

# Notice of Public Hearing on Increasing Property Taxes

The Houghton County Board of Commissioners  
name of governing body  
of the County of Houghton  
name of taxing unit

will hold a public hearing on a proposed  
increase of 0.3118 mills in the operating  
rate  
tax millage rate to be levied in 2022  
year

The hearing will be held on Tuesday,  
day  
June 14 at 5:00 PM  
date time a.m./p.m.

at The Houghton County Courthouse  
401 E. Houghton Avenue  
place - address

The date and location of the meeting to take action on the proposed additional millage will be announced at this public meeting.

If adopted, the proposed additional millage will increase operating revenues from ad valorem property taxes 5.28 % over such revenues generated by levies permitted without holding a hearing. If the proposed additional millage rate is not approved the operating revenue will increase by -0.068 % over the preceding year's operating revenue.

The taxing unit publishing this notice, and identified below, has complete authority to establish the number of mills to be levied from within its authorized millage rate.

This notice is published by:

County of Houghton  
name of taxing unit  
401 E. Houghton Avenue  
address  
Houghton, MI 49931  
address  
(906) 482-8307  
telephone

## TRUTH IN TAXATION NOTICE

### INSTRUCTIONS TO LOCAL GOVERNMENTS

This notice is not required if the local taxing unit complies with section 16 of the Uniform Budgeting and Accounting Act, P.A. 2 of 1968, being section 141.436 of the Michigan Compiled Laws. If a local taxing unit does not comply with Section 16 of the Uniform Budgeting and Accounting Act, the following instructions still apply.

Section 211.24E MCL requires that notice of public hearing be published by a local taxing unit which proposes to increase operating tax levied over the maximum amount allowed to be levied without a hearing. Notice may be published alone or included with the notice of public hearing on a unit's budget held pursuant to Section 141.412 MCL. The model notice at right fulfills the requirements under Section 211.24E MCL. It can be completed with all the information provided for, detached from these instructions and provided to the appropriate newspaper for publication.

Other pertinent information can be included in the notice. This sample notice form meets minimum legal requirements.

In addition to publishing requirements, the notice must be posted at the principal office of the taxing unit.

The notice must be published in a newspaper of general circulation in the taxing unit. Publication must occur six or more days before the public hearing.

The proposed additional millage rate must be established by a resolution adopted by the governing body of the taxing unit before it conducts the public hearing.

Not more than ten days after public hearing, a taxing unit may approve the levy of an additional millage rate equal to or less than the proposed additional millage rate that was published and on which a public hearing has been held.

### INSTRUCTIONS TO NEWSPAPER

The following notice is required by Section 211.24E MCL which provides:

1. The body of the notice must be set in 12 point type or larger.
2. The headline "Notice of Public Hearing on Increasing Property Taxes" must be set in 18 point type or larger.
3. The notice cannot be smaller than 8 column inches by 4 horizontal inches.
4. The notice cannot be placed in the portion of the newspaper reserved for legal notices or classified advertising.

## Notice of Public Hearing on Increasing Property Taxes

The \_\_\_\_\_  
name of governing body

of the \_\_\_\_\_  
name of taxing unit

will hold a public hearing on a proposed

increase of \_\_\_\_\_ mills in the operating  
rate

tax millage rate to be levied in \_\_\_\_\_  
year

The hearing will be held on \_\_\_\_\_  
day

\_\_\_\_\_ at \_\_\_\_\_  
date time a.m./p.m.

at \_\_\_\_\_

place - address

The date and location of the meeting to take action on the proposed additional millage will be announced at this public meeting.

If adopted, the proposed additional millage will increase operating revenues from ad valorem property taxes \_\_\_\_\_ % over such revenues generated by levies permitted without holding a hearing. If the proposed additional millage rate is not approved the operating revenue will increase by \_\_\_\_\_ % over the preceding year's operating revenue.

The taxing unit publishing this notice, and identified below, has complete authority to establish the number of mills to be levied from within its authorized millage rate.

This notice is published by:

\_\_\_\_\_  
name of taxing unit

\_\_\_\_\_  
address

\_\_\_\_\_  
address

\_\_\_\_\_  
telephone



## Houghton County

### OFFICE OF THE SHERIFF



**Joshua B. Saaranen**  
Sheriff

403 E. Houghton Ave. • Houghton, Michigan 49931  
Phone: (906) 482-0055 • Fax: (906) 487-5949  
e-mail: jsaaranen@houghtonsheriff.com

**Jonathon M. Glachino**  
Undersheriff  
911 Coordinator

Date: 6/10/22

Dear Mr. Chairman and Board of Commissioners,

Please accept this as my report for the monthly B.O.C. meeting as I am out of town. I want to thank you again for supporting the projects proposed under the ARPA funds.

