u>	<u>6,771</u>
<b>Net change in fund balance</b>	-	-	93,958	109,998
<b>Fund balance - January 1</b>	<u>2,752,394</u>	<u>2,752,394</u>	<u>2,752,394</u>	-
<b>Fund balance - December 31</b>	<u>\$ 2,752,394</u>	<u>\$ 2,752,394</u>	<u>\$ 2,846,352</u>	<u>\$ 109,998</u>

# Iron County, Michigan

**MAINTENANCE OF EFFORT SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 774,933	\$ 774,933	\$ 776,182	\$ 1,249
Federal sources	1,260	1,260	1,258	(2)
Miscellaneous	2,000	2,000	3,628	1,628
Total revenues	778,193	778,193	781,068	2,875
<b>EXPENDITURES</b>				
Health and welfare	820,000	820,000	739,713	80,287
<b>Net change in fund balance</b>	(41,807)	(41,807)	41,355	83,162
<b>Fund balance - January 1</b>	364,840	364,840	364,840	-
<b>Fund balance - December 31</b>	<u>\$ 323,033</u>	<u>\$ 323,033</u>	<u>\$ 406,195</u>	<u>\$ 83,162</u>

# Iron County, Michigan

**2012 REFUNDING BOND DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 858,235	\$ 858,235	\$ 865,098	\$ 6,863
Intergovernmental	1,380	1,380	1,380	-
Miscellaneous	150	150	676	526
Total revenues	859,765	859,765	867,154	7,389
<b>EXPENDITURES</b>				
Debt service				
Principal	635,000	635,000	635,000	-
Interest and fiscal charges	171,850	171,850	171,850	-
Total expenditures	806,850	806,850	806,850	-
<b>Net change in fund balance</b>	52,915	52,915	60,304	7,389
<b>Fund balance - January 1</b>	112,636	112,636	112,636	-
<b>Fund balance - December 31</b>	<u>\$ 165,551</u>	<u>\$ 165,551</u>	<u>\$ 172,940</u>	<u>\$ 7,389</u>

SUPPLEMENTARY INFORMATION

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# Iron County, Michigan

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<b>Special Revenue</b>					
	<b>Youth Camp</b>	<b>Family Counseling</b>	<b>Equipment for 911</b>	<b>County Parks</b>	<b>Friend of Court Incentive</b>	<b>Probation Surcharge</b>
<b>ASSETS</b>						
Cash and investments	\$ 111,542	\$ 19,322	\$ 2,664	\$ 101,228	\$ -	\$ 7,964
Receivables						
Property taxes	255,199	-	102,080	-	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Due from other governments	-	-	-	-	52,459	-
Prepaid items	9,870	-	-	1,042	1,204	-
<b>Total assets</b>	<b>\$ 376,611</b>	<b>\$ 19,322</b>	<b>\$ 104,744</b>	<b>\$ 102,270</b>	<b>\$ 53,663</b>	<b>\$ 7,964</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 357	\$ 9,677	\$ -
Accrued and other current liabilities	1,738	-	-	2,079	2,507	-
Due to other funds	-	-	-	-	28,859	-
<b>Total liabilities</b>	<b>1,738</b>	<b>-</b>	<b>-</b>	<b>2,436</b>	<b>41,043</b>	<b>-</b>
Deferred inflows of resources						
Property taxes levied for subsequent year	255,199	-	102,080	-	-	-
Loans receivable	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>255,199</b>	<b>-</b>	<b>102,080</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances						
Nonspendable	9,870	-	-	1,042	1,204	-
Restricted	-	-	2,664	-	11,416	7,964
Committed	109,804	19,322	-	98,792	-	-
<b>Total fund balances</b>	<b>119,674</b>	<b>19,322</b>	<b>2,664</b>	<b>99,834</b>	<b>12,620</b>	<b>7,964</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 376,611</b>	<b>\$ 19,322</b>	<b>\$ 104,744</b>	<b>\$ 102,270</b>	<b>\$ 53,663</b>	<b>\$ 7,964</b>

