ADDENDUM TO THE
FINAL OFFICIAL STATEMENT OF
COUNTY OF ALPENA
CAPITAL IMPROVEMENT JAIL BONDS, SERIES 2018

This Addendum ("Addendum"), dated December 28, 2018, to the Final Official Statement dated December 11, 2018 relating to the above-captioned bonds is intended to be read in conjunction with the Final Official Statement. This Addendum constitutes an integral part of the Final Official Statement and recipients are requested to attach this Addendum to the Final Official Statement.

The ***bold italicized*** text has been added to Prior Redemption.

Prior Redemption

Bonds maturing prior to May 1, 2025, shall not be subject to redemption prior to maturity. Bonds maturing on and after May 1, 2026, shall be subject to redemption in whole or in part on any date, ***on or after May 1, 2025,*** specified in the Order of the County Executive Manager, at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion and the amount not being redeemed each constitutes an authorized denomination. In the event that less than the entire principal amount of a bond is called for redemption, upon surrender of the Bond to the bond registrar, the bond registrar shall authenticate and deliver to the registered owner of the Bond a new bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the Bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Bonds so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the bond registrar to redeem the same.

FINAL OFFICIAL STATEMENT DATED DECEMBER 11, 2018

NEW ISSUE

Ratings:	S&P Global:	AA	(Insured by AGM)
	KBRA:	AA+	(Insured by AGM)
	Moody's:	A2	(Insured by AGM)
	Moody's:	Aa3	(Underlying)

Book-Entry-Only

In the opinion of Clark Hill PLC, Bond Counsel, under existing law (i) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except inheritance estate taxes and taxes on gains realized from the sale, payment or other disposition thereof, (ii) interest on the Bonds is excluded from gross income for federal income tax purposes to the extent and subject to the conditions described therein, and (iii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals ; however, interest paid to certain corporate holders of the Bonds may be subject to the alternative minimum tax under certain circumstances. See "TAX MATTERS" herein and "FORM OF LEGAL OPINION".

$11,600,000
COUNTY OF ALPENA
CAPITAL IMPROVEMENT JAIL BONDS, SERIES 2018
(General Obligation - Limited Tax)

PURPOSE AND SECURITY: The Bonds are being issued pursuant to Act No. 34, Public Acts of Michigan, 2001 as amended ("Act 34") and the Resolution. The County has pledged its limited tax full faith and credit for the repayment of the Bonds and will pledge sufficient amounts of County taxes levied each year provided that the amount of taxes necessary to pay the principal and interest on the Bonds, together with the other taxes levied for the same year, shall not exceed the limit authorized by law. In addition, one mill will be levied for the purpose of constructing and equipping the jail. This one mill will be levied for 20 years, each year beginning on December 1, 2018 is available and expected to be used in whole or in part for the repayment of these bonds.

BOOK-ENTRY-ONLY: The Bonds are issuable only as fully registered bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchases of beneficial interest in the Bonds will be made in book-entry-only form, in the denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

PAYMENT OF BONDS: Interest on the Bonds will be payable semi-annually on the first day of May and November of each year commencing May 1, 2019. The Bonds will be issued fully registered as to principal and interest in the denomination of $5,000 or any integral multiple thereof not exceeding the principal amount of each maturity. The principal and interest shall be payable at the principal corporate trust office of The Huntington National Bank in Grand Rapids, Michigan or other designated office, the Bond Registrar and Paying Agent, or such other Bond Registrar and Paying Agent as the County may hereafter designate. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants, as more fully described herein. Interest shall be paid when due by check or draft mailed to the registered owner as shown on the registration books as of the fifteenth day of the month preceding the payment date for each interest payment.

Dated: December 28, 2018 **Principal Due: May 1** of each year as shown below

MATURITY SCHEDULE

(Base CUSIP†: 020587)

Year	CUSIP Numbers†	Amount	Interest Rate	Yield	Year	CUSIP Numbers†	Amount	Interest Rate	Yield
2019	LB5	$440,000	3.00%	1.75%	2029	LM1	$570,000**	3.50%	3.00%
2020	LC3	440,000	3.00	2.00	2030	LN9	590,000**	3.50	3.10
2021	LD1	450,000	3.00	2.10	2031	LP4	610,000**	3.50	3.20
2022	LE9	465,000	3.00	2.25	2032	LQ2	630,000**	3.50	3.30
2023	LF6	475,000	3.00	2.35	2033	LR0	650,000**	3.50	3.40
2024	LG4	490,000	3.00	2.45	2034	LS8	680,000**	3.50	3.50
2025	LH2	505,000	3.00	2.55	2035	LT6	705,000**	3.50	3.55
2026	LJ8	520,000**	3.00	2.65	2036	LU3	735,000**	3.50	3.60
2027	LK5	535,000**	3.00	2.75	2037	LV1	765,000**	3.55	3.65
2028	LL3	550,000**	3.00	2.85	2038	LW9	795,000**	3.65	3.75

BERNARDI SECURITIES, INC

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY MUNICIPAL

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

****PRIOR REDEMPTION:** Bonds maturing in the years 2026 through 2038 are subject to redemption as described under the heading *Prior Redemption* herein.

LEGAL OPINION: CLARK HILL PLC

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy".

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OF ALPENA TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN PREPARED FROM SOURCES WHICH ARE DEEMED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS.

THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT NOR ANY SALE MADE UNDER IT SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE OF THIS OFFICIAL STATEMENT.

COUNTY OF ALPENA
720 W. Chisholm Street, Suite 7
Alpena, MI 49707

COUNTY EXECUTIVE MANAGER
Tammy Sumerix-Bates

COUNTY CLERK
Bonnie Friedrichs

DRAIN COMMISSIONER
Gerald Fournier

COUNTY TREASURER
Kim Ludlow

COUNTY SHERIFF
Steven J. Kieliszewski

COUNTY REGISTER OF DEEDS
Kathy Matash

ALPENA COUNTY BOARD OF COMMISSIONERS

Brad McRoberts
Cameron Habermehl
Bill Peterson
John Kozlowski
Robert Adrian
Nick Modrzynski
Brenda Fournier
Ronald McDonald

Bond Counsel .... Clark Hill PLC
Detroit, Michigan
Municipal Advisor .... Municipal Financial Consultants
Milford, Michigan
Paying Agent .... The Huntington National Bank
Grand Rapids, Michigan

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OFFICIAL STATEMENT OF
The County of Alpena, State of Michigan
$11,600,000
COUNTY OF ALPENA
CAPITAL IMPROVEMENT JAIL BONDS, SERIES 2018

INTRODUCTION

The purpose of this Official Statement is to set forth information concerning the County of Alpena (the "County"), and its proposed County of Alpena Capital Improvement Jail Bonds, Series 2018 (the "Bonds"). The information contained herein is presented in connection with the sale of the Bonds and for the information of those who initially became holders of the Bonds. Information describing the Bonds, summarized on the cover page, is part of this Official Statement.

DESCRIPTION OF THE BONDS

The Bonds, aggregating the principal sum of $11,600,000, shall be issued for the purpose of defraying the construction costs of the new Alpena County Sheriff's office and correctional facility as described under "DESCRIPTION OF THE PROJECT" herein (the "Project"). The Bonds shall be known as "County of Alpena Capital Improvement Jail Bonds, Series 2018" and shall be dated the Date of Delivery (anticipated on or about December 20, 2018). The Bonds shall be fully registered Bonds, both as to principal and interest, in any one or more denominations of $5,000 or a multiple of $5,000, numbered from 1 upwards. The Bonds shall mature on May 1, 2019 and each May 1 thereafter as provided on the cover page of this Official Statement.

Bernardi Securities Inc, the Underwriter named on the cover page hereof (the "Underwriter"), has agreed to purchase the Bonds from the County for a purchase price of $11,543,962.90.

Qualification Under Section 265(b)(3) of the Internal Revenue Code of 1986

The Bonds have **not** been designated by the County as "Qualified Tax-Exempt Obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Interest Payment and Date of Record

The Bonds shall bear interest payable May 1, 2019, and each May 1 and November 1 thereafter, until maturity, with interest rates set forth on the cover page of this Official Statement. Interest shall be paid by check or draft mailed to the registered owner of each Bond as of the applicable date of record. The date of record for each interest payment date shall be the 15th day of the calendar month preceding the date such payment is due.

Paying Agent and Bond Registrar

The Huntington National Bank, Grand Rapids, Michigan has been selected as bond registrar and paying agent (the "Paying Agent") for the Bonds. The Paying Agent will keep records of the registered holders of the Bonds, serve as transfer agent for the Bonds, authenticate the original and any re-issued Bonds and will pay principal and interest to the registered holders of the Bonds as shown on the registration books of the County maintained by the Paying Agent on the applicable date of record. The principal of each Bond will be paid when due upon presentation and surrender thereof to the Paying Agent. The date of record shall be the 15th day of the month before such payment is due.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery of, or to pay for, the Bonds. All expenses for printing CUSIP numbers on the Bonds will be paid by the County, except that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the purchaser.

Prior Redemption

Bonds maturing prior to May 1, 2025, shall not be subject to redemption prior to maturity. Bonds maturing on and after May 1, 2026, shall be subject to redemption in whole or in part, on any date on or after May 1, 2025, specified in the Order of the County Executive Manager, at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion and the amount not being redeemed each constitutes an authorized denomination. In the event that less than the entire principal amount of a bond is called for redemption, upon surrender of the Bond to the bond registrar, the bond registrar shall authenticate and deliver to the registered owner of the Bond a new bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the Bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Bonds so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the bond registrar to redeem the same.

SECURITY FOR THE BONDS

Authorization

The Bonds are being issued pursuant to Act No. 34, Public Acts of Michigan, 2001 as amended ("Act 34") and the Resolution.

Security and Full Faith and Credit of County

The County agrees to pledge its full faith and credit for the repayment of the Bonds and will pledge sufficient amounts of County taxes levied each year provided that the amount of taxes necessary to pay the principal and interest on the Bonds, together with the other taxes levied for the same year, shall not exceed the limit authorized by law and the Michigan Constitution. In addition, one mill will be levied for the purpose of constructing and equipping the jail. This one mill will be levied for 20 years, each year beginning on December 1, 2018 is available and expected to be used in whole or in part for the repayment of these bonds.

DESCRIPTION OF THE PROJECT

The Alpena County Sheriff's Office and Jail will be a facility housing the Sheriff's administrative and correctional operations. The administrative area will provide office spaces for the department, administrative support services, training and briefing areas, road patrol and detective areas. The detention area will provide inmate housing allowing for separation of inmates by classification and special need. Support Services spaces will also be provided including laundry, kitchen, storage, recreation, and visitation.

Also included will be access roads, parking facilities and other improvements including landscaping.

Cost Estimates

Construction, furnishing, equipping, financing costs and contingency

Total amount not to exceed	**$11,600,000**

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Paying Agent, or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE, BUT NEITHER THE COUNTY, BOND COUNSEL, FINANCIAL ADVISOR NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE COUNTY AND THE COUNTY'S BOND COUNSEL OR FINANCIAL ADVISOR, THE UNDERWRITERS AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION

AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE COUNTY, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the Paying Agent shall attempt to have established a securities depository/book-entry system relationship with another qualified depository. If the Paying Agent does not or is unable to do so, the book-entry-only system shall be discontinued.

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the 15 days immediately preceding the date of mailing ("Record Date") of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the County and Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and, in the Resolution, shall be valid or effective for any purposes under the Resolution.

Transfer or Exchange of Bonds

Any Bond shall be transferable on the bond register maintained by the Bond Registrar with respect to the Bonds at any time prior to the applicable date of record preceding an interest payment date upon the surrender of the Bond together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar. Upon receipt of a properly assigned bond the Bond Registrar shall authenticate and deliver a new bond or bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Bonds may likewise be exchanged at any time prior to the applicable date of record preceding an interest payment date for one or more other bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the bond or bonds being exchanged. Such exchange shall be effected by surrender of the Bond to be exchanged to the Bond Registrar with written instructions signed by the registered owner of the Bond or his or her attorney in a form satisfactory to the Bond Registrar. Upon receipt of a bond with proper written instructions, the Bond Registrar shall authenticate and deliver a new bond or bonds to the registered owner of the Bond or his or her properly designated transferee or transferees or attorney.

The Bond Registrar shall not be required to honor any transfer or exchange of bonds during the period from the applicable date of record preceding an interest payment date to such interest payment date. Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid for by the County. The Bond Registrar may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

BOND RATING

Moody's, Kroll, and S&P (Insured)

Moody's has assigned an underlying rating of "Aa3" to the Bonds and in connection with the issuance of the Insurance Policy by AGM at the time of delivery of the Bonds is expected to assign a rating of "Aa3," such rating is the highest of (i) AGM's financial strength rating; (ii) any published underlying Moody's rating assigned to the Bonds, or (iii) any published enhanced Moody's rating assigned to the Bonds based on a state credit enhancement program). S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Kroll Bond Rating Agency, Inc. ("KBRA") are each expected to assign the bonds the insured ratings of "AA" (stable outlook) and "AA+" (stable outlook), respectively, based upon the issuance of the Policy by AGM at the time of delivery of the Bonds.

Moody's (Underlying)

The County has received a municipal bond rating of "Aa3" from Moody's Investors Service, Incorporated (hereafter "Moody's"). The rating is the sole view of the rating agency. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

A brief definition of the ratings furnished by Moody's are as follows:

Aaa Bonds which are rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa Bonds which are rated "Aa" are judged to be of a high quality by all standards. Together with the "Aaa" group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" securities or fluctuation of protective elements may be of great amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in the "Aaa" securities.