The radios that were approved are on order. The body camera project is also on order. I anticipate some delays for some of the equipment based on our wait for camera parts for our patrol cars. The door project is lined up and ready to go. The Mobile Command Center is in que to be wrapped.

We had received an ID printer at the Sheriff's Office for future use within the county. I attended the courthouse security meeting and was asked to provide IDs to the courthouse employees. Throughout the last week I was able to complete approximately 95 percent of the ID's. They were printed on cards provided to me by I.T.

We have two new Deputies that have been hired at the Houghton County Sheriff's Office that I would like to announce next meeting. We also conducted interviews for UPSET and I have chosen a deputy to fill that role.

Our current jail numbers on average have been at capacity or just under (28 beds). Complaint wise we are at 1300 complaints for the year.

Respectfully,

Sheriff Joshua B. Saaranen

Houghton County Sheriff's Office

CHASSELL TOWNSHIP  
PO Box 438  
CHASSELL, MICHIGAN 49916  
906-523-4000  
"A Place to Believe In"

**To:** Interested Local Governments, Organizations and Utility Companies  
**From:** Chassell Township  
**RE:** Notice of Intent to Prepare a Master Plan  
**Date:** June 8, 2022

Please be advised that Chassell Township is beginning the process of preparing a Master Plan. Pursuant to Michigan Public Act 33 of 2008, you are hereby notified of this intent to plan and are invited to cooperate, comment and participate in this process. We will provide future notifications of upcoming public meetings and opportunities to participate. If you have any questions, please contact the Township Planning Commission Chairman Brian Waters at 906-370-9426.

**HOUGHTON COUNTY BOARD OF COMMISSIONERS**  
401 EAST HOUGHTON AVENUE  
HOUGHTON, MI 49931

**RESOLUTION #22-8**

**WHEREAS**, The Houghton County Board of Commissioners has the authority to establish the number of operating mills to be levied from within it's authorized millage rate,

**AND:**

**WHEREAS**, the additional millage rate will increase revenue from Ad Valorem Property Taxes by \$ 333,606 over such revenues generated by levies permitted without holding a public hearing,

**NOW THEREFORE, BE IT RESOLVED**, that the operating rate for the County of Houghton will increase by 0.3118 mill, yielding a total operating millage rate of 6.2220 mills in 2022 in accordance with Act 5, P.A., 1982, Act 2, P.A., 1986 and Act 264, P.A., 1987.

**HOUGHTON COUNTY BOARD OF COMMISSIONERS**

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TOM TIKKINEN, CHAIRMAN

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JENNIFER KELLY, COUNTY CLERK

DATED: June 14th, 2022

**2022 Tax Rate Request (This form must be completed and submitted on or before September 30, 2022)**

**MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS**

Carefully read the instructions on page 2.

This form is issued under authority of MCL Sections 211.24e, 211.34 and 211.34d. Filing is mandatory; Penalty applies.

County(ies) Where the Local Government Unit Levies Taxes <b>Houghton County</b>	2022 Taxable Value of ALL Properties in the Unit as of 5-23-2022 <b>1,069,934,717</b>
Local Government Unit Requesting Millage Levy <b>County of Houghton</b>	

This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2022 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5)** 2021 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2022 Current Year "Headlee" Millage Reduction Fraction	(7) 2022 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction	(9) Maximum Allowable Millage Levy *	(10) Millage Requested to be Levied July 1	(11) Millage Requested to be Levied Dec. 1	(12) Expiration Date of Millage Authorized
Allocated	Operating	8/4/2020	6.3000	6.2691	0.9925	6.2220	1.0000	6.2220	6.2220		12/2024
Ex Voted	Med Care	8/3/2021	2.2500	2.2500	0.9925	2.2331	1.0000	2.2331		2.2331	12/2025
Ex Voted	Veterans	8/7/2018	0.1500	0.1490	0.9925	0.1478	1.0000	0.1478		0.1478	12/2027
Ex Voted	Roads	8/5/2014	1.3690	1.3529	0.9925	1.3427	1.0000	1.3427		1.3427	12/2023

Prepared by <b>Cheryl M. Patrick</b>	Telephone Number <b>(906) 482-0250</b>	Date <b>06/07/2022</b>
Title of Preparer <b>Equalization Director</b>		

**CERTIFICATION:** As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

<input checked="" type="checkbox"/> Clerk	Signature	Date
<input type="checkbox"/> Secretary	<b>Jennifer Kelly</b>	<b>06/07/2022</b>
<input checked="" type="checkbox"/> Chairperson	Signature	Date
<input type="checkbox"/> President	<b>Tom Tikkanen</b>	<b>06/07/2022</b>

\* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.