**Special Revenue (continued)**

<b>Homestead Property Tax Exemption</b>	<b>Register of Deeds Automation</b>	<b>CDBG Grant</b>	<b>Central Dispatch</b>	<b>Local Corrections Officer Training</b>	<b>Concealed Weapon Permit</b>	<b>Drug Forfeiture - Prosecutor</b>
\$ 5,320	\$ 160,667	\$ 95,965	\$ -	\$ 18,479	\$ 20,600	\$ 1,492
-	-	-	-	-	-	-
-	-	-	73,540	-	-	-
-	-	-	44,030	-	-	-
-	-	-	10,325	-	-	-
<u>\$ 5,320</u>	<u>\$ 160,667</u>	<u>\$ 95,965</u>	<u>\$ 127,895</u>	<u>\$ 18,479</u>	<u>\$ 20,600</u>	<u>\$ 1,492</u>
\$ 5,320	\$ 187	\$ -	\$ 18,808	\$ -	\$ -	\$ -
-	-	-	27,065	-	-	-
-	-	-	71,418	-	-	-
<u>5,320</u>	<u>187</u>	<u>-</u>	<u>117,291</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	10,325	-	-	-
-	-	95,965	-	-	-	-
-	<u>160,480</u>	<u>-</u>	<u>279</u>	<u>18,479</u>	<u>20,600</u>	<u>1,492</u>
-	<u>160,480</u>	<u>95,965</u>	<u>10,604</u>	<u>18,479</u>	<u>20,600</u>	<u>1,492</u>
<u>\$ 5,320</u>	<u>\$ 160,667</u>	<u>\$ 95,965</u>	<u>\$ 127,895</u>	<u>\$ 18,479</u>	<u>\$ 20,600</u>	<u>\$ 1,492</u>

# Iron County, Michigan

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<b>Special Revenue (continued)</b>				
	<b>Drug Forfeiture - Sheriff</b>	<b>Law Library</b>	<b>Drug Court Grant Program</b>	<b>Senior Citizens</b>	<b>Alcohol Assessment</b>
<b>ASSETS</b>					
Cash and investments	\$ 733	\$ 5,236	\$ 10,891	\$ 1,500	\$ 38,003
Receivables					
Property taxes	-	-	-	137,808	-
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	-	23,796	-	-
Prepaid items	-	-	510	-	-
<b>Total assets</b>	<b>\$ 733</b>	<b>\$ 5,236</b>	<b>\$ 35,197</b>	<b>\$ 139,308</b>	<b>\$ 38,003</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ -	\$ 1,095	\$ 743	\$ -	\$ -
Accrued and other current liabilities	-	-	3,004	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,095</b>	<b>3,747</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	-	137,808	-
Loans receivable	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,808</b>	<b>-</b>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	1,500	-
Committed	733	4,141	31,450	-	38,003
<b>Total fund balances</b>	<b>733</b>	<b>4,141</b>	<b>31,450</b>	<b>1,500</b>	<b>38,003</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 733</b>	<b>\$ 5,236</b>	<b>\$ 35,197</b>	<b>\$ 139,308</b>	<b>\$ 38,003</b>

**Special Revenue (continued)**

<b>Human Services Agency</b>	<b>Child Care</b>	<b>Soldiers Relief</b>	<b>Public Act 302</b>	<b>Plat Book</b>	<b>Sheriff's Department Equipment</b>	<b>Courthouse Repair</b>
\$ 5,611	\$ 80,377	\$ 1,286	\$ 2,745	\$ 38,774	\$ 36,592	\$ 33,123
-	-	-	-	-	-	-
-	-	-	-	-	4,468	-
-	7,297	-	-	-	-	-
-	1,521	-	-	-	-	-
<u>\$ 5,611</u>	<u>\$ 89,195</u>	<u>\$ 1,286</u>	<u>\$ 2,745</u>	<u>\$ 38,774</u>	<u>\$ 41,060</u>	<u>\$ 33,123</u>
\$ -	\$ 1,305	\$ -	\$ -	\$ -	\$ -	\$ -
81	2,465	12	-	-	-	-
-	-	-	-	-	-	-
<u>81</u>	<u>3,770</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,521	-	-	-	-	-
-	-	-	2,745	-	-	-
<u>5,530</u>	<u>83,904</u>	<u>1,274</u>	<u>-</u>	<u>38,774</u>	<u>41,060</u>	<u>33,123</u>
<u>5,530</u>	<u>85,425</u>	<u>1,274</u>	<u>2,745</u>	<u>38,774</u>	<u>41,060</u>	<u>33,123</u>
<u>\$ 5,611</u>	<u>\$ 89,195</u>	<u>\$ 1,286</u>	<u>\$ 2,745</u>	<u>\$ 38,774</u>	<u>\$ 41,060</u>	<u>\$ 33,123</u>