A Bonds which are rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Baa Bonds which are rated "Baa" are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Moody's Investors Service appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On January 23, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Capitalization of AGM

At September 30, 2018:

- The policyholders' surplus of AGM was approximately $2,203 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,187 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,863 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the consolidated net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (filed by AGL with the SEC on February 23, 2018);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (filed by AGL with the SEC on May 4, 2018);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 (filed by AGL with the SEC on August 2, 2018); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 (filed by AGL with the SEC on November 9, 2018).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

TAX MATTERS

General

It is the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

In the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Prospective purchasers of the Bonds should be aware that (i) interest on the Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Bonds may be subject to a tax on excess net passive income of certain S Corporations imposed by Section 1375 of the Code, (iii) interest on the Bonds is included in the calculation of modified adjusted gross income for purposes of determining taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Bonds by life insurance companies may affect the federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Bonds, (vi) registered owners acquiring the Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income, (vii) the receipt or accrual of interest on the Bonds may cause disallowance of the earned income credit under Section 32 of the Code, (viii) interest on the Bonds is subject to backup withholding under Section 3406 of the Code in the case of registered owners that have not reported a taxpayer identification number and are not otherwise exempt from backup withholding, and (ix) registered owners of the Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Bonds.

Tax Treatment of Accruals on Original Issue Discount Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds initially sold at a discount as shown on the cover page hereof (the "OID Bonds") is sold and the amount payable at the stated redemption price at maturity thereof constitutes "original issue discount." Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

Amortizable Bond Premium

For federal income tax purposes, the difference between an original registered owner's cost basis of the Bonds initially sold at a premium as shown on the cover page hereof (the "Original Premium Bonds") and the amounts payable on the Original Premium Bonds other than stated interest constitutes an amortizable bond premium. The same applies with respect to any Bond, if a registered owner's cost basis exceeds the amounts payable thereon other than stated interest (collectively with the Original Premium Bonds held by the original registered owners, "Premium Bonds"). Such amortizable bond premium is not deductible from gross income but is taken into account by certain corporations in determining adjusted current earnings for the purpose of computing the alternative minimum tax, which may also affect liability for the branch profits tax imposed by Section 884 of the Code. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the registered owner's yield to maturity determined by using the registered owner's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the registered owner's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

Future Developments

No assurance can be given that any future legislation or clarifications or amendments to the code, if enacted into law, will not contain proposals that could cause the interest on the Bonds to be subject directly or indirectly to Federal or State of Michigan income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent the registered owners from realizing the full current benefit of the status of the interest thereon. Further, no assurance can be given that any such future legislation, or any actions of the Internal Revenue Service, including, but not limited to, selection of the Bonds for audit examination, or the audit process or result of any examination of the Bonds or other Bonds that present similar tax issues, will not adversely affect the market price of the bonds.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

BONDHOLDERS' RISKS

The Federal Bankruptcy Code affects the rights and obligations of municipalities and their creditors. Although State legislative authority is a condition to the filing by municipalities of cases for relief under the Bankruptcy Code, recently-enacted legislation empowers local governments, such as the Authority or the County, to become a debtor under the Bankruptcy Code. This authorization would be invoked if fiscal circumstances become such an emergency financial manager were appointed for the Authority or the County. No assurance can be given that future circumstances or legislation will not result in the Authority or the County filing for relief under the Bankruptcy Code. Should the Authority or the County file a petition for relief under the Bankruptcy Code, the bankruptcy court could reduce the amount of or extend the time of the Authority's or the County's legal obligation to pay its outstanding debts.

LITIGATION

To the knowledge of the County, there is no controversy of any nature threatened or pending against the County, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds.

APPROVAL OF LEGALITY

The approving opinion of Clark Hill PLC, attorneys of Detroit, Michigan, will be furnished without expense to the purchaser of the Bonds at the delivery thereof.

CONTINUING DISCLOSURE

The County has covenanted and will covenant for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined) pursuant to the Resolution and the Continuing Disclosure Certificate to be delivered on the date of issuance of the Bonds to the purchaser thereof (the "Disclosure Certificate"), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the County for its preceding fiscal year (the "Annual Report") by not later than the date nine months after the first day of its fiscal year, commencing with the Annual Report for the fiscal year ending September 30, 2018; provided, however, that if the audited financial statements of the County are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements than most recently prepared for the County will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events related to the County, if material. Currently, the fiscal year of the County commences on January 1. "Beneficial Owner" means any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

The County will file each Annual Report with the Municipal Securities Rulemaking Board ("MSRB") electronically through MSRB's Electronic Municipal Market Access system ("EMMA"). If any the County is unable to provide the MSRB its Annual Report by the date required, the County shall send, in a timely manner, to the MSRB through EMMA, a notice of the failure to file the Annual Report by such date. The County will file notices of material events with the MSRB through EMMA. The County has made these covenants in order to assist the purchaser of the Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection of (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"). The information to be contained in each Annual Report, the enumerated events, the occurrence of which will require notice, and the other terms of each Disclosure Certificate are set forth in Appendix A, "FORM OF CONTINUING DISCLOSURE CERTIFICATE".

A failure by the County to comply with the Disclosure Certificate will not constitute an event of default on the Bonds (although beneficial owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

For the fiscal years ended December 31, 2012, 2013, and 2014, the County failed to file its full continuing disclosure as required. The County was required to file continuing disclosure for both the Alpena County Regional Medical Center and the County of Alpena. The County inadvertently filed only for the Alpena County Regional Medical Center and failed to properly link the County's disclosure to the Bonds. All bonds with continuing disclosure undertakings were defeased on 03/29/2016 (The County did issue additional bonds on 11/27/2018 with a continuing disclosure undertaking). Upon discovery, the County filed an event notice on EMMA. The County has taken measures to prevent future non-compliance with its continuing disclosure requirements by designating the County Treasurer as the responsible party and hiring a 3rd party to assit with posting to EMMA.

RESPONSIBILITIES OF BOND COUNSEL

Legal matters incident to the authorization, issuance, and sale of the Bonds are subject to the approval of Clark Hill PLC, Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in *APPENDIX B*. The legal fees to be paid to Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and tax matters relating to the Bonds and the interest thereon, and as hereafter stated, Bond Counsel has not been retained to examine or review, and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has reviewed the statements made in this Official Statement on the cover page and under the heading "Information for Bidders." Except as otherwise disclosed on pages herein, Bond Counsel has not been retained to review and has not reviewed any other portion of this Official Statement for accuracy or completeness and has not made inquiry of any official or employee of the County or any other person and has made no independent verification of such other portions hereof, and further has not expressed and will not express an opinion as to any portions hereof.

FINANCIAL ADVISOR

Municipal Financial Consultants (an assumed name of MFCI, LLC, a Michigan limited liability company, Milford, Michigan), (the "Municipal Advisor") is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor has been retained by the County to provide certain financial advisory services relating to the planning, structuring and issuance of the Bonds, including preparation of certain parts of the deemed "final" Preliminary Official Statement and the final Official Statement (the "Official Statements"). The information contained in the Official Statements was prepared in form by the Municipal Advisor and is based on information supplied by various officials from records, statements and reports required by various local, county or state agencies of the State of Michigan, in accordance with constitutional or statutory requirements.

To the best of the Municipal Advisor's knowledge, all of the information contained in part of the Official Statements, which it assisted in preparing, while it may be summarized is (i) complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material fact, or make any statement which would be misleading in light of the circumstances under which these statements are being made. However, the Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor is not engaged in the business of underwriting, trading, marketing or the distribution of securities or any other negotiable instruments. The Municipal Advisor's duties, responsibilities and fees arise solely as Registered Municipal Advisor to the County and it has not secondary obligation or other responsibility. The Municipal Advisor's fees are expected to be paid from Bond proceeds.

MUNICIPAL FINANCIAL CONSULTANTS AFFILIATION WITH CLARK HILL PLC

Municipal Financial Consultants (an assumed name of MFCI, LLC) employs a Municipal Advisor Representative who is also employed as Senior Counsel by Clark Hill PLC (Bond Counsel). The employee receives compensation from both firms separately but has no control over, or ownership of MFCI, LLC. Clark Hill PLC has no control over, or financial interest in MFCI, LLC nor does any partner or member of Clark Hill PLC.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

TAMMY SUMERIX-BATES
EXECUTIVE MANAGER
COUNTY OF ALPENA

COUNTY OF ALPENA
GENERAL AND ECONOMIC INFORMATION
As of November 2018

POPULATION

2010 U.S. Census – 29,598	1990 U.S. Census - 30,605
2000 U.S. Census – 31,278	1980 U.S. Census - 32,315

EMPLOYMENT STATISTICS
(provided by Michigan Labor Market Information)

	August 2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Work force	13,010	13,582	13,638	13,593	13,518	13,367	13,386
Unemployment	592	801	810	847	1,082	1,292	1,302
% Unemployed	4.60%	5.90%	5.90%	6.20%	8.00%	9.70%	9.70%

MAJOR TAXPAYERS

10 Largest Taxpayers	**2018 Taxable Valuation**
LaFarge North America	$20,151,400
Alpena Power Company	$18,502,805
Good Will Company Inc.	$7,244,700
Decorative Panels International	$5,067,889
DTE Gas Company	$3,858,762
Wal-Mart Property Tax Dept.	$4,228,812
Sabra Alpena LLC	$2,526,997
Turtle Lake Club	$3,080,590
American Process Energy Recovery	$3,988,000
Presque Isle Electric CO-OP	$2,993,247
TOTAL (represents 7.81% of 2018 TV)	$71,643,202

EMPLOYMENT CHARACTERISTICS

10 Largest Employers	**Industry**	**Number Employed**
Mid-Michigan Medical Center	Healthcare	921
OMNI	Metalcraft Industry	800
NE MI Community Service Agency	Community Service	687
Alpena Public Schools	Education	500
Alpena Community College	Education	351
Wal-Mart	Retail Super Center	304
Alcona Health Centers	Healthcare	303
Meijer	Retail Super Center	273
LaFarge North America	Cement Products	195
Decorative Panels International	Hardboard Manufacturer	190

LABOR CONTRACTS

Employee Group	Number of Employees	Expiration Date of Contract
Alpena Special Deputies Association of Michigan	26	11/30/2018
Police Officers Labor (Enhanced 911) (POL)	9	12/31/2018
Police Officers Association of MI (POAM - Deputies)	12	12/31/2018
Technical Professional Officers Association of Michigan (TPOAM)	22	12/31/2018
Command Officers Association of Michigan (COAM)	3	12/31/2018
Police Officers Association of MI (POAM – Corrections)	14	12/31/2018

COUNTY TAX RATES & LEVIES
(per $1,000 of Taxable Value)

	2018	2017	2016	2015
County	4.8004	4.8004	4.8004	4.8004
County Hosp.	0.0000	0.0000	0.0000	1.0000
County Jail	1.0000	0.0000	0.0000	0.0000
Library	1.0000	1.0000	1.0000	1.0000
Ambulance	0.9720	0.9720	0.9720	0.9720
Senior Citizens	0.5500	0.5500	0.5500	0.5500
Veterans	0.2100	0.1250	0.1250	0.1250
Recreation	0.5000	0.5000	0.5000	0.5000
TOTAL County	**9.0324**	**7.9474**	**7.9474**	**8.9474**

The County's authorized operating tax rate is 5.4800 mills.

TAX RATE LIMITATION

Article IX, Section 6, of the Michigan Constitution of 1963 provides, in part:

"Except as otherwise provided in this Constitution, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 15 mills on each dollar of the assessed valuation of property as finally equalized."

Section 6 further provides that by a majority vote of qualified electors of the County, the 15 mill limitation may be increased to a total of not to exceed 18 mills, and the millages of the local units involved shall then be permanently fixed within that greater millage limitation.

Act 62, Public Acts of Michigan, 1933, as amended, defines local units as Counties, Townships, Villages, Cities, School Districts, Community College Districts, Intermediate School Districts, and other organizations or districts which may be established with the power to levy taxes, except Villages and Cities for which there are provisions in their charters or general law fixing maximum limits on the power to levy taxes against property.

The County voted to fix millage limitation rates for indefinite period pursuant to Article IX, Section 6 of 1963 Michigan Constitution and eliminate the Tax Allocation Board. The fixed rates are as follows:

Units of Government	Millage Rate
County of Alpena	5.48
Any Township	1.29
Alpena County I/S/D	.25
	7.02

In addition, Article IX, Section 6 of the Michigan Constitution of 1963, as amended, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.

2. Operating purposes for a specified period of time provided that such increased millage is approved by a majority of the qualified electors of the local unit.

TAX COLLECTION RECORD

The County taxes are due and payable and a lien created upon the assessed property on December 1st each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection. If all real property taxes are not paid by the first Tuesday in May two years following return to the County Treasurer, the property is sold for taxes.

Alpena County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st each year. Uncollected personal property taxes are negligible.

Fiscal Year - December 31/January 1

Year	Tax Levy	Collections to March 1 of the Year Following the Levy	%	Collections Plus Funding
2017	$30,738,250	$28,516,683	92.77%	100%
2016	$30,383,416	$28,126,328	92.57%	100%
2015	$31,521,684	$29,251,118	92.80%	100%
2014	$31,046,036	$28,837,414	92.89%	100%
2013	$27,376,216	$25,233,698	92.17%	100%
2012	$27,518,302	$25,299,778	91.94%	100%
2011	$28,514,471	$26,085,018	91.48%	100%
2010	$29,405,105	$26,634,732	90.57%	100%
2009	$29,441,977	$26,723,279	90.76%	100%
2008	$28,861,129	$26,118,716	90.50%	100%

PROPERTY SUBJECT TO TAXATION

The State Constitution limits the proportion of true cash value at which property can be uniformly assessed to 50% or less. By statute, the state Legislature has provided that the property shall be assessed at 50% of its true cash value. The state Legislature or the electorate may at some future time reduce the percentage below the present 50% of true cash value.