\*\* **IMPORTANT:** See instructions on page 2 regarding where to find the millage rate used in column (5).

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 2 of 2022 for instructions on completing this section.	
Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	Rate
For Principal Residence, Qualified Ag., Qualified Forest and Industrial Personal	
For Commercial Personal	
For all Other	

**HOUGHTON COUNTY  
BOARD OF COMMISSIONERS**

401 E. Houghton Avenue, Houghton, Michigan 49931  
Telephone: (906) 482-8307 Fax: (906) 482-7238

Chairperson  
Tom Tikkanen  
Vice Chairperson  
Roy Britz

Commissioners  
Glenn Anderson  
Gretchen Janssen  
Kevin Codere

**HOUGHTON COUNTY PASSENGER FACILITY CHARGE FUND  
TO REDUCE UNRESTRICTED NET ASSET BALANCE  
RESOLUTION 22-10**

WHEREAS, the Houghton County Passenger Facility Charge Fund has a deficit balance of unrestricted net assets as of September 30, 2021; and

WHEREAS, pursuant to MCL 141.921, any local unit of government ending its fiscal year with a deficit net asset balance must file a deficit elimination plan with the Michigan Department of Treasury; and

WHEREAS, failure to submit a deficit elimination plan and receive Department of Treasury approval for such plan could result in a reduction of State revenue Sharing; and

WHEREAS, the timing of PFC monies are collected and expensed, as directed by the Federal Aviation Administration, dictate that the Fund will always have a deficit balance of unrestricted net assets; and

WHEREAS, the activity currently being posted to the PFC Fund was previously reported in the Airport Fund but was split out for internal accounting purposes only; and

WHEREAS, the resulting deficit balance in unrestricted net assets is an internal accounting number only.

NOW, THEREFORE BE IT RESOLVED that the Houghton County Board of Commissioners recognize that the PFC Fund will be in a perpetual state of deficit balance.

BE IT FURTHER RESOLVED that the Houghton County Board of Commissioners approve the projected budget for the years ending September 30, 2022, 2023, 2024, 2025 and 2026 for the Houghton County Passenger Facility Charge Fund.

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN     )  
   )ss.  
COUNTY OF HOUGHTON  )

I, the undersigned, the duly qualified and acting Deputy Clerk of the county of Houghton, State of Michigan do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the County Board of the County of Houghton at its regular meeting held on the 14<sup>th</sup> day of June 2022, the original of which resolution is on file in my office.

IN WITNESS WHEREOF, I have hereunto set my official signature, this 14<sup>th</sup> Day of June, 2022.

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Jennifer Kelly, Clerk  
County of Houghton



14 June 2022

Municipality Code: 310000  
APR Form ID Number: 129738  
Report ID Number: 129743

Subject: Houghton County Passenger Facility Charge Fund Deficit Elimination Plan

The Houghton County Passenger facility Charge Fund was established for the purpose of tracking activity related to the collection and disbursement of Passenger Facility Charges (PFC's). Prior to this period, all activity for the PFC Fund had been accounted for within Houghton County's Airport Fund.

The Federal Aviation Administration (FAA) established the PFC program as a mechanism for publicly owned airports to fund their own share of the costs associated with improvement projects that are approved by the FAA. This program also allowed for the collection of these fees by the Houghton County Airport at a rate of \$4.50 from all passengers that board a plane at the airport. The fee is included in the costs of each passenger's airline ticket. The fees are then remitted to the Airport by the airlines as they are collected.

Overall, 97.5% of the airport improvement projects are funded jointly by the Federal Government and the State of Michigan. The remaining 2.5% of all airport project improvement costs are the responsibility of the Houghton County Airport and this percentage is funded entirely with PFC revenue. Along with approval of a project by the FAA, permission is also given to collect PFC's for a specific period of time to pay for the airport's 2.5% project costs. Matching local funds are required to be paid at the start of all approved projects, and a corresponding liability is recorded for the PFC Fund within the County's General Ledger. A corresponding receivable is not recorded at the same time the liability is recorded because the associated income is not realized as a receivable until the ticket is actually purchased.