# Iron County, Michigan

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<b>Special Revenue (continued)</b>				
	<b>EDC/Revolving Loan</b>	<b>Airport</b>	<b>MDOC Inmate</b>	<b>Forest Management</b>	<b>Ambulance</b>
<b>ASSETS</b>					
Cash and investments	\$ 120,971	\$ 11,131	\$ 1,940	\$ 300,678	\$ 1,730
Receivables					
Property taxes	-	-	-	-	76,560
Accounts	-	-	-	-	-
Loans	5,946	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	167	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 126,917</u>	<u>\$ 11,298</u>	<u>\$ 1,940</u>	<u>\$ 300,678</u>	<u>\$ 78,290</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ -	\$ 1,036	\$ -	\$ -	\$ -
Accrued and other current liabilities	-	308	-	-	-
Due to other funds	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>1,344</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	-	-	76,560
Loans receivable	5,946	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>5,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,560</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	120,971	-	1,940	-	-
Committed	-	9,954	-	300,678	1,730
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>120,971</u>	<u>9,954</u>	<u>1,940</u>	<u>300,678</u>	<u>1,730</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 126,917</u>	<u>\$ 11,298</u>	<u>\$ 1,940</u>	<u>\$ 300,678</u>	<u>\$ 78,290</u>

<u>Michigan Indigent Defense</u>	<u>Capital Projects Invasive Species</u>	<u>Debt Service 2003 Courthouse Debt Retirement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 147,927	\$ 19,779	\$ 923	\$ 1,405,193
-	-	-	571,647
-	-	-	78,008
-	-	-	5,946
-	-	-	127,582
224	-	-	24,863
<u>\$ 148,151</u>	<u>\$ 19,779</u>	<u>\$ 923</u>	<u>\$ 2,213,239</u>
\$ 5,223	\$ 713	\$ -	\$ 44,464
183	-	-	39,442
-	-	-	100,277
<u>5,406</u>	<u>713</u>	<u>-</u>	<u>184,183</u>
-	-	-	571,647
-	-	-	5,946
-	-	-	577,593
-	-	-	23,962
142,745	-	923	388,833
-	19,066	-	1,038,668
<u>142,745</u>	<u>19,066</u>	<u>923</u>	<u>1,451,463</u>
<u>\$ 148,151</u>	<u>\$ 19,779</u>	<u>\$ 923</u>	<u>\$ 2,213,239</u>

# Iron County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Special Revenue</b>					
	<b>Youth Camp</b>	<b>Family Counseling</b>	<b>Equipment for 911</b>	<b>County Parks</b>	<b>Friend of Court Incentive</b>	<b>Probation Surcharge</b>
<b>REVENUES</b>						
Taxes	\$ 258,636	\$ -	\$ 98,899	\$ -	\$ -	\$ -
Federal sources	1,352	-	-	-	123,692	-
State sources	429	-	2,004	-	6,991	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Public charges for services	232,126	1,330	-	149,621	8,765	1,130
Miscellaneous	2,172	-	-	829	-	-
<b>Total revenues</b>	<b>494,715</b>	<b>1,330</b>	<b>100,903</b>	<b>150,450</b>	<b>139,448</b>	<b>1,130</b>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	143,779	147
Public safety	-	-	-	-	-	-
Highway and transportation	-	-	-	-	-	-
Health and welfare	-	500	-	-	-	-
Culture and recreation	468,492	-	-	113,777	-	-
Community development	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	6,000	-	-	14,569	3,303	-
<b>Total expenditures</b>	<b>474,492</b>	<b>500</b>	<b>-</b>	<b>128,346</b>	<b>147,082</b>	<b>147</b>
Excess of revenues over (under) expenditures	20,223	830	100,903	22,104	(7,634)	983
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	8,020	-
Transfers out	-	-	(99,739)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(99,739)</b>	<b>-</b>	<b>8,020</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>20,223</b>	<b>830</b>	<b>1,164</b>	<b>22,104</b>	<b>386</b>	<b>983</b>
<b>Fund balances - January 1</b>	<b>99,451</b>	<b>18,492</b>	<b>1,500</b>	<b>77,730</b>	<b>12,234</b>	<b>6,981</b>
<b>Fund balances - December 31</b>	<b>\$ 119,674</b>	<b>\$ 19,322</b>	<b>\$ 2,664</b>	<b>\$ 99,834</b>	<b>\$ 12,620</b>	<b>\$ 7,964</b>

