

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

**NOTE F: CAPITAL ASSETS - CONTINUED**

**COMPONENT UNITS - CONTINUED**

	Balance Jan. 1, 2015	Additions/ Reclassifications	Deletions/ Reclassifications	Balance Dec. 31, 2015
<b>Component Unit - Council on Aging</b>				
Capital assets being depreciated				
Buildings	\$ 167,474	\$ 38,851	\$ -	\$ 206,325
Equipment	57,165	3,816	-	60,981
Subtotal	224,639	42,667	-0-	267,306
Less accumulated depreciation				
Buildings	(79,400)	(9,012)	-	(88,412)
Equipment	(37,219)	(7,373)	-	(44,592)
Subtotal	(116,619)	(16,385)	-0-	(133,004)
Capital assets, net	<u>\$ 108,020</u>	<u>\$ 26,282</u>	<u>\$ -0-</u>	<u>\$ 134,302</u>

**NOTE G: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2015:

	Balance Jan. 1, 2015	Additions	Deletions	Balance Dec. 31, 2015	Amount Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
Installment Purchase Agreements	\$ 290,280	\$ -	\$ 83,451	\$ 206,829	\$ 83,450
Capital Leases	217,416	-	83,458	133,958	83,958
Capital Improvement Bonds	775,000	-	45,000	730,000	50,000
General Obligation Bonds	3,485,000	-	130,000	3,355,000	140,000
Compensated Absences	311,080	421,103	416,825	315,358	315,358
TOTAL PRIMARY GOVERNMENT	5,078,776	421,103	758,734	4,741,145	672,766
<b>COMPONENT UNITS</b>					
Road Commission					
Compensated Absences	220,383	245,769	267,859	198,293	198,293
Drainage Districts					
Drain bonds and notes	2,204,470	-	235,000	1,969,470	235,000
TOTAL COMPONENT UNITS	2,424,853	245,769	502,859	2,167,763	433,293
TOTAL REPORTING ENTITY	<u>\$ 7,503,629</u>	<u>\$ 666,872</u>	<u>\$ 1,261,593</u>	<u>\$ 6,908,908</u>	<u>\$ 1,106,059</u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

**NOTE G: LONG-TERM DEBT - CONTINUED**

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENT

Installment Purchase Agreements

\$246,761 Installment Purchase Agreement, dated June 25, 2014, due in semi-annual installments of \$24,404 through June 30, 2019.	\$ 172,187
\$138,570 Installment Purchase Agreement, dated October 4, 2012, due in an annual installment of \$34,642 through May 1, 2016.	<u>34,642</u>
	<u>\$ 206,829</u>

Capital Leases

\$867,080 City of Corunna lease for the James P. Capitan Center - Hoschner Building, dated March 1, 2007, due in annual installments ranging from \$50,000 to \$83,958 through March 1, 2017.	<u>\$ 133,958</u>
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Capital Improvement Bonds

\$880,000 Capital Improvement Bonds dated September 23, 2010, due in annual installments ranging from \$50,000 to \$75,000 through November 1, 2027, with interest ranging from 4.55 percent to 7.25 percent payable semi-annually.	<u>\$ 730,000</u>
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General Obligation Bonds

\$1,210,000 General Obligation Limited Tax Capital Improvement Bonds dated July 8, 2010, due in annual installments from \$40,000 to \$100,000 through April 28, 2032, with interest of 6.0% payable semi-annually.	\$ 1,045,000
\$2,790,000 General Obligation Limited Tax Capital Improvement Bonds dated July 8, 2010 due in annual installments from \$100,000 to \$185,000 through April 28, 2032, with interest of 4.0% payable annually.	<u>2,310,000</u>
	<u>\$ 3,355,000</u>

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts.

The dollar amount of these vested rights including related payroll taxes, amounted to \$197,019 and \$118,339 for vacation and sick; respectively, at December 31, 2015, for a total of \$315,358. Of this amount, \$315,358 has been recorded as a current liability, based on past usage history.

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

**NOTE G: LONG-TERM DEBT - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION

Compensated Absences

In accordance with Road Commission personnel policies and/or contracts negotiated with various employee groups of the Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts.

Accumulated vacation and sick leave and related payroll taxes represents a liability to the Road Commission, which is presented as current liability in the current year because management estimates that usage in any given year will be the same percentage as the usage of the outstanding balance from the previous year.