When the FAA guidelines for closure of any projects are met, the PFC's are transferred to the Airport Fund to record payment for any outstanding project liabilities. This process also allows to identify which portions of the project payments are obligated against the Airport's general cash or PFC's fees.

The PFC fund is an internal accounting method used by Houghton County Personnel that allows for the identification and recording of activity for all airport projects approved by the FAA. It also provides a clear separation of what income and/or expenses are PFC's vs the daily operation activity for the Houghton County Airport Fund.

Due to the nature of the PFC Fund, Houghton County anticipates that deficits within the PFC Fund will be a recurring item for the life of the Fund that will require Houghton County's continued monitoring and adjustments as conditions warrant. Resolution 22-10 was adopted by the Board of Commissioners for FY21.

Thank you in advance for your consideration of Houghton County's deficit elimination plan for the PFC Fund. If there are any questions, please do not hesitate to contact me, Elizabeth Bjorn @ (906) 482-8307.

Respectfully,



Elizabeth L Bjorn  
Houghton County Administrator

Houghton County  
 Passenger Facility Charge Fund  
 Statements of Projected Revenue, Expenditures  
 and Changes in Fund Balance  
 Years Ending September 30, 2022, 2023, 2024, 2025 and 2026

	2022	2023	2024	2025	2026
<b>Revenues</b>					
PFC Collections	\$ 112,000	\$ 112,000	\$ 112,000	\$ 112,000	\$ 112,000
Total Revenues	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>
<b>Expenditures</b>					
Capital	<u>241,017</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total Expenditures	<u>241,017</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
<b>Net</b>	(129,017)	62,000	62,000	62,000	62,000
Beginning Fund Balance	<u>(288,287)</u>	<u>(417,304)</u>	<u>(355,304)</u>	<u>(293,304)</u>	<u>(231,304)</u>
Ending Fund Balance	<u>\$ (417,304)</u>	<u>\$ (355,304)</u>	<u>\$ (293,304)</u>	<u>\$ (231,304)</u>	<u>\$ (169,304)</u>



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

May 27, 2022

**Notice of Intent To  
Withhold State Payments**

Municipality Code: 310000  
APR Form ID Number: 129738  
Report ID Number: 129743

**Sent Via Email**

Chief Administrative Officer  
Houghton County  
controller@houghtoncounty.net

Dear Chief Administrative Officer:

The Glenn Steil State Revenue Sharing Act of 1971, Public Act 140 of 1971, Section 21(2) states that units of local government (local units) that end their fiscal year in a deficit condition shall formulate a deficit elimination plan. Any assessment of a local unit's deficit condition should be made using the guidelines provided in Treasury Website (Numbered Letter 2016-1).

Funds that are using American Rescue Plan Act (ARPA) money as part of their deficit elimination plan should adhere to the accounting guidelines provided in Treasury Website (Numbered Letter 2021-3), the American Rescue Plan Act, the U.S. Treasury Interim Final Rule, and Frequently Asked Questions. Furthermore, plans shall include a written explanation of the dollar amount used and the category of allowable uses the expenditures coincide with: 1. Response to public health emergency or its negative economic impacts, 2. Provide premium pay for essential workers, within caps, 3. Provide government services to the extent of revenue lost, or 4. Make necessary investments in water, sewer, or broadband infrastructure. Visit Treasury Website Michigan.gov/ARPA for more information and updates.

The Community Engagement and Finance Division received an audit report from your local unit for the fiscal year ending 2021. Your Certified Public Accountant has indicated a deficit in one or more funds as follows:

<u>FUND NAME</u>	<u>AMOUNT</u>
Passenger Facility Charge	-\$227,528.00

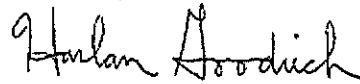
If a deficit exists in the General Fund, the General Fund plan should include a monthly breakdown of revenues and expenditures for the first two years of the projection and annual detail for the remaining years. For example, a five-year plan would show monthly detail for 24 months, and annual detail for the remaining three years. When a revised plan is submitted in the subsequent year, it would include a monthly breakdown for two

years and an annual breakdown for the remaining two years. The monthly breakdown shall be for actual revenue and expenditures expected that month. For example, property taxes should be included in the months the taxes are projected to be actually collected. It shall not be merely the annual revenue and expenditures divided by 12 months. This will allow for a more meaningful picture of how the municipality is progressing on a monthly basis.