**Special Revenue (continued)**

<b>Register of Deeds Automation</b>	<b>CDBG Grant</b>	<b>Central Dispatch</b>	<b>Local Corrections Officer Training</b>	<b>Concealed Weapon Permit</b>	<b>Drug Forfeiture - Prosecutor</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	109,364	-	-	-
-	-	-	-	7,552	-
-	-	-	-	-	-
-	-	462,099	3,540	-	-
16,240	7,905	1,491	-	-	-
<u>16,240</u>	<u>7,905</u>	<u>572,954</u>	<u>3,540</u>	<u>7,552</u>	<u>-</u>
1,378	-	-	-	-	-
-	-	732,141	-	751	-
-	-	-	-	-	-
-	-	-	-	-	-
-	100	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,630	-	8,066	-	-	-
<u>4,008</u>	<u>100</u>	<u>740,207</u>	<u>-</u>	<u>751</u>	<u>-</u>
12,232	7,805	(167,253)	3,540	6,801	-
-	-	118,000	-	-	-
-	-	-	-	-	-
-	-	118,000	-	-	-
12,232	7,805	(49,253)	3,540	6,801	-
148,248	88,160	59,857	14,939	13,799	1,492
<u>\$ 160,480</u>	<u>\$ 95,965</u>	<u>\$ 10,604</u>	<u>\$ 18,479</u>	<u>\$ 20,600</u>	<u>\$ 1,492</u>

# Iron County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Special Revenue (continued)</b>				
	<b>Drug Forfeiture - Sheriff</b>	<b>Law Library</b>	<b>Drug Court Grant Program</b>	<b>Senior Citizens</b>	<b>Alcohol Assessment</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 139,649	\$ -
Federal sources	-	-	-	-	-
State sources	-	-	101,297	226	-
Licenses and permits	-	-	-	-	-
Fines and forfeits	-	2,501	-	-	-
Public charges for services	-	-	120	-	8,405
Miscellaneous	-	-	-	-	51
<b>Total revenues</b>	<b>-</b>	<b>2,501</b>	<b>101,417</b>	<b>139,875</b>	<b>8,456</b>
<b>EXPENDITURES</b>					
Current					
General government	-	14,100	-	-	-
Public safety	-	-	113,145	-	-
Highway and transportation	-	-	-	-	-
Health and welfare	-	-	-	139,875	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>14,100</b>	<b>113,145</b>	<b>139,875</b>	<b>-</b>
Excess of revenues over (under) expenditures	-	(11,599)	(11,728)	-	8,456
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	12,000	-	-	-
Transfers out	-	-	-	-	(10,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>12,000</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>401</b>	<b>(11,728)</b>	<b>-</b>	<b>(1,544)</b>
<b>Fund balances - January 1</b>	<b>733</b>	<b>3,740</b>	<b>43,178</b>	<b>1,500</b>	<b>39,547</b>
<b>Fund balances - December 31</b>	<b>\$ 733</b>	<b>\$ 4,141</b>	<b>\$ 31,450</b>	<b>\$ 1,500</b>	<b>\$ 38,003</b>