COMPONENT UNIT - DRAINAGE DISTRICTS

Drain Bonds and Notes

\$2,265,000 Owosso Drain Bonds, Series 2004, dated December 1, 2004, due in annual installments of \$125,000 through June 1, 2025, with interest ranging from 3.80 percent to 4.35 percent, payable semi-annually.	\$ 1,250,000
\$850,000 Byron Water Project Bonds, dated January 6, 2006, due in annual installments ranging from \$39,470 to \$50,000 through October 1, 2026, with interest of 2.125 percent, payable semi-annually.	499,470
\$270,000 Henderson Drain Bonds, Series 1996, dated April 1, 1996, due in annual installments ranging from \$15,000 to \$20,000 through June 1, 2021, with interest of 6.50 percent, payable semi-annually.	110,000
\$385,000 McCrea Drain Bonds, Series 2010, dated June 30, 2010, due in annual installments of \$55,000 through June 30, 2017, with interest of 2.83 percent.	<u>110,000</u>
	<u>\$ 1,969,470</u>

The annual requirements to pay the debt principal and interest outstanding for the following long-term debt are as follows:

**PRIMARY GOVERNMENT**

Year Ending December 31,	Installment Purchase Agreements		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 83,450	\$ -	\$ 83,958	\$ -
2017	48,808	-	50,000	-
2018	48,808	-	-	-
2019	25,763	-	-	-
	<u>\$ 206,829</u>	<u>\$ -0-</u>	<u>\$ 133,958</u>	<u>\$ -0-</u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

**NOTE G: LONG-TERM DEBT - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

Year Ending December 31,	Capital Improvement Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 50,000	\$ 45,640	\$ 140,000	\$ 167,470
2017	55,000	43,365	145,000	161,470
2018	55,000	40,670	150,000	155,280
2019	55,000	37,700	155,000	148,900
2020	60,000	34,565	160,000	142,245
2021-2025	310,000	116,083	940,000	589,751
2026-2030	145,000	15,881	1,210,000	322,597
2031-2032	-	-	455,000	33,789
	<u>\$ 730,000</u>	<u>\$ 333,904</u>	<u>\$ 3,355,000</u>	<u>\$ 1,721,502</u>

**COMPONENT UNITS**

Year Ending December 31,	Drainage District Bonds and Notes	
	Principal	Interest
2016	\$ 235,000	\$ 69,273
2017	240,000	61,070
2018	190,000	52,482
2019	190,000	45,226
2020	190,000	37,939
2021-2025	885,000	87,494
2026	39,470	839
	<u>\$ 1,969,470</u>	<u>\$ 354,323</u>

**NOTE H: EMPLOYEE RETIREMENT SYSTEM**

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND COUNCIL ON AGING)**

The County participates in the Michigan Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan's Legislature under Public Act 135 of 1945 and administered by a nine (9) member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing MERS website at [www.mersofmich.com](http://www.mersofmich.com). The information presented in this section includes detailed information related to the primary government and the component units (except the Road Commission and Council on Aging).

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE H: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2014:

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014	Amount Due Within One Year
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
Installment Purchase Agreements	\$ 160,995	\$ 246,761	\$ 117,476	\$ 290,280	\$ 84,811
Capital Leases	300,374	-	82,958	217,416	83,458
Capital Improvement Bonds	815,000	-	40,000	775,000	45,000
General Obligation Bonds	3,615,000	-	130,000	3,485,000	130,000
Compensated Absences	319,464	458,436	466,820	311,080	31,108
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>5,210,833</b>	<b>705,197</b>	<b>837,254</b>	<b>5,078,776</b>	<b>374,377</b>
<b>COMPONENT UNITS</b>					
Road Commission					
Compensated Absences	224,051	249,182	252,850	220,383	220,383
Drainage Districts					
Drain bonds and notes	2,714,470	-	510,000	2,204,470	235,000
<b>TOTAL COMPONENT UNITS</b>	<b>2,938,521</b>	<b>249,182</b>	<b>762,850</b>	<b>2,424,853</b>	<b>455,383</b>
<b>TOTAL REPORTING ENTITY</b>	<b>\$ 8,149,354</b>	<b>\$ 954,379</b>	<b>\$ 1,600,104</b>	<b>\$ 7,503,629</b>	<b>\$ 829,760</b>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

**PRIMARY GOVERNMENT**

Installment Purchase Agreements

\$246,761 Installment Purchase Agreement, dated June 25, 2014, due in semi-annual installments of \$24,404 through June 30, 2019. \$ 220,995

\$138,570 Installment Purchase Agreement, dated October 4, 2012, due in annual installments of \$34,643 through May 1, 2016. 69,285

\$ 290,280

Capital Leases

\$867,080 City of Corunna lease for the James P. Capitan Center - Hoschner Building, dated March 1, 2007, due in annual installments ranging from \$50,000 to \$83,958 through March 1, 2017. \$ 217,416

Capital Improvement Bonds

\$880,000 Capital Improvement Bonds dated September 23, 2010, due in annual installments ranging from \$45,000 to \$75,000 through November 1, 2027, with interest ranging from 4.10 percent to 7.25 percent payable semi-annually. \$ 775,000

Shiawassee County, Michigan  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE H: LONG-TERM DEBT - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED

General Obligation Bonds

\$1,210,000 General Obligation Limited Tax Capital Improvement Bonds dated July 8, 2010, due in annual installments from \$35,000 to \$100,000 through April 28, 2032, with interest of 6.0% payable semi-annually.	\$ 1,080,000
\$2,790,000 General Obligation Limited Tax Capital Improvement Bonds dated July 8, 2010 due in annual installments from \$95,000 to \$185,000 through April 28, 2032, with interest of 4.0% payable annually.	<u>2,405,000</u>
	<u>\$ 3,485,000</u>

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts.