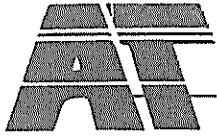
Except where indicated "No Plan Necessary," within 30 days from the date of this letter please upload a deficit elimination plan for all funds listed above and a certified resolution online by visiting [Michigan.gov/MunicipalFinance](https://Michigan.gov/MunicipalFinance) and select Deficit Elimination Plan Upload. Should a plan not be filed within 30 days, we may withhold 25% of the local unit's State Incentive Payments or payments issued under Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971. Once withheld, payments are not released when a plan has been *filed*, but when a plan has been *evaluated and certified* by Treasury.

After receiving your plan, we will notify you by email if additional information is needed or that your plan has been certified. If you would like to speak with a member of our team, please email our office at [Treas\\_MunicipalFinance@Michigan.gov](mailto:Treas_MunicipalFinance@Michigan.gov).

Sincerely,

A handwritten signature in black ink that reads "Harlan Goodrich". The signature is written in a cursive style with a large initial "H".

Harlan Goodrich, Municipal Finance Manager  
Community Engagement and Finance Division



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Commissioners  
County of Houghton, Michigan  
401 E. Houghton Avenue  
Houghton, MI 49931

***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 the County of Houghton, Michigan, as of and for the year ending September 30, 2021, 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County Medical Care Facility, which represents 52 percent, 54 percent, and 85 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the County Medical Care Facility is based solely on 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 from 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

Honorable Chairman and Members  
of the Board of Commissioners  
County of Houghton, Michigan

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 report and the report 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 of Houghton, Michigan, as of September 30, 2021, 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, employee retirement and benefits systems and budgetary comparison schedules on pages 4 through 10, pages 65 through 66, and pages 67 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 of Houghton, Michigan's basic financial statements. The nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 nonmajor fund financial statements and the schedule 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Honorable Chairman and Members  
of the Board of Commissioners  
County of Houghton, Michigan

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2022 on our consideration of the County of Houghton, Michigan'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 of Houghton, Michigan'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 of Houghton, Michigan's internal control over financial reporting and compliance.



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

May 13, 2022

## **Management's Discussion and Analysis**

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Our discussion and analysis of the Houghton County's financial performance provides an overview of the County's financial activities for the year ended September 30, 2021. Please read it in conjunction with the financial statements as listed in the table of contents.

### FINANCIAL HIGHLIGHTS

- Net position for the County as a whole increased by \$2,279,072 as a result of this year's operations. Net position of our governmental activities increased by \$1,637,635 and net position of our business-type activities increased by \$641,437.
- During the year, the County had expenses for governmental activities of \$11,305,378 and for business type activities \$32,597,140.
- The General Fund reported a change in fund balance of \$1,320,303, after net transfers, which is \$768,027 higher than the forecasted change in fund balance of \$552,276.

### Overview of the 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 comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary 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 and liabilities, with the difference between the two 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 fiscal 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 (e.g., earned but unused compensated absences).

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 significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, and culture and recreation. The business-type activities of the County include a medical care facility, solid waste, water and sewer, delinquent tax, car rental, marina, airport, passenger facility charges, and 911 operations.

The government-wide financial statements include not only the County itself (known as the primary government), but also two separate legal entities-the Western U.P. Health Department and the County Road Commission. Although legally separate, these component units are important because the County is financially accountable for them.

*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.

**Overview of the Financial Statements (Continued)**

*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 a County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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.

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 which is considered a major fund. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The County adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison schedules have been provided for the general and special revenue funds to demonstrate legal compliance.

*Proprietary Funds:* The County maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its medical care, solid waste, water and sewer, delinquent tax, car rental, marina, airport, passenger facility charges, and 911 operations. 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 medical care, airport, solid waste and delinquent tax funds, all of which are considered to be major funds of the County.

*Fiduciary funds:* 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 much like that used for proprietary funds.

*Notes to the 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.

*Other Information:* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis, required pension schedules and the general fund budget and actual presentation. Supplemental information follows the required pension schedules and includes combining and individual fund statements and schedules.

**Government-Wide Financial Analysis**

The (\$5,703,260) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Overview of the Financial Statements (Continued)

The net position of our business-type activities stood at \$53,883,678. The County can generally only use the net position to finance continuing operations of County Medical Care Facility, the Airport, Solid Waste Transfer, and other enterprise operations.