Responsibility for assessing local taxable property rests with the assessing officers of cities, villages, and townships. Any property owner may appeal his or her assessment to the local Board of Review and ultimately to the Michigan State Tax Tribunal.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government are responsible for actually assessing at 50% of true cash value, the final state equalized assessment against which local property tax rates are applied is derived through several steps. County equalization is brought about by adjustments of the various local unit assessment ratios to the same levels; thereafter, the State equalizes the various counties in relation to each other.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution, limiting the increase in taxable value of property in any year, commencing 1995, to 5% or the rate of inflation, whichever is less, until ownership of the property is transferred at which time the assessment reverts to 50% of the true cash value of the property, as equalized. The effect of this assessment cap will be that different parcels of property will be taxed on different percentages of their cash value. The legislation implementing this constitutional amendment adds a new measure of property value for property taxes levied after 1994, known as taxable value. For the year 1995, the taxable value of property is based on the state equalized value (SEV) of that property in 1994. For each year after 1994, increases in the taxable value of property are limited by the constitutional assessment cap or the percentage change in the SEV of such property from the prior year until the transfer of ownership of the property at which time the taxable value shall be the property's SEV.

INDUSTRIAL FACILITIES TAX

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended) ("Act 198"), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new plants to the area. The issuance of any exemption certificate must be approved by the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment is taxed at one-half the current millage rate. It must be emphasized, however, that ad valorem property taxes on land and inventory are specifically excluded under Act 198.

Abatements under Act 198 have been granted to properties in the County with a total 2018 Taxable value of $850,534 for real and personal property.

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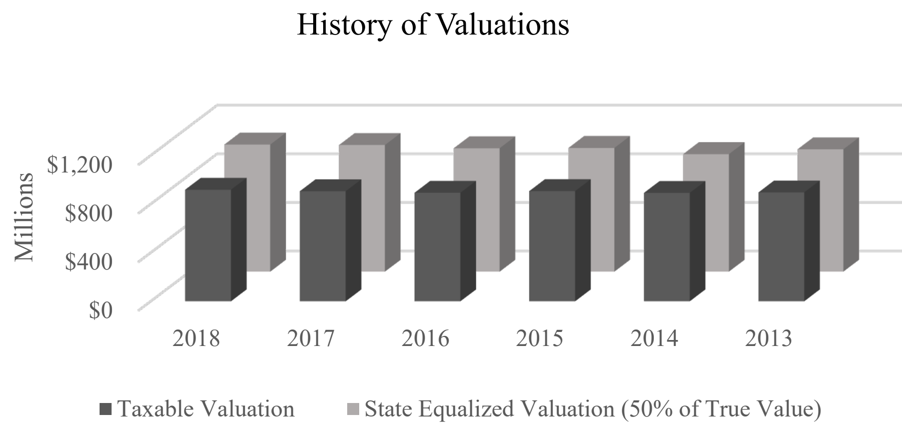
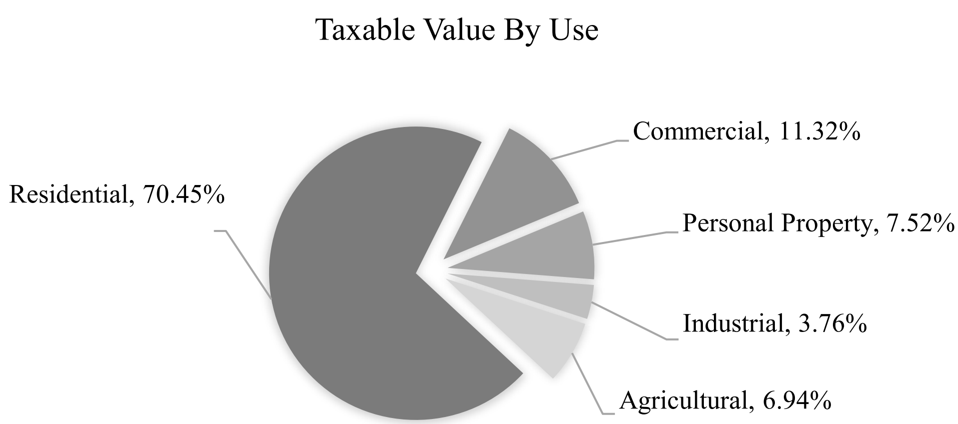
	State Equalized Valuation (50% of True Value)	Taxable Valuation
2018	$1,045,212,072	$917,794,873
2017	$1,041,743,980	$905,800,279
2016	$1,015,118,786	$893,210,200
2015	$1,017,787,010	$906,860,375
2014	$966,466,490	$892,059,149
2013	$1,006,436,847	$895,809,069
2012	$1,022,067,109	$896,302,560
2011	$1,075,835,667	$916,447,358
2010	$1,139,048,820	$935,663,299
2009	$1,204,114,563	$956,775,344
2008	$1,225,814,673	$926,200,843
	Per Capita TV (2018):	$31,008.68



2018 TV Breakdown by Use		
Residential	$646,609,379	70.45%
Commercial	$103,921,540	11.32%
Personal Property	$69,063,454	7.52%
Industrial	$34,504,414	3.76%
Agricultural	$63,696,086	6.94%
Development	$0	0.00%
Timber	$0	0.00%
Total	$917,794,873	100.00%

2018 Breakdown by Class		
Real	$848,731,419	92.48%
Personal	$69,063,454	7.52%
Total	$917,794,873	100.00%



PROPERTY TAX REFORM

State of Michigan voters approved the enactment of Michigan Public Acts 153 and 154 of 2013 and Acts 80 and 86 through 93 of 2014 by referendum on August 5, 2014 (collectively, the "PPT Reform Acts"), which significantly reformed Personal Property tax in Michigan.

Under the PPT Reform Acts, owners of industrial and commercial Personal Property with a total true cash value of $80,000 or less may file an affidavit claiming a Personal Property tax exemption. To be eligible for the exemption, all of the commercial or industrial Personal Property within a city or township that is owned by, leased to, or controlled by the claimant has to have an accumulated true cash value of $80,000 or less. Beginning in calendar year 2016, owners of certain manufacturing Personal Property that was either purchased after December 31, 2012, or that is at least 10 years old may claim an exemption from Personal Property tax. By 2022, all eligible manufacturing Personal Property will be at least 10 years old or purchased after December 31, 2012, so that it could be exempted from Personal Property tax.

To replace personal property tax revenues lost by local governments the PPT Reform Acts divided the existing state use tax into two components, a "state share tax" and a "local community stabilization share tax," and established the Local Community Stabilization Authority (the "LCSA") to administer distribution of the local community stabilization share. The Michigan Department of Treasury collects the local community stabilization share tax on behalf of the LCSA. The local community stabilization share tax revenues are not subject to the annual appropriations process and are provided to the LCSA for distribution pursuant to a statutory formula. The statutory formula is anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions.

The ultimate nature, extent and impact of other tax and revenue measures, which are from time to time considered, cannot currently be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the County.

GENERAL FUND REVENUES AND EXPENDITURES

	2017	**2016**	**2015**
Revenues	$8,778,039	$8,539,783	$8,173,207
Expenses	$8,349,594	$8,115,336	$7,921,294
Revenues Over (Under) Expense	$428,445	$424,447	$251,913
Other Financing Sources			
Operating Transfers In	$601,941	$848,367	$915,882
Operating Transfers Out	($845,827)	($864,704)	($737,232)
Net Change in Fund Balances	$184,559	$408,110	$430,563
Beginning Balance	$4,737,260	$4,329,150	$3,898,587
Ending Balance	$4,921,819	$4,737,260	$4,329,150

REVENUE FROM THE STATE OF MICHIGAN

The County receives revenue sharing payments from the State of Michigan under the State revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"), on a per capita basis. The County's revenue sharing distribution is subject to annual legislative appropriation and may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriation committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

The State's ability to make revenue sharing payments to the County in the amounts and at the times specified in the Revenue Sharing Act is subject to the State's overall financial condition and its ability to finance any temporary cash flow deficiencies. Act 357, Public Acts of Michigan, 2004 ("Act 357") amended the General Property Tax Act to temporarily eliminate statutory revenue sharing payments to counties by creating a reserve fund, against which counties could draw in lieu of annual revenue sharing payments, paid for by the permanent advancement of the counties' property tax levy from December to July each year, beginning in 2005. Under Act 357, a county would resume receiving state revenue sharing payments in the first year in which the county's property tax revenue reserve was less than the amount the county would have otherwise received in state revenue sharing payments. The County resumed receiving the revenue sharing payments in 2015.

Under the fiscal year 2018 budget, signed into law on July 14, 2017 by Governor Snyder, a portion of county revenue sharing payment distributions are made pursuant to the Revenue Sharing Act and a portion are distributed through an incentive-based program called the county incentive program ("CIP"). For fiscal year 2018, the county revenue sharing program has an appropriation of $220 million, an increase over the fiscal year 2017 amount of $217.2 million, with $176.9 million being distributed pursuant to the Revenue Sharing Act and $43.1 million being distributed through the CIP. The CIP provides eligible counties distributions for complying with "best practices" to increase transparency. Eligible counties are those that would be eligible to resume receiving state revenue sharing payments under Act 357.

Under the fiscal year 2018 CIP, an eligible county can receive CIP payments if it meets requirements for accountability and transparency, including making a citizen's guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. However, there can be no assurance of what amount, if any, the County would receive under CIP. The County anticipates meeting the requirements to receive fiscal year 2018 CIP payments.

Purchasers of the Bonds should be alert to further modifications to revenue sharing payments to Michigan local governmental units, to the potential consequent impact upon the County's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the County from the State.

The following table sets forth the amounts of annual revenue sharing payments from the State for the County's fiscal years ended December 31, 2015 through December 31, 2017.

Revenue Sharing from the State of Michigan

County of Alpena Fiscal Year End Dec. 31,	Revenue Sharing Payments
2017	737,018
2016	729,843
2015	726,434

Tax Collection and Levy Date for County Fixed or Allocated Millage

The money which is to pay for this new program will be generated by a cash flow shift which will accelerate the collection of county fixed or allocated millage. All counties collect a base tax (which is, of course, reduced by Headlee rollbacks and limited by Proposal A caps) which is either fixed by a vote of the county voters or allocated to the county by a tax allocation board. In addition, counties have a right to vote extra millages for various purposes for up to 20 years. THIS PROPOSAL DOES NOT APPLY TO EXTRA VOTED TAXES WHICH WILL CONTINUE TO BE LEVIED AND COLLECTED ON DECEMBER 1.

Source: County of Alpena

RETIREMENT PLAN

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

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

Inactive employees or beneficiaries currently receiving benefits	110
Inactive employees entitled to but not yet receiving benefits	32
Active employees	80
	222

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.

County contributions range from $10,672 to $354,499 based on annual payroll for open divisions. Three divisions that are closed to new employees have an annual County contribution range from $3,721 to $15,065.

Net Pension Liability.

The County's Net Pension Liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/16	$ 20,056,362	$ 12,096,070	$ 7,960,292
Changes for the year			
Service costs	308,374	-	308,374
Interest on total pension liability	1,565,406	-	1,565,406
Changes in benefits	-	-	-
Difference between expected and actual experience	403,321	-	403,321
Changes in assumption	-	-	-
Employer contributions	-	764,357	(764,357)
Employee contributions	-	76,002	(76,002)
Net investment income	-	1,586,296	(1,586,296)
Benefit payments, including employee refund	(1,285,960)	(1,285,960)	-
Administrative expenses	-	(25,141)	25,141
Other charges	(35,809)	-	(35,809)
Net Changes	955,332	1,115,554	(160,222)
Balances as of 12/31/27	$ 21,011,694	$ 13,211,624	$ 7,800,070

Discount rate

The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that County and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for County's. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Please see Note 10 and 11 of the Alpena County Audited Financial Statements for full Employee Retirement and Post-Employment Benefits.

FUTURE FINANCING

The County does not anticipate any additional borrowings in the next 3 months.

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DEBT STATEMENT
As of 11/12/18

Including all authorized borrowings:
$1,455,000 (Dated Nov. 27, 2018) & $11,600,000 (Dated Dec. 20, 2018)

DIRECT DEBT	Gross	Self-Supporting or Portion Paid Directly by Benefited Municipalities	Net
Capital Improvement	$14,270,000	$0	$14,270,000
TOTAL DIRECT DEBT	$14,270,000	$0	$14,270,000
OVERLAPPING DEBT			
School Districts			$5,262,470
City			1,720,000
Townships			1,455,000
Intermediate School Districts			0
Community College			923,103
TOTAL OVERLAPPING DEBT			$9,360,573
NET DIRECT AND OVERLAPPING DEBT			$23,630,573

Source: Alpena County and Municipal Advisory Council of Michigan

DEBT RATIOS

Estimated County Population	29,598
2018 Taxable Value	$917,794,873
2018 State Equalized Value (SEV)	$1,045,212,072
2018 True Cash Value (TCV)	$2,090,424,144
Per Capita 2018 Taxable Value	$31,008.68
Per Capita 2018 State Equalized Value	$35,313.60
Per Capita 2018 True Cash Value	$70,627.21
Per Capita Net Direct Debt	$482.13
Per Capita Net Direct and Overlapping Debt	$798.38
Percent of Net Direct Debt of 2018 Taxable Value	1.55%
Percent of Net Direct and Overlapping Debt of 2018 Taxable Value	2.57%
Percent of Net Direct Debt of 2018 SEV	1.37%
Percent of Net Direct and Overlapping Debt of 2018 SEV	2.26%
Percent of Net Direct Debt of 2018 TCV	0.68%
Percent of Net Direct and Overlapping Debt of 2018 TCV	1.13%

LEGAL DEBT MARGIN - (As of 11/12/2018– including Bonds described herein)

2018 State Equalized Value (SEV)		$1,045,212,072
Legal Debt Limit - 10% of SEV		$104,521,207
Total Bonded Debt Outstanding	$14,270,000	
Net Amount Subject to Legal Debt Limit		14,270,000
LEGAL DEBT MARGIN AVAILABLE		$90,251,207

SCHEDULE OF LONG-TERM BOND MATURITIES

(As of 11/12/2018 – Including all authorized borrowings)

In Thousands (000s)

Year	Capital Improvement Bonds	TOTAL	Percent Repaid
2018	0	0	
2019	585	585	
2020	590	590	
2021	610	610	
2022	635	635	17%
2023	655	655	
2024	680	680	
2025	700	700	
2026	725	725	
2027	755	755	42%
2028	775	775	
2029	645	645	
2030	665	665	
2031	690	690	
2032	710	710	66%
2033	735	735	
2034	765	765	
2035	790	790	
2036	820	825	
2037	855	860	
2038	885	890	100%
Total	$14,270	$14,285	

Appendix B
FINANCIAL INFORMATION REGARDING
THE COUNTY OF ALPENA

The following section of the audited financial statements of the County of Alpena for the Fiscal Year ending December 31, 2017 have been extracted from the audit:

*Note: The County's auditors have not been asked to consent to the use of the audited financial statements provided herein and have not conducted any subsequent review of such audited financial statements or the information presented in this Appendix B.