The dollar amount of these vested rights including related payroll taxes, amounted to \$177,618 and \$133,462 for vacation and sick, respectively, at December 31, 2014, for a total of \$311,080. Of this amount, \$31,108 has been recorded as a current liability, and \$279,972 has been reported as a noncurrent liability.

COMPONENT UNIT - ROAD COMMISSION

Compensated Absences

In accordance with Road Commission personnel policies and/or contracts negotiated with various employee groups of the Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts.

Accumulated vacation and sick leave and related payroll taxes represents a liability to the Road Commission, which is presented as current liability in the current year because management estimates that usage in any given year will be the same percentage as the usage of the outstanding balance from the previous year.

COMPONENT UNIT - DRAINAGE DISTRICTS

Drain Bonds and Notes

\$2,265,000 Owosso Drain Bonds, Series 2004, dated December 1, 2004, due in annual installments of \$125,000 through June 1, 2025, with interest ranging from 3.70 percent to 4.35 percent, payable semi-annually.	\$ 1,375,000
\$850,000 Byron Water Project Bonds, dated January 6, 2006, due in annual installments ranging from \$40,000 to \$50,000 through October 1, 2026, with interest of 2.125 percent, payable semi-annually.	539,470

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE H: LONG-TERM DEBT - CONTINUED**

COMPONENT UNIT - DRAINAGE DISTRICTS - CONTINUED

Drain Bonds and Notes - continued

\$270,000 Henderson Drain Bonds, Series 1996, dated April 1, 1996, due in annual installments ranging from \$15,000 to \$20,000 through June 1, 2021, with interest of 6.50 percent, payable semi-annually.	\$ 125,000
\$385,000 McCrea Drain Bonds, Series 2010, dated June 30, 2010, due in annual installments of \$55,000 through June 30, 2017, with interest of 2.83 percent.	<u>165,000</u>
	<u>\$ 2,204,470</u>

The annual requirements to pay the debt principal and interest outstanding for the following long-term debt are as follows:

**PRIMARY GOVERNMENT**

Year Ending December 31,	Installment Purchase Agreements		Capital Leases	
	Principal	Interest	Principal	Interest
2015	\$ 84,811	\$ -	\$ 83,458	\$ -
2016	83,450	-	83,958	-
2017	48,808	-	50,000	-
2018	48,808	-	-	-
2019	24,403	-	-	-
	<u>\$ 290,280</u>	<u>\$ -0-</u>	<u>\$ 217,416</u>	<u>\$ -0-</u>

  

Year Ending December 31,	Capital Improvement Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 45,000	\$ 47,485	\$ 130,000	\$ 173,005
2016	50,000	45,640	140,000	167,470
2017	55,000	43,365	145,000	161,470
2018	55,000	40,670	150,000	155,280
2019	55,000	37,700	155,000	148,900
2020-2024	305,000	135,655	890,000	632,571
2025-2029	210,000	30,874	1,155,000	383,274
2030-2032	-	-	720,000	72,537
	<u>\$ 775,000</u>	<u>\$ 381,389</u>	<u>\$ 3,485,000</u>	<u>\$ 1,894,507</u>

Shiawassee County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE H: LONG-TERM DEBT - CONTINUED**

**COMPONENT UNITS**

Year Ending December 31,	Drainage District Bonds and Notes	
	Principal	Interest
2015	\$ 235,000	\$ 77,333
2016	235,000	69,273
2017	240,000	61,070
2018	190,000	52,482
2019	190,000	45,226
2020-2024	900,000	120,812
2025-2026	214,470	5,459
	<u>\$ 2,204,470</u>	<u>\$ 431,655</u>

**NOTE I: EMPLOYEE RETIREMENT SYSTEM**

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND COUNCIL ON AGING)**

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer defined benefit public retirement system. Plan benefit provisions were established and may be amended under the authority of the Board of County Commissioners. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time County employees are covered by the retirement system with exception of the Road Commission and Council on Aging employees. The Road Commission and Council on Aging employees are covered under a separate retirement plan.

**Normal Retirement:**

Union:

- Age 50 with 25 or more years of credited service
- Age 55 with 15 or more years of credited service
- Age 60 with 10 or more years of credited service
- Mandatory Retirement: None

**Deferred Retirement:**

The termination of membership before age 60, other than by retirement or death, after 10 years of credited service is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.