Net investment in capital assets (land, building, and equipment) make up the largest portion of the County's total net position. These capital assets are used to provide services to the general public and are not available for future spending. Even though net investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Houghton County  
Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 12,065,292	\$ 13,857,945	\$ 26,221,757	\$ 24,646,914	\$ 38,287,049	\$ 38,504,859
Capital Assets	3,652,484	3,742,464	35,117,517	36,251,472	38,770,001	39,993,936
Total Assets	15,717,776	17,600,409	61,339,274	60,898,386	77,057,050	78,498,795
Deferred Outflows of Resources	3,284,036	4,680,233	2,652,391	4,029,635	5,936,427	8,709,868
Current Liabilities	3,917,690	8,029,179	3,173,192	2,956,710	7,090,882	10,985,889
Noncurrent Liabilities	12,978,372	13,140,227	6,578,871	8,344,785	19,557,243	21,485,012
Total Liabilities	16,896,062	21,169,406	9,752,063	11,301,495	26,648,125	32,470,901
Deferred Inflows of Resources	1,251,015	2,307,094	355,924	462,325	1,606,939	2,769,419
Net Position						
Net Investment in						
Capital Assets	2,864,607	2,819,338	33,795,517	34,888,472	36,660,124	37,707,810
Restricted	3,666,074	2,074,904	-	-	3,666,074	2,074,904
Unrestricted	(5,675,946)	(6,090,100)	20,088,161	18,275,729	14,412,215	12,185,629
Total Net Position	\$ 854,735	\$ (1,195,858)	\$ 53,883,678	\$ 53,164,201	\$ 54,738,413	\$ 51,968,343

Governmental Activities

As shown on the following table, governmental activities changed the County's net position by \$1,637,635 as compared to the prior year change in net position of governmental activities by \$709,520. The current to prior year change in governmental activities is due to an increase in changes for services of \$1,034,672. There was a slight decrease in expenses of \$123,408.

Overview of the Financial Statements (Continued)

Business-type Activities

As shown on the following table, business-type activities increased the County's net position by \$641,437. In prior year, the net position of business-type activities increased by \$1,779,576. The current to prior year change in business-type activities is due to an increase in capital grants and contributions of \$3,799,939. There was an increase in overall expenses in the amount of \$1,226,187.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Services	\$ 3,005,827	\$ 1,971,155	\$ 26,463,964	\$ 28,940,814	\$ 29,469,791	\$ 30,911,969
Operating Grants and Contributions	2,148,342	2,798,960	-	672,723	2,148,342	3,471,683
Capital Grants and Contributions	-	29,344	3,799,939	-	3,799,939	29,344
General Revenues						
Property Taxes	6,482,631	6,355,573	2,493,399	2,397,872	8,976,030	8,753,445
State Revenue Sharing	877,616	546,530	-	-	877,616	546,530
Investment Earnings	41,809	252,291	23,145	19,862	64,954	272,153
Other Revenue	186,788	440,333	658,130	1,130,101	844,918	1,570,434
Total Revenues	<u>12,743,013</u>	<u>12,394,186</u>	<u>33,438,577</u>	<u>33,161,372</u>	<u>46,181,590</u>	<u>45,555,558</u>
Program Expenses						
Legislative	115,467	125,895	-	-	115,467	125,895
Judicial	2,484,748	1,884,310	-	-	2,484,748	1,884,310
General Government	1,856,819	2,633,169	-	-	1,856,819	2,633,169
Public Safety	3,104,126	3,498,580	-	-	3,104,126	3,498,580
Public Works	36,851	-	-	-	36,851	-
Health and Welfare	1,059,366	560,206	-	-	1,059,366	560,206
Community and Economic Development	183,099	241,388	-	-	183,099	241,388
Recreation and Culture	59,602	70,877	-	-	59,602	70,877
Interest Expense - Unallocated	21,331	136,188	-	-	21,331	136,188
Other Expenses	2,383,969	2,278,173	-	-	2,383,969	2,278,173
County Medical Care Facility	-	-	26,286,282	26,439,157	26,286,282	26,439,157
Airport	-	-	3,135,630	2,638,273	3,135,630	2,638,273
Solid Waste	-	-	1,572,748	1,327,210	1,572,748	1,327,210
Nonmajor	-	-	1,602,480	966,313	1,602,480	966,313
Total Expenses	<u>11,305,378</u>	<u>11,428,786</u>	<u>32,597,140</u>	<u>31,370,953</u>	<u>43,902,518</u>	<u>42,799,739</u>
Excess (Deficiency)						
Before Transfers	1,437,635	965,400	841,437	1,790,419	2,279,072	2,755,819
Transfers	200,000	(255,880)	(200,000)	(10,843)	-	(266,723)
Changes in Net Position	1,637,635	709,520	641,437	1,779,576	2,279,072	2,755,819
Net Position - Beginning, as Restated (see Note 5)	(782,900)	(1,905,378)	53,242,241	51,384,625	52,459,341	49,479,247
Net Position - Ending	<u>\$ 854,735</u>	<u>\$ (1,195,858)</u>	<u>\$ 53,883,678</u>	<u>\$ 53,164,201</u>	<u>\$ 54,738,413</u>	<u>\$ 52,235,066</u>