**Special Revenue (continued)**

<b>Human Services Agency</b>	<b>Child Care</b>	<b>Soldiers Relief</b>	<b>Public Act 302</b>	<b>Plat Book</b>	<b>Sheriff's Department Equipment</b>	<b>Courthouse Repair</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	55,626	-	1,762	-	-	-
-	-	-	-	-	-	-
-	14,107	-	-	10,914	45,805	-
-	-	-	-	-	25,000	-
-	69,733	-	1,762	10,914	70,805	-
-	-	-	-	49	-	-
-	-	-	2,065	-	38,283	-
-	-	-	-	-	-	-
969	107,438	1,308	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	16,682	20,935
969	107,438	1,308	2,065	49	54,965	20,935
(969)	(37,705)	(1,308)	(303)	10,865	15,840	(20,935)
2,500	85,822	1,400	-	-	-	-
-	-	-	-	(15,000)	-	-
2,500	85,822	1,400	-	(15,000)	-	-
1,531	48,117	92	(303)	(4,135)	15,840	(20,935)
3,999	37,308	1,182	3,048	42,909	25,220	54,058
<u>\$ 5,530</u>	<u>\$ 85,425</u>	<u>\$ 1,274</u>	<u>\$ 2,745</u>	<u>\$ 38,774</u>	<u>\$ 41,060</u>	<u>\$ 33,123</u>

# Iron County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Special Revenue (continued)</b>				
	<b>EDC Revolving Loan</b>	<b>Airport</b>	<b>MDOC Inmate</b>	<b>Forest Management</b>	<b>Ambulance</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 74,127
Federal sources	-	-	-	-	-
State sources	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Public charges for services	-	6,923	-	208,908	-
Miscellaneous	4,033	103	-	-	1,517
<b>Total revenues</b>	<b>4,033</b>	<b>7,026</b>	<b>-</b>	<b>208,908</b>	<b>75,644</b>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	-	-	752	-	73,914
Highway and transportation	-	11,299	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	3,454	-
Community development	43,683	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>43,683</b>	<b>11,299</b>	<b>752</b>	<b>3,454</b>	<b>73,914</b>
Excess of revenues over (under) expenditures	(39,650)	(4,273)	(752)	205,454	1,730
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	5,000	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(39,650)</b>	<b>727</b>	<b>(752)</b>	<b>205,454</b>	<b>1,730</b>
<b>Fund balances - January 1</b>	<b>160,621</b>	<b>9,227</b>	<b>2,692</b>	<b>95,224</b>	<b>-</b>
<b>Fund balances - December 31</b>	<b>\$ 120,971</b>	<b>\$ 9,954</b>	<b>\$ 1,940</b>	<b>\$ 300,678</b>	<b>\$ 1,730</b>

Michigan Indigent Defense	Capital Projects	Debt Service		Total Nonmajor Governmental Funds
	Invasive Species	2003 Courthouse Debt Retirement	2017 Indian Lake Debt Retirement	
\$ -	\$ -	\$ -	\$ -	\$ 571,311
-	-	-	-	125,044
159,124	-	-	-	436,823
-	-	-	-	7,552
-	-	-	-	2,501
-	-	-	-	1,153,793
-	-	-	-	59,341
159,124	-	-	-	2,356,365
16,379	-	-	-	175,832
-	-	-	-	961,051
-	-	-	-	11,299
-	-	-	-	250,090
-	2,091	-	-	587,814
-	-	-	-	43,783
-	-	12,000	-	12,000
-	-	11,688	16,849	28,537
-	-	-	-	72,185
16,379	2,091	23,688	16,849	2,142,591
142,745	(2,091)	(23,688)	(16,849)	213,774
-	5,000	23,688	16,849	278,279
-	-	-	-	(124,739)
-	5,000	23,688	16,849	153,540
142,745	2,909	-	-	367,314
-	16,157	923	-	1,084,149
\$ 142,745	\$ 19,066	\$ 923	\$ -	\$ 1,451,463