Straley Lamp & Kraenzlein P.C.
Certified Public Accountants

Philip T. Straley, CPA/PFS
Bernard R. Lamp, CPA
James E. Kraenzlein, CPA/ABV/CFF
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Andrew R. Lamp, CPA
Robert D. Ilsley
J. Michael Kearly
Donald C. Levren

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
County of Alpena, 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 the County of Alpena, Michigan as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County of Alpena, Michigan'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 *Alpena County Road Commission*, representing 88% of the assets, 120% of the net position, and 52% of the revenues of the aggregate discretely presented component units. The financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the *Alpena County Road Commission*, is based solely on the report of the other auditor. 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.

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

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Opinions

In our opinion, based on our audit 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 Alpena, Michigan, as of December 31, 2017, 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, pension and budgetary comparison information as identified in the table of contents 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 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 Alpena, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements 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 separately issued our report dated July 02, 2018, on our consideration of the County of Alpena, 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 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 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 Alpena, Michigan's internal control over financial reporting and compliance.

Straley Lamp & Kraenzlein P.C.

July 02, 2018

As management of the County of Alpena, Michigan we offer readers of the County of Alpena's financial statements this narrative overview and analysis of the financial activities of the County of Alpena for the fiscal year ended December 31, 2017.

Financial Highlights

- The assets of the County of Alpena exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $28,704,336 (*net position)*. Of this amount, $6,673,359 (*unrestricted net position)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The County of Alpena's total net position decreased during the year by $(158,209). This was a result of a decrease in the net position of governmental activities of $(196,910), while also experiencing an increase in the net position of its business-type activities of $38,701.

- The County of Alpena provided services of $16,215,874 in governmental activities and $106,096 of business-type activities for expenses totaling $16,321,970 during the year ended December 31, 2017.

- At December 31, 2017, the unassigned fund balance for the General Fund was $3,990,879 or (43.4) percent of total General Fund expenditures and transfers out. This was an increase of $182,238 compared to the prior year.

- The primary government of the County of Alpena entered into a capital lease during the year for a copier, which totaled $5,193 of additional long-term debt obligations during the year ended December 31, 2017. The County ended the year with total long-term debt obligations of $1,411,075, a decrease of $72,852.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to County of Alpena's basic financial statements. County of Alpena'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 County of Alpena's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of County of Alpena's assets, liabilities and deferred inflows of resources with the difference being 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 of Alpena is improving or deteriorating.

The *statement of activities* presents information showing how the government'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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County of Alpena 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 of Alpena include legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, recreation and cultural, and other.

The business-type activities of the County of Alpena include the Delinquent Tax Payment Fund and the Tax Foreclosure Fund.

The government-wide financial statements include not only the County of Alpena itself (known as the *primary government*), but also the Alpena County Road Commission, Alpena County Library, and several Multi-county agencies for which the County of Alpena is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The County of Alpena Building Authority, although also legally separate, functions for all practical purposes as a department of the County of Alpena, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-15 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 of Alpena, 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 of Alpena 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 a government'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 government'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 of Alpena maintains thirty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Ambulance, CRTC, Housing Commission, Older Persons Act, and Youth and Recreation Funds, all of which are considered to be major funds. Data from the other twenty-five 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 basic governmental fund financial statements can be found on pages 16-23 of this report.

Proprietary funds**.** The County of Alpena maintains two different types 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 of Alpena uses *enterprise funds* to account for its Delinquent Tax Payment and Tax Foreclosures *Internal service funds* are an accounting device used to accumulate and allocate costs internally among County of Alpena's various functions. The County of Alpena uses internal service funds to account for its building and grounds maintenance and self-insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental 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, which are considered to be major funds of the County of Alpena. Conversely, the internal service fund is a single presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

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 County of Alpena's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 27 of this report.

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. The notes to the financial statements can be found on pages 32-65.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning County of Alpena's pension plan disclosures and general and major governmental funds' budget comparisons. Required supplementary information can be found on pages 67-73 of this report.

Combining and individual fund statements and schedules can be found on pages 75-100 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Alpena, assets exceeded liabilities and deferred inflows of resources by $28,704,336 at the close of the most recent fiscal year.

A significant portion of County of Alpena's net position $6,673,359 (23.2%) reflects its *(unrestricted net position)* which represents funds available to meet the government's ongoing obligations to citizens and creditors. The investment in capital assets $14,967,002 (52.2%) (e.g., land, buildings, and equipment); less any related debt used to acquire those assets that are still outstanding. The County of Alpena uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although County of Alpena'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.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$15,669,852	$14,943,468	$ 8,774,593	$ 8,739,294	$24,444,445	$23,682,762
Capital assets	16,269,476	16,215,555	-	-	16,269,476	16,215,555
Total assets	31,939,328	31,159,023	8,774,593	8,739,294	40,713,921	39,898,317
Deferred outflows of resources	712,544	687,869	-	-	712,544	687,869
Current liabilities	632,558	595,350	23,418	26,820	655,976	622,170
Non-current liabilities	9,015,070	9,356,956	-	-	9,015,070	9,356,956
Total liabilities	9,647,628	9,952,306	23,418	26,820	9,671,046	9,979,126
Deferred inflows of resources	3,051,083	2,341,078	-	-	3,051,083	2,341,078
Net Position:						
Invested in capital assets, net of related debt	14,967,002	14,827,162	-	-	14,967,002	14,827,162
Restricted	7,063,975	6,441,750	-	-	7,063,975	6,441,750
Unrestricted	(2,077,816)	(1,715,404)	8,751,175	8,712,474	6,673,359	6,997,070
	$19,953,161	$19,553,508	$ 8,751,175	$ 8,712,474	$28,704,336	$28,265,982

An additional portion of County of Alpena's net assets $7,063,975 (24.6%) represents resources that are subject to external restrictions on how they may be used.

The government's net position experienced a decrease of $(158,209) during the current year. This was a result of a decrease in the net position of governmental activities of $(196,910), which was primarily a result of a decrease in property taxes.

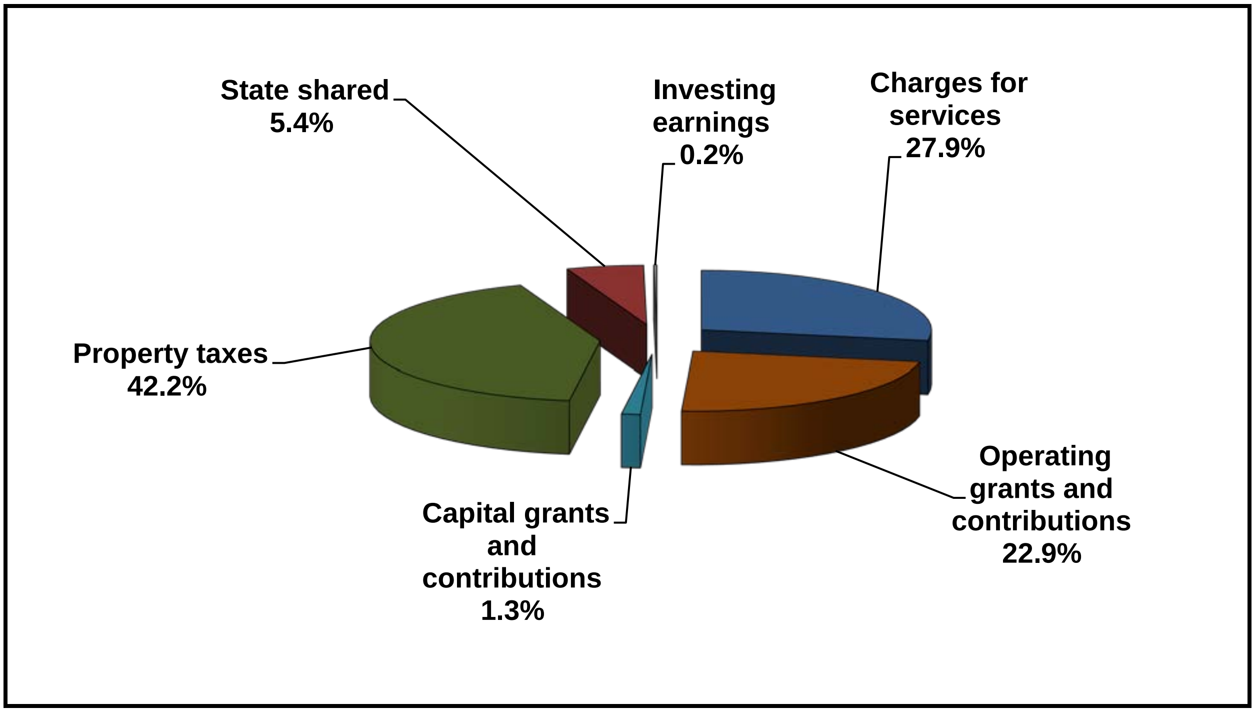
Business-type activities experienced an increase of $38,701 in net position during the current fiscal year as a result of decreasing the subsidy to the governmental funds by $161,199 from the previous year.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	$ 4,368,765	$ 4,241,573	$ 433,722	$ 675,237	$ 4,802,487	$ 4,916,810
Operating grants	3,594,726	3,752,704	-	-	3,594,726	3,752,704
Capital grants	206,919	262,119	-	-	206,919	262,119
General revenues:						
Property taxes	6,622,877	7,401,884	-	-	6,622,877	7,401,884
State shares revenue	848,599	729,843	-	-	848,599	729,843
Investment earnings	34,712	17,514	53,441	18,956	88,153	36,470
Total revenues and transfers	15,676,598	16,405,637	487,163	694,193	16,163,761	17,099,830
Expenses:						
Legislative	277,347	285,303	-	-	277,347	285,303
Finance	1,186,644	1,206,394	-	-	1,186,644	1,206,394
Judicial	1,824,524	2,052,013	-	-	1,824,524	2,052,013
General government	2,362,775	2,366,273	-	-	2,362,775	2,366,273
Public safety	6,309,068	6,006,290	-	-	6,309,068	6,006,290
Public works	780,255	1,309,092	-	-	780,255	1,309,092
Health and welfare	1,280,131	2,230,049	-	-	1,280,131	2,230,049
Economic development	342,163	339,005	-	-	342,163	339,005
Recreation and cultural	1,825,395	1,536,897	-	-	1,825,395	1,536,897
Interest on long-term debt	27,572	29,827	-	-	27,572	29,827
Delinquent tax funds	-	-	106,096	189,819	106,096	189,819
Total expenses	16,215,874	17,361,143	106,096	189,819	16,321,970	17,550,962
Revenues over (under) expenditures	(539,276)	(955,506)	381,067	504,374	(158,209)	(451,132)
Other financing sources (uses):						
Transfers	342,366	503,565	(342,366)	(503,565)	-	-
Change in net position	(196,910)	(451,941)	38,701	809	(158,209)	(451,132)
Net position - beginning of the year as previously stated	19,553,508	20,005,449	8,712,474	8,711,665	28,265,982	28,717,114
Prior period adjustments	596,563	-	-	-	596,563	-
Net position - beginning of the year as restated	20,150,071	20,005,449	8,712,474	8,711,665	28,862,545	28,717,114
Net position - end of the year	$19,953,161	$19,553,508	$8,751,175	$8,712,474	$28,704,336	$28,265,982

Governmental activities

The following chart depicts revenues of the governmental activities for the year ended December 31, 2017:

Revenues by source - governmental activities

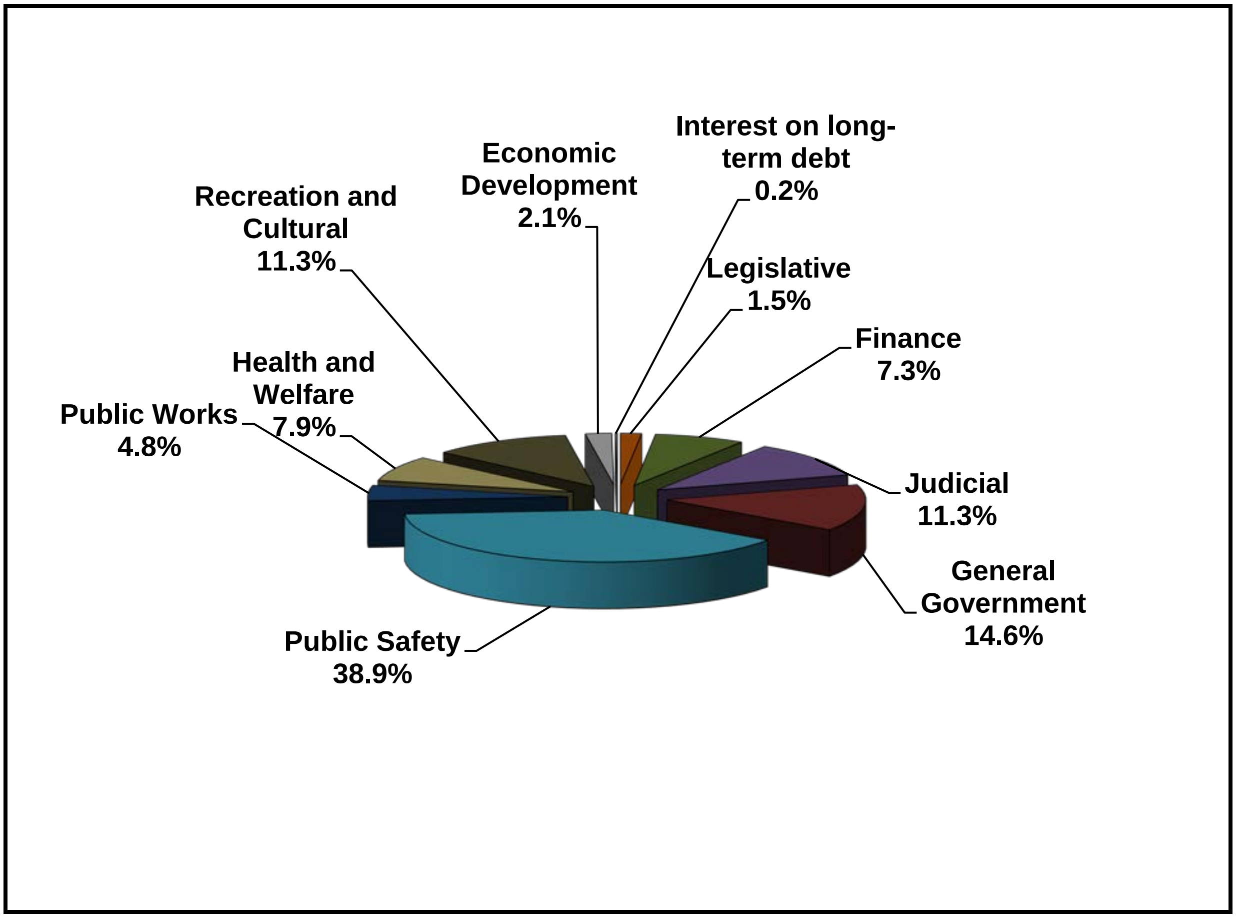


In total, 2017 governmental activities program revenues decreased by $(85,986) in comparison to 2016 revenues. This net decrease reflects an increase in charges for services of $127,192, a decrease in operating grants of $(157,978) and a decrease in capital grants of $(55,200). The program services revenue, which reimburses the County for specific activities, is the largest source of governmental activity revenue at 52.1%.

Property tax revenue, which is not assigned to any particular activity, remains a major support for governmental activities at 42.2%. The property tax revenue in the County of Alpena has decreased by $(779,007) in 2017 from the previous year. The decrease was due to property tax revenue that was collected on behalf of the Alpena Regional Medical Center for capital improvements and held by the County. During 2016, the Alpena Regional Medical Center was sold and is no longer a component unit of the County in 2017. In the prior year, property taxes collected on behalf of the Alpena Regional Medical Center amounted to almost $900,000 of additional property taxes. The taxable values of real and personal property increased in 2017 to $905,800,279 from $893,210,200 in 2016. Taxable values are changing at a slower rate than in the past due to the state of the economy and had been recovering slightly the previous few years. There was the slight increase in 2017. It is hoped that taxable values will continue to rebound in future years as the economy continues to recover from the recession.

The investment earnings of the governmental activities increased in 2017 to $34,712 compared to $17,514 in 2016, which reflected the higher return rates offered on investments.

Expenses by function/program - governmental activities



Total governmental activity expenses decreased in 2017 by $(1,145,269) over 2016 expenses. For the most part, all activities experienced a small decrease in expenses that closely paralleled reductions in revenues. Alpena County continues to attempt to make reductions in expenditures to match the potential elimination of state shared revenue.

Public safety continues to be the largest governmental activity, expending $6,309,068 of the $16,215,874 total (38.9%). General government expenses are the second largest category at $2,362,775 (14.6%). Recreation and culture expenses are the third largest category at $1,825,395 (11.3%). Over sixty-four percent (64.8%) of the 2017 governmental activity expenses are a result of these three activities.

Business-type activities. The Delinquent Tax Payment and Tax Foreclosure Funds continue to provide local units within the County payment for their delinquent real property taxes. The operation of these funds also continues to be a source of revenue to the County. As a result of a carryover net position of $8,712,474 and earning $381,067 in the operation of the business-type activities in 2017, $342,366 was able to be transferred as an appropriation to the County of Alpena General Fund to subsidize the governmental activity expenses.

	Total Cost of Services	Program Revenues	Net Cost of Services
Function/Programs:			
Delinquent tax payment fund	$ 73,766	$ 397,752	$ (323,986)
Tax foreclosure fund	32,330	35,970	(3,640)
Total Business-type activities	$ 106,096	$ 433,722	$ (327,626)

Revenues by source - business type activities

In the business-type funds, charges for services accounted for the majority of revenue totaling $433,722, or 89% of revenues. The only other revenue source was investment income which amounted to $53,441, totaling 11% of revenues.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, County of Alpena's governmental funds reported combined ending fund balances of $9,749,111 an increase of $332,470 in comparison with the prior year. Approximately $3,990,879 or (40.9%) of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance of $3,002,337 is *restricted* to indicate that it is for the specific purpose of the fund, and $2,755,895 was *committed* by a board of commissioner action.

The General Fund is the chief operating fund of the County of Alpena. At the end of the current fiscal year, the fund balance of the General Fund was $4,921,819 of which $3,990,879 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represented (43.4%) of total general fund expenditures and operating transfers to other funds.

The fund balance of County of Alpena's General Fund was increased by $184,559 during the current fiscal year. Key factors are as follows:

- The General Funds' tax revenues slightly increased by $21,333. Overall the General Fund experienced an increase in revenues of $238,256, with an increase of $181,258 in federal, state and local grant funding, an increase of $94,848 in charges for services, an increase in interest and rents of $13,294, and a decrease of other revenue of $(58,608).

- The Delinquent Tax Payment Fund was able to subsidize General Fund operations by $342,366.

- Public safety activity increased in the amount of $283,834.

- Transfers into the General Fund decreased by $(246,426) compared to the prior year and the transfers out of the general fund decreased by $(18,877).

- The Debt Service Funds have total fund balances of $41,268 all of which is designated for the payment of future liabilities of bonds and loans and future compensated absence expenditures.

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

Unrestricted net position of the Delinquent Tax Payment and Tax Foreclosure Funds at the end of the year amounted to $8,751,175 and the change in net assets for the funds was $38,701. Factors concerning the finances of these funds have already been addressed in the discussion of County of Alpena's business-type activities.

General Fund Budgetary Highlights

The actual revenues surpassed the budget by slightly over $66,000. The majority of this was due to charges for services exceeding the budgeted amount by almost $138,000; in addition to federal, state and local grants all falling short of budgeted amounts by close to $90,000 collectively. The main reason charges for services exceeded the budgeted amount was due to the Friend of the Court and the Juvenile Family Division, which both had no revenues budgeted, but earned about $81,500 and $30,000, respectively.

There was a net increase of about $120,000 between the original and final amended expenditure budget, including transfers to other funds. The transfers to other funds budget increased about $265,000 from the original budget. This was due to additional transfers going to the building and grounds maintenance, equipment fund, and plaza pool fund that were not originally anticipated or incorporated into the original budget. The General government and judicial expenditures were less than anticipated and the budget was reduced by about $125,000 and $32,000, respectively. There remaining expenditure categories had small amendments between the original and final budgeted amounts as well.

Capital Asset and Debt Administration

Capital assets. County of Alpena's investment in capital assets for its governmental and business type activities as of December 31, 2017, amounts to $16,269,476 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, building and improvements, office and computer equipment and vehicles.

COUNTY OF ALPENA'S, Capital Assets

	Governmental Activities	
	2017	2016
Historical cost:		
Land	$ 129,484	$ 129,484
Land improvements	4,269,818	4,239,818
Buildings and improvements	18,493,906	17,933,606
Office and computer equipment	4,225,737	4,123,906
Vehicles	3,118,823	3,060,590
	30,237,768	29,487,404
Accumulated depreciation:		
Land improvements	(1,836,048)	(1,714,712)
Buildings and improvements	(7,909,027)	(7,429,088)
Office and computer equipment	(2,422,153)	(2,391,908)
Vehicles	(1,801,064)	(1,736,141)
	(13,968,292)	(13,271,849)
Net capital assets	$ 16,269,476	$ 16,215,555

Depreciation expense of $1,141,587 was charged to functions/programs of the primary government.

Long-term debt. At the end of the current fiscal year, the County of Alpena had total debt outstanding of $1,411,075. Of this amount $1,295,000 is comprised of Capital Improvement bonded debt. The County also has an installment purchase agreement obligation of $7,474 for the purchase of equipment. The balance of debt represents future compensated absences of $108,601.

COUNTY OF ALPENA'S, Outstanding Debt, Bonds and Loans

	Governmental Activities	
	2017	2016
Capital Improvement bonds	$ 1,295,000	$ 1,370,000
Installment purchase agreements	7,474	18,393
Compensated absenses	108,601	95,534
	$ 1,411,075	$ 1,483,927

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2018 fiscal year:

- Unemployment in Alpena County has stabilized but continues to exceed the State and National average.
- We have seen a slight increase in Real Taxable and Personal Taxable Values, so we are seeing a slight increase in the overall 2018 levy.
- The lack of growth in the local economy has continued to make it difficult for all local units to provide services to their residents.
- The continued increases in costs of employee benefits have made it difficult to maintain positions and benefits at their current levels.
- Maintenance of Equipment and Buildings and Grounds will continue to be done sparingly due to the lack of funding for these projects.
- Appropriations to other governmental units and outside organizations (i.e. Courts, Airport, Law Library and Law Enforcement) will need to be carefully reviewed and possibly reduced.
- Attrition will need to be considered when positions become vacant.
- "Joint Ventures" with other governmental agencies will continue to be pursued because of the rising costs associated with the running of local government.
- Seeking continued support of our collective bargaining units is imperative.

Requests for Information

The financial report is designed to provide a general overview of County of Alpena's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the County Treasurer, Courthouse, 720 W. Chisholm Street, Alpena, MI 49707.

BASIC FINANCIAL STATEMENTS

ALPENA COUNTY

Statement of Net Position

December 31, 2017

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Pooled cash and investments	$ 3,671,473	$ 928,273	$ 4,599,746	$ 3,512,156
Cash and cash equivalents	15,350	-	15,350	19,599
Investments, at fair value	5,695,892	7,066,130	12,762,022	1,336,474
Receivables, net	6,267,793	780,190	7,047,983	2,076,239
Inventories	-	-	-	290,561
Prepaid items	19,344	-	19,344	66,039
Capital assets not being depreciated	129,484	-	129,484	9,347,484
Capital assets being depreciated, net	16,139,992	-	16,139,992	21,469,464
Total assets	31,939,328	8,774,593	40,713,921	38,118,016
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension amounts	712,544	-	712,544	939,007
LIABILITIES				
Accounts payable	250,665	7,578	258,243	234,244
Accrued payroll and withholding	168,153	-	168,153	162,742
Other liabilities and deposits	8,816	15,840	24,656	1,018
Accrued interest payable	8,849	-	8,849	-
Advances	-	-	-	364,644
Long-term liabilities:				
Due within one year				
Bonds and loans	87,474	-	87,474	-
Compensated absences	108,601	-	108,601	642,717
Due in more than one year				
Bonds and loans	1,215,000	-	1,215,000	-
Net OPEB obligation	-	-	-	611,661
Net pension liability	7,800,070	-	7,800,070	11,121,538
Total liabilities	9,647,628	23,418	9,671,046	13,138,564
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	790,527	-	790,527	1,076,040
Property taxes levied for subsequent period	2,260,556	-	2,260,556	910,034
Total deferred inflows of resources	3,051,083	-	3,051,083	1,986,074
NET POSITION				
Net investment in capital assets	14,967,002	-	14,967,002	30,816,948
Restricted	7,063,975	-	7,063,975	159,636
Unrestricted	(2,077,816)	8,751,175	6,673,359	(7,044,199)
Total net position	$ 19,953,161	$ 8,751,175	$ 28,704,336	$ 23,932,385

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

ALPENA COUNTY

Statement of Activities

For the Year Ended December 31, 2017

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental activities				
General government-Legislative	$ 277,347	$ 61,882	$ -	$ -
General government-Finance	1,186,644	421,088	-	-
General government-Other	2,362,775	927,750	273,052	-
Judicial	1,824,524	681,398	517,073	-
Public safety	6,309,068	1,288,948	2,220,129	-
Public works	780,255	453,843	38,503	206,919
Health and welfare	1,280,131	104,859	303,383	-
Community and economic development	342,163	350,202	237,656	-
Recreation and culture	1,825,395	78,795	4,930	-
Interest on long-term debt	27,572	-	-	-
Total governmental activities	16,215,874	4,368,765	3,594,726	206,919
Business-type activities:				
Delinquent tax payment fund	73,766	397,752	-	-
Tax foreclosure fund	32,330	35,970	-	-
Total business-type activities	106,096	433,722	-	-
Total primary government	$ 16,321,970	$ 4,802,487	$ 3,594,726	$ 206,919
Component Units:				
Alpena County Road Commission	6,391,332	908,487	5,350,440	-
Alpena County Library	1,190,660	199,603	16,343	-
District Health Department #4	4,681,587	2,036,902	2,166,422	-
Circuit Court	457,933	938	426,970	-
Family Division - Juvenile	358,826	47,284	337,914	-
Friend of the Court	565,679	32,463	479,155	-
Friend of the Court P.A. 215	34,000	20,955	-	-
Drain Commission	495	-	-	-
Total component units	$ 13,680,512	$ 3,246,632	$ 8,777,244	$ -