**Overview of the Financial Statements (Continued)**

The County's total revenues were \$46,181,590. The total cost of all programs and services before transfers was \$43,902,518 leaving an increase in net position of \$2,279,072. Our analysis below separately considers the operation of governmental and business-type activities:

**Significant Transactions and Changes in Individual Funds**

A comparison of revenues/transfers, expenditures/transfers and fund balances is as follows:

<u>GENERAL FUND</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues/Transfers/Other	\$ 11,010,839	\$ 10,603,897	\$ 406,942
Expenditures/Transfers/Other	\$ 9,690,536	\$ 10,469,768	\$ (779,232)
Fund Balance	\$ 5,469,306	\$ 4,149,003	\$ 1,320,303

The General Fund saw an increase in revenues of \$361,640 and an increase in expenditures of \$313,553. The increase in revenues is mainly due to increases in taxes, state sources and charges for services. The increase in expenditures is due to increases in public works, health and welfare, and community and economic development.

The Funds

An analysis of the County's governmental funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the County as a whole. The General Fund is the most significant fund. The other non-major governmental funds are combined and included under the non-major governmental heading. A detailed analysis of non-major governmental funds can be found beginning on page 70. The Tri-County Work Camp, Delinquent Property Tax Sale, and Child Care Funds had the most significant changes in fund balance. The changes in the Tri-County Work Camp and Child Care Funds were mainly due to large transfers which contributed to much higher revenue than expenses. The changes in fund balance in the Delinquent Property Tax Sale fund was due to a significant increase in other revenue received during the year.

An analysis of the County's major proprietary funds begins on page 16, following the government fund financial statements. The County Medical Care Facility, Delinquent Tax Revolving Fund and Airport are the most significant funds. The other non-major proprietary funds are combined and included under the non-major proprietary fund heading. A detailed analysis of non-major proprietary funds can be found beginning on page 78. The County Medical Care Facility and Delinquent Tax Revolving Funds had the most significant changes in net position. The County Medical Care Facility and Delinquent Tax Revolving funds had an increase of \$1,374,919 and \$210,886, respectively in net position. The County Medical Care Facility's increase in net position is mainly due to CARES Act funding and a slight increase in Taxes. The Delinquent Tax Revolving fund has a slight increase mainly due to less transfers out. The Airport had a decrease in net position which was mainly due to an overall increase in operating expenses from prior year.

**Significant Transactions and Changes in Individual Funds (Continued)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets – At the end of the fiscal year the County had \$38,770,001 invested in a variety of capital assets including land, buildings, infrastructure, other equipment, vehicles, and construction in progress.

During the fiscal year the county’s governmental activities expended a total of \$30,632 for construction in progress and \$161,254 for building and improvements, furniture and equipment and vehicles. The governmental activities recorded \$281,866 in depreciation expense.

During the fiscal year the County’s business-type activities expended an overall total of \$1,213,685 for infrastructure improvements and \$559,626 for land and construction in progress for the Airport. These additions were paid for by fund balance and contributed capital grants. The business-type activities recorded \$2,664,998 in depreciation expense.

Additional information on the County’s capital assets can be found starting on page 33 of this report.

Long-Term Debt – At the end of fiscal year 2021 the County had \$3,658,594 in bonds, notes and compensated absences outstanding as depicted in the table below.