# Iron County, Michigan

## COMBINING STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS DECEMBER 31, 2018

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	<u>General Trust and Agency</u>	<u>Flex Spending</u>	<u>Library Fund</u>	<u>Inmate Trust</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets					
Cash and investments	<u>\$ 266,748</u>	<u>\$ 75,315</u>	<u>\$ 19,542</u>	<u>\$ 18,137</u>	<u>\$ 379,742</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 39,205	\$ -	\$ -	\$ -	\$ 39,205
Other liabilities	-	75,315	19,542	18,137	112,994
Due to other governments	<u>227,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,543</u>
Total liabilities	<u>\$ 266,748</u>	<u>\$ 75,315</u>	<u>\$ 19,542</u>	<u>\$ 18,137</u>	<u>\$ 379,742</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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## Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Board of Commissioners  
Iron County  
Crystal Falls, Michigan 49920

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Michigan (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 1, 2019. The financial statements of Iron County Medical Care Facility were not audited in accordance with the *Government Auditing Standards*.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-001 and 2018-003 that we consider to be significant deficiencies.

## **COMPLIANCE AND OTHER MATTERS**

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

## **IRON COUNTY, MICHIGAN'S RESPONSE TO FINDINGS**

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Iron Mountain, Michigan  
July 1, 2019

SINGLE AUDIT SECTION

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## Independent auditors' report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance

To the Board of Commissioners  
Iron County, Michigan

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Iron County, Michigan's ("the County's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Iron County, Michigan's basic financial statements include the operations of the Iron County Road Commission and the Iron County Medical Care Facility. The Iron County Road Commission received \$148,372 in federal awards, which are not included in the Iron County, Michigan's Schedule of Expenditures of Federal Awards during the year ended December 31, 2018 report. Our audit, described below, did not include the operations of the Iron County Road Commission or the Iron County Medical Care Facility because the component units issue separate audited financial statements, which included an audit of compliance, if required.

### MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards, Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

## **OPINION ON EACH MAJOR FEDERAL PROGRAM**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

## **OTHER MATTERS**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, which is described in the accompanying schedule of findings and questioned costs as item 2018-003. Our opinion on each major federal program is not modified with respect to this matter.

The Dickinson-Iron District Health Department's response to the noncompliance finding identified in our audit is described in the accompanying schedule of prior year findings and corrective action plan. The Dickinson-Iron District Health department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-002 that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Iron Mountain, Michigan

July 1, 2019

# Iron County, Michigan

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Expenditures	Subrecipient Payment
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Child Nutrition Cluster					
Special Milk Program for Children	10.556	Michigan Department of Education	N/A	\$ 1,352	\$ -
Special Supplemental Nutrition Program for Women, Infants, and Children SNAP Cluster	10.557	Michigan Department of Health and Human Services	IW100342	224,914	-
State Administrative Matching Grants for Food Stamp Program	10.561	Michigan Fitness Foundation	N/A	34,436	-
Total SNAP Cluster				<u>34,436</u>	<u>-</u>
Forest Service Schools and Roads Cluster					
Schools & Roads - Grants to States	10.665	Michigan Department of Natural Resources & Environment	N/A	163,817	-
Community Facilities Loans & Grants	10.766	Direct Payment	N/A	22,000	-
Total U.S. Department of Agriculture				<u>446,519</u>	<u>-</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>					
Federal Payment in Lieu of Tax	15.226	Michigan Department of Natural Resources & Environment	N/A	370,964	-
<b>U.S. DEPARTMENT OF EDUCATION</b>					
Special Education - Grants for Infants and Families	84.181	Dickinson-Iron Intermediate School District	N/A	44,475	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	Michigan Department of Health and Human Services	U90TP000528	84,945	-
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	Michigan Department of Health and Human Services	NU90TP9210906	27,973	-
Total Public Health Emergency Preparedness Aligned Cooperative Agreements				<u>112,918</u>	<u>-</u>
TB Control	93.116	Michigan Department of Health and Human Services	1U52PS004693	100	-
Family Planning	93.217	Michigan Department of Health and Human Services	GFPHPA050173 41	70,202	-
Immunization Cooperative Agreements	93.268	Michigan Department of Health and Human Services	H23 CCH522556	99,787	-
Immunization Cooperative Agreements	93.268	Michigan Department of Health and Human Services	H23 IP000752	10,230	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	Michigan Department of Health and Human Services	H23 IP000752	10,195	-
Child Support Enforcement (Title IV-D)	93.563	Michigan Department of Health and Human Services	CSFOC-18-36001	110,729	-
Child Support Enforcement (PA COOP Reimb. Title IV-D)	93.563	Michigan Department of Health and Human Services	CSPA-17-36002	31,285	-
Child Support Enforcement (Friends of Court Incentive Program)	93.563	Michigan Department of Health and Human Services	N/A	12,963	-
Total Child Support Enforcement (Title IV-D)				<u>154,977</u>	<u>-</u>
Medicaid Cluster					
Medical Assistance Program	93.778	Michigan Department of Health and Human Services	05 U05M15ADM	126,539	-
BCCCP Coordination	93.898	Michigan Department of Health and Human Services	251183	1,500	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NorthCare Network	N/A	54,337	-
Maternal and Child Health Services Block Grant to the States	93.994	Michigan Department of Health and Human Services	B1MMIMCHS	28,845	-
Total U.S. Department of Health and Human Services				<u>669,630</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Federal Boating Safety Financial Assistance Program	97.012	Michigan Department of Natural Resources & Environment	Unknown	5,400	-
Emergency Management Performance Grants	97.042	Michigan State Police	Unknown	7,264	-
Homeland Security Grant Program	97.067	Houghton County, Michigan	Unknown	4,022	-
Total U.S. Department of Homeland Security				<u>16,686</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 1,548,274</u>	<u>\$ -</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