General revenues:
- Property taxes
- State shared revenue
- Investment earnings
- Transfers
- Gain on disposal of assets
  - Total general revenues and transfers

Change in net position

Net position - beginning of the year, as previously stated
Prior period adjustment
Net position - beginning of the year, as restated

Net position - end of the year

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (215,465)	$ -	$ (215,465)	$ -
(765,556)	-	(765,556)	-
(1,161,973)	-	(1,161,973)	-
(626,053)	-	(626,053)	-
(2,799,991)	-	(2,799,991)	-
(80,990)	-	(80,990)	-
(871,889)	-	(871,889)	-
245,695	-	245,695	-
(1,741,670)	-	(1,741,670)	-
(27,572)	-	(27,572)	-
(8,045,464)	-	(8,045,464)	-
-	323,986	323,986	-
-	3,640	3,640	-
-	327,626	327,626	-
(8,045,464)	327,626	(7,717,838)	-
-	-	-	(132,405)
-	-	-	(974,714)
-	-	-	(478,263)
-	-	-	(30,025)
-	-	-	26,372
-	-	-	(54,061)
-	-	-	(13,045)
-	-	-	(495)
-	-	-	(1,656,636)
6,622,877	-	6,622,877	940,469
848,599	-	848,599	24,974
34,712	53,441	88,153	19,075
342,366	(342,366)	-	-
-	-	-	5,001
7,848,554	(288,925)	7,559,629	989,519
(196,910)	38,701	(158,209)	(667,117)
19,553,508	8,712,474	28,265,982	24,599,502
596,563	-	596,563	-
20,150,071	8,712,474	28,862,545	24,599,502
$ 19,953,161	$ 8,751,175	$ 28,704,336	$ 23,932,385

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

ALPENA COUNTY

Governmental Funds - Balance Sheet

December 31, 2017

		General Fund		Ambulance		CRTC Grant
ASSETS						
Pooled cash and investments	$	1,356,205	$	61,732	$	118,544
Cash and cash equivalents		4,550		-		-
Investments, at fair value		3,659,426		528,788		257,328
Receivables - net:						
Taxes		-		884,627		-
Accounts and interest		6,670		611		208
Mortgage loans		-		-		-
Due from other governmental units		86,823		-		375,001
Prepaid items		-		-		-
Total assets	$	5,113,674	$	1,475,758	$	751,081
LIABILITIES						
Accounts payable	$	82,256	$	-	$	1,094
Accrued payroll and withholdings		109,599		-		36,266
Other liabilities and deposits		-		-		-
Total liabilities		191,855		-		37,360
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for subsequent period		-		884,627		-
Unavailable revenue - mortgage loans		-		-		-
Total deferred inflows of resources		-		884,627		-
FUND BALANCES						
Restricted		-		591,131		443,704
Committed		930,940		-		270,017
Unassigned		3,990,879		-		-
Total fund balances		4,921,819		591,131		713,721
Total liabilities, deferred inflows of resources and fund balances	$	5,113,674	$	1,475,758	$	751,081

Housing Commission	Older Persons Act	Youth and Recreation	Nonmajor Governmental Funds	Total Governmental Funds
$ 194,660	$ 35,731	$ 240,487	$ 1,241,289	$ 3,248,648
100	50	-	10,650	15,350
-	185,428	186,820	734,081	5,551,871
-	500,524	455,029	420,376	2,260,556
-	63	117	223,850	231,519
2,666,724	-	-	-	2,666,724
-	-	-	647,103	1,108,927
-	-	-	19,344	19,344
$ 2,861,484	$ 721,796	$ 882,453	$ 3,296,693	$ 15,102,939
$ 79	$ 58,271	$ 62,129	$ 45,750	$ 249,579
-	-	-	22,288	168,153
-	-	-	8,816	8,816
79	58,271	62,129	76,854	426,548
-	500,524	455,029	420,376	2,260,556
2,666,724	-	-	-	2,666,724
2,666,724	500,524	455,029	420,376	4,927,280
192,181	113,926	365,295	1,296,100	3,002,337
2,500	49,075	-	1,503,363	2,755,895
-	-	-	-	3,990,879
194,681	163,001	365,295	2,799,463	9,749,111
$ 2,861,484	$ 721,796	$ 882,453	$ 3,296,693	$ 15,102,939

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

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ALPENA COUNTY

Governmental Funds -
Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2017

Fund balances - total governmental funds		$ 9,749,111
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.		
Governmental capital assets	$ 30,237,768	
Less accumulated depreciation	(13,968,292)	16,269,476
Unavailable revenue - in the governmental funds is susceptible to full accrual on the Statement of Net Position.		
Unavailable revenue - mortgage loans		2,666,724
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(1,295,000)	
Installment purchase agreements	(7,474)	
Compensated absences	(108,601)	
Accrued interest payable	(8,849)	(1,419,924)
Certain pension related amounts, such as net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the governmental funds.		
Net pension liability	(7,800,070)	
Deferred outflows related to the net pension liability	712,544	
Deferred inflows related to the net pension liability	(790,527)	(7,878,053)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.		565,827
Net position of governmental activities		$ 19,953,161

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

ALPENA COUNTY

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended December 31, 2017

	General Fund	Ambulance	CRTC Grant
REVENUES			
Taxes	$ 4,602,397	$ 893,373	$ -
Licenses and permits	16,010	-	-
Federal grants	205,701	-	-
State grants	1,517,749	-	1,671,792
Other intergovernmental revenue	19,253	-	-
Charges for services	1,618,564	-	-
Fines and forfeitures	54,368	-	-
Interest and rents	117,200	4,051	1,216
Other revenue	626,797	-	3,175
Total revenues	8,778,039	897,424	1,676,183
EXPENDITURES			
Current:			
General government:			
Legislative	277,347	-	-
Financial and tax administration	1,186,644	-	-
Other general government	1,671,903	-	-
Judicial	1,817,210	-	-
Public safety	2,803,449	977,457	1,443,019
Public works	-	-	-
Health and welfare	418,242	-	-
Recreation and cultural	-	-	-
Community and economic development	159,337	-	-
Debt Service:			
Principal	15,462	-	-
Interest	-	-	-
Total expenditures	8,349,594	977,457	1,443,019
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	428,445	(80,033)	233,164
OTHER FINANCING SOURCES (USES)			
Transfers in	601,941	-	-
Transfers (out)	(845,827)	-	(151,440)
	(243,886)	-	(151,440)
NET CHANGE IN FUND BALANCES	184,559	(80,033)	81,724
FUND BALANCES, beginning of the year	4,737,260	671,164	631,997
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCES, as restated	4,737,260	671,164	631,997
FUND BALANCES, end of the year	$ 4,921,819	$ 591,131	$ 713,721

Housing Commission	Older Persons Act	Youth and Recreation	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 527,614	$ 479,659	$ 119,834	$ 6,622,877
-	-	-	-	16,010
4,630	-	-	307,244	517,575
-	-	-	489,056	3,678,597
-	-	-	430,897	450,150
157,334	-	-	1,573,754	3,349,652
-	-	-	36,584	90,952
-	1,287	2,709	129,757	256,220
300	-	-	63,823	694,095
162,264	528,901	482,368	3,150,949	15,676,128
-	-	-	-	277,347
-	-	-	-	1,186,644
-	-	-	92,931	1,764,834
-	-	-	5,963	1,823,173
-	-	-	1,025,138	6,249,063
-	-	-	914,848	914,848
-	-	-	861,889	1,280,131
-	528,312	553,257	601,087	1,682,656
182,826	-	-	11,283	353,446
650	-	-	75,000	91,112
-	-	-	28,085	28,085
183,476	528,312	553,257	3,616,224	15,651,339
(21,212)	589	(70,889)	(465,275)	24,789
-	-	-	720,077	1,322,018
-	-	-	(17,070)	(1,014,337)
-	-	-	703,007	307,681
(21,212)	589	(70,889)	237,732	332,470
215,893	162,412	436,184	1,965,168	8,820,078
-	-	-	596,563	596,563
215,893	162,412	436,184	2,561,731	9,416,641
$ 194,681	$ 163,001	$ 365,295	$ 2,202,900	$ 9,749,111

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

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ALPENA COUNTY

Governmental Funds - Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds		$ 332,470
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 depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	$ 1,195,508	
Less current year depreciation	(1,141,587)	53,921
The issuance of long-term debt provides current financial resources to governmental funds, which increases liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position.		
Proceeds from installment loan	(5,193)	
Bond principal payments	75,000	
Installment agreement payments	16,112	85,919
Some revenues (costs) reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.		
Change in unavailable revenue - mortgage loans	(92,257)	(92,257)
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 governmental funds.		
Net pension liability and related deferred amounts	(479,470)	
Change in accrued interest payable	513	
Change in long-term compensated absences	(13,067)	(492,024)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(84,939)
Change in net position of governmental activities		$ (196,910)

ALPENA COUNTY

Proprietary Funds
Statement of Net Position

December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Delinquent Tax Payment	Tax Foreclosure	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Pooled cash and investments	$ 813,562	$ 114,711	$ 928,273	$ 422,825
Investment, at fair value	6,901,383	164,747	7,066,130	144,021
Receivables -net:				
Taxes	769,765	-	769,765	-
Accounts and interest	10,062	363	10,425	67
Total assets	8,494,772	279,821	8,774,593	566,913
LIABILITIES				
Current liabilities:				
Accounts payable	7,578	-	7,578	1,086
Other liabilities and deposits	-	15,840	15,840	-
Total liabilities	7,578	15,840	23,418	1,086
NET POSITION				
Unrestricted	8,487,194	263,981	8,751,175	565,827
Total net position	$ 8,487,194	$ 263,981	$ 8,751,175	$ 565,827

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

ALPENA COUNTY

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Delinquent Tax Payment	Tax Foreclosure	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 201,560	$ 35,970	$ 237,530	$ 93,300
Interest on taxes	196,192	-	196,192	-
Total operating revenues	397,752	35,970	433,722	93,300
OPERATING EXPENSES				
Contracted services	73,766	32,330	106,096	217,544
Total operating expenses	73,766	32,330	106,096	217,544
OPERATING INCOME (LOSS)	323,986	3,640	327,626	(124,244)
NONOPERATING REVENUES (EXPENSES)				
Investment income and rents	52,592	849	53,441	999
State grants	-	-	-	3,621
Total nonoperating revenues (expenses)	52,592	849	53,441	4,620
Net income before transfers	376,578	4,489	381,067	(119,624)
TRANSFERS				
Transfers in	-	-	-	150,000
Transfers out	(342,366)	-	(342,366)	(115,315)
	(342,366)	-	(342,366)	34,685
Change in net position	34,212	4,489	38,701	(84,939)
NET POSITION - beginning of the year	8,452,982	259,492	8,712,474	650,766
NET POSITION - end of the year	$ 8,487,194	$ 263,981	$ 8,751,175	$ 565,827

ALPENA COUNTY

Proprietary Funds
Statement of Cash Flows

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities
	Delinquent Tax Payment	Tax Foreclosure	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ -	$ -	$ -	$ 93,300
Cash payments for delinquent taxes	473,490	35,970	509,460	-
Payments to suppliers	(75,347)	(34,151)	(109,498)	(216,458)
Net cash provided (used) by operating activities	398,143	1,819	399,962	(123,158)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	-	150,000
Transfers (to) other funds	(342,366)	-	(342,366)	(115,315)
Net cash provided (used) by operating activities	(342,366)	-	(342,366)	34,685
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(44,983)	(549)	(45,532)	(601)
Interest and dividends received	46,535	550	47,085	938
State grant received	-	-	-	3,621
Net cash provided (used) by investing activities	1,552	1	1,553	3,958
Net increase (decrease) in cash and cash equivalents	57,329	1,820	59,149	(84,515)
CASH AND CASH EQUIVALENTS				
Beginning of the year	756,233	112,891	869,124	507,340
CASH AND CASH EQUIVALENTS				
End of the year	$ 813,562	$ 114,711	$ 928,273	$ 422,825
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	$ 323,986	$ 3,640	$ 327,626	$ (124,244)
Adjustments to reconcile operating income to net cash provided by operating activities				
(Increase) decrease in receivables	75,738	-	75,738	-
Increase (decrease) in accounts payable	(1,581)	(1,821)	(3,402)	1,086
Net cash provided (used) by operating activities	$ 398,143	$ 1,819	$ 399,962	$ (123,158)

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

ALPENA COUNTY

Fiduciary Funds
Statement of Fiduciary Net Position

December 31, 2017

	Agency Funds
ASSETS	
Pooled cash and investments	$ 985,111
Cash and cash equivalents	200,055
Receivables - Accounts and interest	322
Total assets	1,185,488
LIABILITIES	
Accrued payroll and withholdings	286,393
Other liabilities and deposits	899,095
Total liabilities	1,185,488
NET POSITION	
Unrestricted	-
Total net position	$ -