	2021		2020	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
General Obligation Bonds	\$ 565,000	\$ 1,322,000	\$ 665,000	\$ 1,363,000
Note Payable	222,877	-	258,126	-
Compensated Absences	679,282	869,435	627,657	108,863
	<u>\$ 1,467,159</u>	<u>\$ 2,191,435</u>	<u>\$ 1,550,783</u>	<u>\$ 1,471,863</u>

Total principal payments on long-term debt for the County was \$176,249.

Additional information on the County’s long-term debt can be found starting on page 38 of this report.

**THE COUNTY’S FUNDS**

For the year ended September 30, 2021, the County’s governmental funds reported a combined fund balance increase of \$2,098,248 resulting in a total fund balance of \$8,230,763 as of September 30, 2021.

General Fund Budgetary Highlights

Over the course of the year, the County Commissioners may revise the General Fund Budget. With these revisions, actual General Fund revenues were \$417,304 higher than the final amended budget while expenditures were \$409,885 less than the final amended budget.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the County's budget for the year ending September 30, 2022, the continuing threat of unfunded mandates from the State of Michigan, and the ever-increasing costs of health benefits are items of uncertainty.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Administrator's Office at Houghton County Courthouse, Houghton, Michigan 49931.

If you have any questions about Houghton County's component unit, the Houghton County Road Commission, their report or need additional financial information, contact the Houghton County Road Commission's administrative offices at P.O. Box 269, Hancock, Michigan, 49930.

If you have questions about Houghton County's component unit, the Western Upper Peninsula Health Department, their report or need additional financial information, contact the Western Upper Peninsula Health Department, 540 Depot Street, Hancock, Michigan 49930.

**STATEMENT**



Copper Country Community Mental Health  
 901 W. Memorial Drive  
 Houghton MI 49931

(906) 482-9400 Ext. 0114

Date:	5/31/2022
Account:	00052

Amount Paid:	
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**HOUGHTON COUNTY TREASURER**

401 E HOUGHTON AVENUE  
 HOUGHTON MI 49931

Payment Terms: NET 30

Deposits Received: \$0.00

*^Please return this portion with your payment^*

Document No.	Date	Code	Description	Amount	Balance
INV00000030000000136	3/28/2022	SLS	1/12th Appropriation	\$13,707.91	\$13,707.91
INV00000030000000137	4/28/2022	SLS	1/12th Appropriation	\$13,707.91	\$27,415.82
INV00000030000000138	5/28/2022	SLS	1/12th Appropriation	\$13,707.91	\$41,123.73
				<b>Amount Due:</b>	<b>\$41,123.73</b>

<u>Current</u>	<u>1-30 Days</u>	<u>31 - 60 Days</u>	<u>61 - 90 Days</u>	<u>Over 90 Days</u>
\$13,707.91	\$13,707.91	\$13,707.91	\$0.00	\$0.00

Codes: SLS = Sales / Invoices  
 DR = Debit Memos

CR = Credit Memos  
 RTN = Returns

PMT = Payments





County Membership Dues Statement

MTA county membership dues for **Houghton Co.** - July 1, 2022 to June 30, 2023

**\$505.00**

Jennifer Kelly, County Clerk  
Houghton Co.  
401 E Houghton Ave  
Houghton, MI 49931-2016

Checks should be made payable to: Michigan Townships Association, PO Box 80078, Lansing, MI 48908-0078

*Please detach top portion of Dues Statement and return with payment*

MTA associate dues for Michigan county governments are based on the number of commissioners serving on the county Board of Commissioners, according to the following schedule:

<u>Number of Commissioners</u>	<u>MTA County Dues</u>
5 - 7	\$505
8 - 10	\$620
11 - 14	\$725
15 - 19	\$830
20 +	\$1020

Dues cover a one-year period from July 1 to June 30 and include subscriptions to the **Michigan Township Focus** magazine and the **Township Voice & Township Insights** newsletters for the following officers:

Clerk	Drain Commissioner	Road Commission Chair
County Administrator or Coordinator	Equalization Director	Sheriff
Commissioners	Prosecuting Attorney	Treasurer
	Register of Deeds	

*Please provide an updated list of names, addresses and email addresses for these officers so they will receive our mailings.  
If the number of commissioners on your board has changed, please adjust dues accordingly.*

MTA membership also entitles county officers to attend MTA seminars and purchase MTA publications at the member rate.

**\*MTA Dues are not deductible as a charitable contribution for federal income tax purposes\***

Michigan Townships Association \* PO Box 80078 \* Lansing, Michigan 48908-0078  
Phone (517) 321-6467 \* Fax (517) 321-8908 \* Federal ID # 38-1536994