# Iron County, Michigan

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### **NOTE 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards for the County are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The schedules of expenditures of federal awards include all federal awards of the County. Because the schedules present only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2018 fund financial statements. Accrued revenue at year-end consists of federal program expenditures scheduled for reimbursement to the County in the succeeding year while unearned revenue represents advances for federal programs that exceed recorded County expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The County has elected to charge a de minimis rate of 10% of modified total costs.

### **NOTE 3: OVERSIGHT AGENCIES**

The federal oversight agency for the County is as follows:

Federal - U.S. Department of Agriculture

### **NOTE 4: PASS THROUGH ENTITIES**

The pass-through grantor's number represents the County's provider I.D. number. Such other I.D. numbers were not available.

The County did not act as a pass-through agent for any federal monies.

# Iron County, Michigan

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### NOTE 5: FEDERAL REVENUE RECONCILIATION

Federal revenue per governmental fund financial statements	\$ 561,957
Federal expenditures per schedule of expenditures and federal awards	<u>1,548,274</u>
Difference	<u>(986,317)</u>
Reconciling items:	
Federal revenues reported in the component units which are included on the schedule of expenditures of federal awards:	
District Health Department	818,478
Federal revenues not reported in the financial statements, but on the schedule of expenditures of federal awards because the funds were receipted and disbursed in a trust and agency fund:	
Schools and Roads - Grants to States	163,817
Federal funds disbursed on behalf of Iron County by Houghton County for the following grant programs:	
Michigan Homeland Security Grant Program	<u>4,022</u>
Reconciled difference	<u>\$ -</u>

# Iron County, Michigan

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### SECTION 1 - SUMMARY OF AUDITORS' RESULTS

#### BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

#### FEDERAL AWARDS

Internal control over major program:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
15.226	Payments in Lieu of Taxes

<b>Audit threshold used to determine between Type A and Type B programs:</b>	
Federal Awards	\$750,000
Auditee qualified as low-risk auditee	Yes

# Iron County, Michigan

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### SECTION II - FINANCIAL STATEMENT FINDINGS

<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2018-001	<b>Preparation of Annual Financial Report</b> Repeat of Finding 2017-001
Condition:	Current County staff maintains accounting records which reflect the County's financial transactions; however, preparing the County's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The County contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the County contracts with us to compile the Michigan State Report Form F-65.
Criteria:	The preparation and review of the annual financial report and Michigan State Report Form F-65 by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	County management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the County may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the County continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the County is necessary to obtain a complete and adequate understanding of the County's annual financial report and Michigan State Report F-65.
Management Response:	Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

# Iron County, Michigan

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

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### SECTION IV – COMPLIANCE AND OTHER MATTERS