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

ALPENA COUNTY

Discretely Presented Component Units
Combining Statement of Net Position

December 31, 2017

	Alpena County Road Commission	Alpena County Library	District Health Department #4
ASSETS			
Pooled cash and investments	$ 1,988,348	$ 445,766	$ 741,233
Cash and cash equivalents	13,048	3,171	2,280
Investments, at fair value	1,000,000	320,000	16,474
Receivables - net:			
Taxes	-	910,034	-
Accounts and interest	9,905	2,747	79,544
Due from other governmental units	903,667	-	119,042
Inventories	290,561	-	-
Prepaid and other assets	65,784	-	255
Capital assets not being depreciated	9,212,265	135,219	-
Capital assets being depreciated, net	19,970,295	894,048	153,002
Total assets	33,453,873	2,710,985	1,111,830
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension amounts	44,900	74,263	819,844
LIABILITIES			
Accounts payable	92,944	46,923	79,306
Accrued payroll and withholdings	62,492	-	76,356
Other liabilities and deposits	1,018	-	-
Advances	216,655	1,374	146,615
Long-term liabilities:			
Due in more than one year			
Compensated absences	307,678	-	335,039
Net OPEB obligation	611,661	-	-
Net pension liability	3,241,590	381,541	7,498,407
Total liabilities	4,534,038	429,838	8,135,723
DEFERRED INFLOWS OF RESOURCES			
Deferred pension amounts	267,274	58,430	750,336
Property taxes levied for subsequent period	-	910,034	-
Total deferred inflows of resources	267,274	968,464	750,336
NET POSITION			
Net investment in capital assets	29,182,560	1,029,267	153,002
Restricted	159,636	-	-
Unrestricted	(644,735)	357,679	(7,107,387)
Total net position	$ 28,697,461	$ 1,386,946	$ (6,954,385)

Circuit Court	Family Division - Juvenile	Friend of the Court	Friend of the Court P.A. 215	Drain Commission	Totals
$ 34,194	$ 73,309	$ 137,696	$ 91,610	$ -	$ 3,512,156
50	50	-	1,000	-	19,599
-	-	-	-	-	1,336,474
-	-	-	-	-	910,034
-	7,072	-	-	-	99,268
-	-	44,228	-	-	1,066,937
-	-	-	-	-	290,561
-	-	-	-	-	66,039
-	-	-	-	-	9,347,484
162,860	176,800	112,459	-	-	21,469,464
197,104	257,231	294,383	92,610	-	38,118,016
-	-	-	-	-	939,007
4,995	2,904	7,172	-	-	234,244
8,083	6,738	9,073	-	-	162,742
-	-	-	-	-	1,018
-	-	-	-	-	364,644
-	-	-	-	-	642,717
-	-	-	-	-	611,661
-	-	-	-	-	11,121,538
13,078	9,642	16,245	-	-	13,138,564
-	-	-	-	-	1,076,040
-	-	-	-	-	910,034
-	-	-	-	-	1,986,074
162,860	176,800	112,459	-	-	30,816,948
-	-	-			159,636
21,166	70,789	165,679	92,610	-	(7,044,199)
$ 184,026	$ 247,589	$ 278,138	$ 92,610	$ -	$ 23,932,385

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

ALPENA COUNTY

Discretionary Component Units
Combining Statement of Activities

For the Year Ended December 31, 2017

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Alpena County Road Commission	$ 6,391,332	$ 908,487	$ 5,350,440	$ -
Alpena County Library	1,190,660	199,603	16,343	-
District Health Department #4	4,681,587	2,036,902	2,166,422	-
Circuit Court	457,933	938	426,970	-
Family Division - Juvenile	358,826	47,284	337,914	-
Friend of the Court	565,679	32,463	479,155	-
Friend of the Court P.A. 215	34,000	20,955	-	-
Drain Commission	495	-	-	-
Total component units	$ 13,680,512	$ 3,246,632	$ 8,777,244	$ -

General revenues:
Property taxes
State shared revenue
Investment earnings
Gain on disposal of assets
Total general revenues and transfers

Change in net position

Net position - beginning of the year

Net position - end of the year

Net (Expense) Revenues and Changes in Net Position
$ (132,405)
(974,714)
(478,263)
(30,025)
26,372
(54,061)
(13,045)
(495)
$ (1,656,636)
$ 940,469
24,974
19,075
5,001
989,519
(667,117)
24,599,502
$ 23,932,385

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The County of Alpena, Michigan, (the "County") was organized February 7, 1857 and covers an area of approximately 640 square miles, with the county seat located in the City of Alpena. The County operates under an elected Board of Commissioners (8 members) and provides services to its 29,598 residents (2010 census) in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The County of Alpena, Michigan's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Reporting Entity.

As required by generally accepted accounting principles the accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Unit. A blended component unit is a legally separate entity from the County, but is so intertwined with the County that it is, in substance, the same as the County of Alpena. It is reported as a part of the County and blended into the appropriate fund types.

Building Authority. The County of Alpena Building Authority is governed by a five member board appointed by the County's governing body. Although it is legally separate from the County, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings.

Discretely Presented Component Units. The component unit's columns in the government-wide financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are either a multi-county agency or operate independently from the County. The governing bodies of these component units are appointed by the County Board of Commissioners.

The following component units are included as a part of the County's annual financial statements since all of these agencies provide services to more than one county, with Alpena County being the largest. As a result, these agencies are required to deposit all funds with the County Treasurer. These component units are included as a part of the County's annual financial statements since all debt and taxes levied must be approved by the County. The discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

Alpena County Road Commission. This fund is used to account for the operation of the County Road Commission. The Commission has its own separate elected board that oversees the day to day operations and sets policies and procedures.

Alpena County Library. This fund is used to account for the operation of the Library. The Library has a separate board that oversees the day to day operations.

District Health Department No. 4. This fund is used to account for health services provided to a four county area. Each county sends representatives to sit on a separate health board that runs the operations of the health department.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

Circuit Court. This fund is established to account for the activities of a two county Circuit Court. Each county contributes an amount based on their relative population to the total population of the district along with sending representatives to sit on Circuit Court board.

Family Division-Juvenile. This fund is used to account for the activities of a two county Family Division - Juvenile Office. Each County contributes based on their representative share of the cases handled by the office.

Friend of the Court. This fund is established to account for the activities of a two county Friend of the Court office. Each county contributes based on their representative share of the cases handled by the office.

Friend of the Court P.A. 215. This fund is used to account for the 215 funds received for the two county areas that the Friend of the Court office serves.

Drain Commission. This fund is established to account for the activities of the Alpena County Drain Commissioner. The office approves drainage in new developments, subdivision and maintains lake levels.

Additional financial information of the individual component units can be obtained from their respective administrative offices or can be viewed at the County Treasurer's office at the courthouse.

Administrative Offices

Circuit Court
Alpena County Courthouse
Alpena, MI 49707

District Health Department No. 4
100 Woods Circle, Suite 200
Alpena, MI 49707

Drain Commission
Alpena County Courthouse
Alpena, MI 49707

Family Division – Juvenile
Alpena County Courthouse
Alpena, MI 49707

Friend of the Court
Alpena County Courthouse
Alpena, MI 49707

Alpena County Library
211 N. First Street
Alpena, MI 49707

Alpena County Road Commission
1400 Bagley Street
Alpena, MI 49707

B. Basic Financial Statements - Government-Wide Statements.

The County’s basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The County’s General Government: Legislative, Judicial, and Other General Government, Public Safety, Public Works, Health and Welfare, Community and Economic Development, Recreation and Culture, and Debt Services classified as governmental activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, and interest income, etc.).

The County does not allocate indirect costs. A central services reimbursement fee is charged by the General Fund to the other operating funds to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.). Except for charges from the County's enterprise funds to various other functions of the County's and transfers between the County's enterprise funds and its governmental funds, all inter fund activity has been eliminated.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements.

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Nonmajor funds by category are summarized into a single column.

Governmental Funds:

The focus of the governmental funds' measurement (in the funds statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports these major governmental funds:

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

Ambulance Fund. This fund is used to account for property taxes collected for ambulance services.

CRTC Grant. This fund is used to account for a State of Michigan grant to provide security services to the Alpena Combat Readiness Training Center National Guard Base.

Housing Commission. This fund accounts for the operations of the Alpena County Home Improvement Program. Financing is provided by federal and state grants, interest, and program income.

Older Person Act Fund. This fund is used to account for property taxes collected for senior citizens activities and services.

Youth and Recreation Fund. This fund is used to account for property taxes collected for youth and recreation activities and services.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

Additionally, the County of Alpena reports the following fund types:

Special Revenue Funds. These funds are used to account for specific governmental revenues requiring separate accounting for legal, regulatory or administrative purposes.

Debt Service Funds. These funds are used to record the funding and payment of the principal and interest on the long-term debt of the County.

Capital Projects Funds. These funds are used to account for the acquisition or construction of major capital facilities.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The County reports the following fund types:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the County on a cost-reimbursement basis. Because the principal users of the internal services are the County's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

The government reports the following major proprietary funds:

Delinquent Property Tax Revolving Fund. This fund is used to account for the payment to each local unit of government within the County of Alpena the delinquent real property taxes outstanding as of March 1, of each year. This fund also is used to account for the collection of those delinquent taxes along with penalties and interest.

Tax Foreclosure Fund. This fund is used to account for the foreclosure of properties in the County.

Agency Funds:

These funds are used to account for assets held in trust or as an agent for others.

D. Basis of Accounting.

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual. Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

Modified Accrual. The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

E. Financial Statement Amounts.

Cash and Cash Equivalents. The County maintains and controls a cash and investment pool in which the primary government and component unit's share. Each fund's or component unit's portion of a pool is displayed on its respective balance sheet as "Cash and cash equivalents". In addition, cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments. Consist of certificates of deposit, governmental money market funds, and commercial paper with original maturities of greater than 90 days. Investments are stated at fair value which is determined using selective bases.

Receivables. Consist of amounts due from property taxes, accounts receivable related to charges for services, interest receivable, and mortgage loans issued by the Home Improvement Program owed to the County at year end.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Interfund Receivables and Payables. In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items. Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets. Capital assets, include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and other), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Land Improvements 20 to 25 years
Buildings 30 to 50 years
Building Improvements 15 to 30 years
Vehicles 3 to 5 years
Office and Computer Equipment 3 to 7 years
Infrastructure - Roads 5 to 30 years
Infrastructure - Bridges 12 to 50 years
Infrastructure - Traffic Signals 15 years

Vacation, Sick Leave and Other Compensated Absences. After one year of employment, County employees are granted vacation leave in varying amounts based on length of service. Vacation pay is fully vested when earned; upon termination, employees are paid accumulated vacation at their regular pay rates to a limit of 100% of their current annual earned vacation. All full-time and regular part-time employees in accordance with County contracts negotiated with the various employee groups shall be entitled to paid time off (PTO). 176 PTO hours for 40 hour per week full-time employees and 154 PTO hours for 35 hour per week full-time employees and pro-rated for part-time employees is the maximum hours that may be accumulated.

These policies are followed by all funds and departments of the County except the Alpena County Road Commission, Alpena County library, District Health Department No. 4, and Multi-County Courts, which have established separate policies.

Additional disclosures for the Alpena County Road Commission policies regarding their compensated absences can be found by obtaining a copy of each respective component units/separate audit.

The District Health Department No. 4 has adopted a medical leave policy where employees can accumulate up to 100 days of medical leave. Upon retirement, employees shall be paid for all unused accumulated medical leave. Vacation leave is granted in varying amounts based on length of service and is fully vested when earned. Vacation time can accumulate up to a maximum of 30 days. Upon termination, the employee shall receive any current unused vacation time.

The Multi-County Circuit Courts have adopted a medical leave policy where employees can accumulate up to 120 days of medical leave. Upon retirement, employees shall be paid for all unused accumulated medical leave. Vacation leave is granted in varying amounts based on length of service and is fully vested when earned. Vacation time does not accumulate to future periods except employees can carry-over a maximum of 10 unused vacation days to the following year.

Long-Term Obligations. In the government-wide financial statements and the proprietary fund types 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 type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types 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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has only one item that qualifies for reporting in that category. Accordingly, the item, deferred outflows related to pensions, is reported as deferred outflows in the government-wide, internal service and component unit statements of net position. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over the next four years and included in pension expense.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, contracts, grants, special assessments and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property taxes (excluding those for the General Fund, which are subject to a different timeline) are levied and attach as an enforceable lien on property on December 1. Property taxes unpaid as of February 28 are considered to be delinquent. Although the County's 2017 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2017, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2017 levies is reported as deferred inflows of resources at year-end.

Net Pension Liability. GASB Statement No. 68, *Accounting and Financial reporting for Pensions*, requires governments that provide defined benefit pensions to recognize the net pension liability and the pension expense on their financial statements. As a result, the government-wide statements now include a liability for our unfunded legacy costs related to the County's pension plan. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net pension liability is recorded on the government-wide, internal service and discretely presented component unit statements. Refer to the pension notes for further details.

Government-wide and Proprietary Fund Net Position. Government-wide and proprietary fund net position are divided into three components:

- **Net investment in capital assets.** Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

- **Restricted net position.** Consist of assets that are restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other restrictions of special revenue funds.

- **Unrestricted.** All other net position is reported in this category.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

Governmental Fund Balances. In the fund financial statements, governmental funds report various components of fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used.

- **Nonspendable fund balance**-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

- **Restricted fund balance**-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- **Committed fund balance**-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

- **Assigned fund balance**-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

- **Unassigned fund balance-**amounts that do not fall into any other category above. This is the residual classification for amounts in the general fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the general fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes

The County establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the County through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the General Fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 16.67%-19.20% of the actual GAAP basis expenditures and other financing sources and uses. A policy amendment imposed the restriction that if at the end of any quarter, if the fund balance is less than 10%, all part-time/temporary positions would be eliminated and if less than 8% layoff notices to employees will be given.

The County has not established a policy for its use of unrestricted fund balance amounts. Therefore, in accordance with GASB Statement 54, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Encumbrances. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County. Commitments outstanding at year end are charged against the subsequent year's appropriation once received and approved.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows of resources; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

Federal Programs. Federal grants are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit reports and financial data as part of the financial statements. The Single Audit reports will be issued under separate cover as supplementary information to the financial statements.