<b>FINDING NO.</b>	<b>UNIFORM GUIDANCE FINDINGS</b>
2018-002	<b>Procurement/Suspension and Debarment Noncompliance</b> Federal CFDA – 10.557
Compliance Requirement: Condition:	Procurement/Suspension and Debarment  The Dickinson-Iron District Health Department has a procurement policy in place to safeguard its assets and establish related controls over disbursements. Federal awards disbursed by the Dickinson-Iron District Health Department are managed through the policy; however the policy and procedures have not been evaluated to ensure compliance with the requirements of the Uniform Guidance. Also, during the year ended December 31, 2018 the Dickinson-Iron District Health Department did not complete a search for suspended or debarred vendors for which program disbursements are made to.
Criteria:	The Uniform Guidance requires the Dickinson-Iron District Health Department to maintain a procurement policy and complete a search of suspended and debarred vendors to establish appropriate financial management systems and internal controls over federal awards to safeguard the federal funds.
Cause:	The Dickinson-Iron District Health Department has not evaluated their procurement policy with regards to the requirements set forth by the Uniform Guidance. Also, the Dickinson-Iron District Health Department does not have a process in place to complete a search for suspended and debarred vendors.
Effect:	The Dickinson-Iron District Health Department is not in compliance with requirements set forth by the Uniform Guidance.
Recommendation:	We recommend the Dickinson-Iron District Health Department assess its financial management system and related internal controls over federal awards. The assessment should include evaluating the existing procurement policy and procedures to determine where additional enhancements should be made or new policies created (search for suspended and debarred vendors), a plan to communicate the policies to the Dickinson-Iron District Health Department employees, and procedures to periodically review and update, as considered necessary to meet the requirements of the Uniform Guidance.

# Iron County, Michigan

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

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<b><u>FINDING NO.</u></b>	<b><u>COMPLIANCE FINDING</u></b>
2018-003	<b>Violation of Public Act 2 of 1968, as Amended</b> Repeat of Finding 2017-003
Conditions and Criteria:	During the fiscal year ended December 31, 2018 expenditures were incurred in excess of amounts appropriated in the amended budgets (see footnote B for details).
Cause:	The County did not amend the budgets in the general fund where expenditures exceeded amended budgets.
Effect:	Iron County is not in compliance with the state law.
Recommendation:	We recommend the County review all funds for expenditures exceeding budget and make appropriate amendments to the budgets.
Management Response:	The budget will be closely monitored and budget amendments will be made accordingly.

# Iron County, Michigan

## SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2018

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### PRIOR YEAR AUDIT FINDINGS

The findings noted in the 2017 Schedule of Findings and Questioned Costs have been reported to the proper federal agencies. The current status of the prior year audit findings, as provided by management, follows:

<u>Finding No.</u>	<u>Prior Year Audit Finding</u>
<b>2017-001</b>	<b>Preparation of Annual Financial Report</b>  Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance. The finding is repeated as 2018-001.
<b>2017-002</b>	<b>Financial Reporting for Federal Awards</b>  Management has corrected the finding for 2018.
<b>2017-003</b>	<b>Violation of Public Act 2 of 1968, as Amended</b>  Finding is repeated as 2018-003.

### CORRECTIVE ACTION PLAN

<u>Finding No.</u>	<u>Corrective Action Plan</u>
<b>2018-001</b>	<b>Preparation of Annual Financial Report</b>  Iron County has chosen their independent auditor to prepare the financial statements and required footnote disclosures on their behalf.
<b>2018-002</b>	<b>Procurement/Suspended and Debarment Noncompliance</b>  The Dickinson-Iron District Health Department will evaluate the current procurement policy and enhance it accordingly to meet the requirements set forth by the Uniform Guidance. Also, the Dickinson-Iron District Health Department will evaluate the current financial management system and related controls to develop a policy and procedures to complete a search for suspended and debarred vendors in accordance with the Uniform Guidance.
<b>2018-003</b>	<b>Violation of Public Act 2 of 1968, as Amended</b>  In the future, budgets will be more conservatively reviewed prior to the end of the fiscal year in an effort to prevent expenditures in excess of appropriated amounts.