Reclassifications. Certain items reported in the 2016 financial statements have been reclassified to conform to the presentation for the current year.

NOTE 2--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY.

Budgetary Information. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except the General Fund which prepared its budget using the cash basis of accounting. Annual budgets are prepared and adopted for all required governmental fund types.

Budgets and Budgetary Accounting. Prior to adoption of the budgets, County departments prepare and submit their proposed operating budgets commencing the following January 1. A public hearing is conducted to obtain taxpayer comments. Prior to December 31, the budget is adopted by the Board of Commissioners. Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were amended. Unused appropriations at December 31 are not carried forward to the following year.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the departmental level. The County of Alpena's budgeted expenditures and actual expenditures for major funds budgeted have been shown on a functional basis in the required supplemental information. The General Fund Budgetary Comparison Schedule of Revenues and Expenditures is presented at the departmental level on a cash basis for the benefit of management. Since accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of the differences is shown. Individual budget amendments were not material in relation to the original appropriations.

Excess of Expenditures Over Appropriations in Budgeted Funds. The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. During the year, the County of Alpena incurred expenditures in certain budgeted funds, which were in excess of the functional amounts appropriated. Budgetary comparison schedules and violations are noted in the relevant fund financial statements as follows:

Budget Item	Final Appropriation	Expended	Variance
General Fund - General government - Financial and tax	$ 1,163,669	$ 1,164,446	$ (777)
General Fund - Health and welfare	414,225	420,059	(5,834)
Housing commission - Debt service	600	650	(50)

Accumulated Fund Deficits. The County of Alpena at December 31, 2017 did not have any accumulated fund balance/retained earnings deficits in any individual funds.

NOTE 3--CASH AND INVESTMENTS.

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

The County utilizes various pooled cash accounts and investments for approximately 50 funds. The County's pooled cash accounts consist of common checking and related money market accounts.

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Internal Service Funds, Trust and Agency Funds, and the Component Unit Funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net position.

Component Unit Funds of the County utilize separate savings and interest-bearing checking accounts and are recorded as imprest cash in the financial records of the County.

A reconciliation of cash and investments as reflected in the basic financial statements to the County's deposits and investments is as follows:

	Primary Government	Component Units	Total
Statement of net position			
Pooled cash and investments	$ 4,599,746	$ 3,512,156	$ 8,111,902
Cash and cash equivalents	15,350	19,599	34,949
Investments, at fair value	12,762,022	1,336,474	14,098,496
Statement of fiduciary net position			
Pooled cash and investments	985,111	-	985,111
Investments, at fair value	200,055	-	200,055
	$ 18,562,284	$ 4,868,229	$ 23,430,513

Pooled cash, cash equivalents and investments as of December 31, 2017 consisted of the following:

Pooled cash and investments	
Checking	$ 928,272
Passbook savings	395
Money market funds	8,168,346
Cash and cash equivalents	
Imprest cash	34,949
Investments, at fair value	
Passbook savings	1,545,267
Money market funds	2,947,356
Brokerage money funds	3,153,122
Certificates of Deposit	6,652,806
	$ 23,430,513

NOTE 3--CASH AND INVESTMENTS. (continued)

The County's cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk of Bank Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy does not directly address a deposit policy for custodial credit risk. At year end, the County had pooled cash and investments (checking, and sweep accounts) with a carrying amount of $9,097,013 and a bank balance of $9,263,024 FDIC insurance provides $250,000 coverage for aggregated interest and noninterest bearing accounts per insured bank. Of the bank deposit amount $750,395 was covered by federal depository insurance and $8,512,629 was uninsured and uncollateralized. The County 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 County 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.

	Carrying Amount	Bank Balance	Insured	Uninsured
Pooled cash and investments	$ 9,097,013	$ 9,263,024	$ 750,395	$ 8,512,629

Statutory Authority. State statutes authorize the County to invest in:

a. Bond, securities, other direct obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

d. Bankers acceptances of United States banks.

e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.

f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

g. External investment pools as authorized by Public Act 20 as amended through 12/31/97. The County's investment policy allows for all of these types of investments.

The County's cash and investment policy are in accordance with statutory authority.

Custodial Credit Risk of Investments. For investments this 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. Michigan law and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law.

NOTE 3--CASH AND INVESTMENTS. (continued)

The fair value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

At year end, none of the County's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the County and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the County's name
- Credit risk
- Foreign currency risk

Interest Rate Risk. The risk that changes in market interest rates will adversely affect the fair value of an investment. The County of Alpena through its investment policy, manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The County has no specific limitations with respect to this metric. At year end, the average maturities of investments are as follows**:**

	Fair Value	No Maturity	Due in Less than One Year	Due in One to Five Years
Passbook savings	$ 1,545,267	$ 1,545,267	$ -	$ -
Money market funds	2,947,356	2,947,356	-	-
Brokerage money funds	3,153,122	3,153,122	-	-
Certificates of Deposit	6,652,806	-	6,402,806	250,000
	$ 14,298,551	$ 7,645,745	$ 6,402,806	$ 250,000

Concentration of Credit Risk. The County places no limits on amount it may invest in any one issuer.

Fair Value Measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which required an entity to maximize the use of observable and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

NOTE 3--CASH AND INVESTMENTS. (continued)

There are three (3) levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical securities

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

	Carrying Amount Dec 31, 2017	Investments not Measured at Fair Value	Level 1	Level 2	Level 3
Passbook savings	$ 1,545,267	$ 1,545,267	$ -	$ -	$ -
Money market funds	2,947,356	2,947,356	-	-	-
Brokerage money funds	3,153,122	3,153,122	-	-	-
Certificates of Deposit	6,652,806	6,652,806	-	-	-
	$ 14,298,551	$ 14,298,551	$ -	$ -	$ -

NOTE 4--RECEIVABLES.

Receivables for the primary government and component units at December 31, 2017 are as follows:

	Governmental Activities	Business-type Activities	Total	Component Units
Taxes receivable-current	$ 2,260,556	$ -	$ 2,260,556	$ 910,034
Taxes receivable-delinquent	-	769,765	769,765	-
Receivables (net of allowance for uncollectable)	229,898	-	229,898	96,327
Interest	1,688	10,425	12,113	2,941
Mortgage loans	2,666,724	-	2,666,724	-
Due from governmental units	1,108,927	-	1,108,927	1,066,937
	$ 6,267,793	$ 780,190	$ 7,047,983	$ 2,076,239

NOTE 5--INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS.

Permanent reallocation of resources between funds of the reporting entity is classified as inter-fund transfers. For the purpose of the statement of activities, all inter-fund transfers between individual governmental and internal service funds, enterprise funds, and component units have been eliminated.

	Transfers In	Transfers Out
Airport Fund	$ 175,000	
Building and Grounds Maintenance	150,000	
Child Care - DHS Fund	2,000	
Child Care - Probate Court Fund	376,040	
Department of Human Services (DHS) Fund	24,000	
Equipment Fund	100,217	
Law Library Fund	3,570	
Plaza Pool Fund	15,000	
General Fund		845,827
General Fund	168,510	
CRTC Fund		151,440
Department of Human Services (DHS) Fund		17,070
General Fund	342,366	
Delinquent Tax Payment Fund		342,366
General Fund	91,065	
Self Insurance Fund		91,065
Airport Fund	24,250	
Building and Grounds Maintenance		24,250
	$ 1,472,018	$ 1,472,018

Inter-fund transfers include transfer of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations; and, transfer of revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

The CRTC Fund transferred funds to the General Fund to subsidize operations in the Sheriff Department, while DHS return unused prior year subsidies.

The Delinquent Tax Payment Fund transferred funds to subsidize the operations of the General Fund.

The self-insurance fund returned excess insurance incentive payments to County funds.

NOTE 6--CAPITAL ASSETS.

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2017 is as follows:

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Governmental activities:				
Capital assets, not depreciated:				
Land	$ 129,484	$ -	$ -	$ 129,484
	129,484	-	-	129,484
Capital assets, being depreciated:				
Land improvements	4,239,818	30,000	-	4,269,818
Buildings and improvements	17,933,606	560,300	-	18,493,906
Office and computer equipment	4,123,906	405,102	(303,271)	4,225,737
Vehicles	3,060,590	225,375	(167,142)	3,118,823
	29,357,920	1,220,777	(470,413)	30,108,284
Less accumulated depreciation:				
Land improvements	(1,714,712)	(121,336)	-	(1,836,048)
Buildings and improvements	(7,429,088)	(479,939)	-	(7,909,027)
Office and computer equipment	(2,391,908)	(308,247)	278,002	(2,422,153)
Vehicles	(1,736,141)	(232,065)	167,142	(1,801,064)
	(13,271,849)	(1,141,587)	445,144	(13,968,292)
Governmental activities assets	$ 16,215,555	$ 79,190	$ (25,269)	$ 16,269,476

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government - Other	$ 261,241
Judicial	1,351
Public safety	331,236
Public works	338,704
Recreation and culture	209,055
	$ 1,141,587

NOTE 6--CAPITAL ASSETS. (continued)

Discretely Presented Component Units

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Alpena County Road Commission:				
Capital assets, not depreciated:				
Land	$ 20,681	$ -	$ -	$ 20,681
Land improvements	9,109,043	-	-	9,109,043
Right of ways	82,541	-	-	82,541
	9,212,265	-	-	9,212,265
Capital assets, being depreciated:				
Buildings and improvements	2,075,743	-	-	2,075,743
Road equipment	5,308,715	554,128	(334,546)	5,528,297
Shop equipment	165,818	5,678	-	171,496
Office and computer equipment	138,684	-	-	138,684
Engineering equipment	59,735	-	-	59,735
Yard and storage	223,411	-	-	223,411
Infrastructure - roads, bridges, traffic signals	35,929,957	1,876,796	(824,240)	36,982,513
Depletable assets-gravel pits	129,704	-	-	129,704
	44,031,767	2,436,602	(1,158,786)	45,309,583
Less accumulated depreciation:				
Buildings and improvements	(1,041,554)	(43,352)	-	(1,084,906)
Road equipment	(3,830,454)	(442,276)	208,546	(4,064,184)
Shop equipment	(159,249)	(1,496)	-	(160,745)
Office and computer equipment	(135,697)	(2,339)	-	(138,036)
Engineering equipment	(58,567)	(472)	-	(59,039)
Yard and storage	(135,224)	(10,658)	-	(145,882)
Infrastructure - roads, bridges, traffic signals	(18,382,819)	(1,998,213)	824,240	(19,556,792)
Depletable assets-gravel pits	(129,704)	-	-	(129,704)
	(23,873,268)	(2,498,806)	1,032,786	(25,339,288)
Net component unit assets	$ 29,370,764	$ (62,204)	$ (126,000)	$ 29,182,560

Depreciation expense was charged to functions/programs of the Road Commission as follows:

Governmental activities:	
Public works	$ 2,498,806

NOTE 6--CAPITAL ASSETS. (continued)

Discretely Presented Component Units

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Alpena County Library:				
Capital assets, not depreciated:				
Land	$ 76,000	$ -	$ -	$ 76,000
Construction in progress	27,869	31,350	-	59,219
	103,869	31,350	-	135,219
Capital assets, being depreciated:				
Land improvements	37,480	-	-	37,480
Building and improvements	2,083,125	-	-	2,083,125
Office and computer equipment	190,961	-	-	190,961
Book collection	855,209	-	(157,473)	697,736
	3,166,775	-	(157,473)	3,009,302
Less accumulated depreciation:				
Land improvements	(31,877)	(881)	-	(32,758)
Building and improvements	(1,201,356)	(42,039)	-	(1,243,395)
Office and computer equipment	(140,765)	(7,765)	-	(148,530)
Book collection	(842,394)	(5,650)	157,473	(690,571)
	(2,216,392)	(56,335)	157,473	(2,115,254)
Net component unit assets	$ 1,054,252	$ (24,985)	$ -	$ 1,029,267

Depreciation expense was charged to functions/programs of the Alpena County Library as follows:

Governmental activities:	
Recreation and culture	$ 56,335

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NOTE 6--CAPITAL ASSETS. (continued)

Discretely Presented Component Units (continued)

	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017
District Health Department #4:				
Capital assets, being depreciated:				
Buildings and improvements	$ 214,984	$ -	$ -	$ 214,984
Office and computer equipment	247,808	35,148	(13,940)	269,016
	462,792	35,148	(13,940)	484,000
Less accumulated depreciation:				
Buildings and improvements	(176,711)	(4,784)	-	(181,495)
Office and computer equipment	(146,624)	(16,819)	13,940	(149,503)
	(323,335)	(21,603)	13,940	(330,998)
Net component unit assets	$ 139,457	$ 13,545	$ -	$ 153,002

Depreciation expense was charged to functions/programs of the District Health Department #4 as follows:

Governmental activities:	
Health and welfare	$ 21,603

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Circuit Court:				
Capital assets, being depreciated:				
Buildings and improvements	$ 687,869	$ -	$ -	$ 687,869
Office and computer equipment	131,633	-	-	131,633
	819,502	-	-	819,502
Less accumulated depreciation:				
Buildings and improvements	(559,853)	(15,557)	-	(575,410)
Office and computer equipment	(68,081)	(13,151)	-	(81,232)
	(627,934)	(28,708)	-	(656,642)
Net component unit assets	$ 191,568	$ (28,708)	$ -	$ 162,860

Depreciation expense was charged to functions/programs of the Circuit Court as follows:

Governmental activities:	
Judicial	$ 28,708

NOTE 6--CAPITAL ASSETS. (continued)

Discretely Presented Component Units (continued)

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Family Division - Juvenile:				
Capital assets, being depreciated:				
Buildings and improvements	$ 260,000	$ -	$ -	$ 260,000
Office and computer equipment	20,000	-	-	20,000
	280,000	-	-	280,000
Less accumulated depreciation:				
Buildings and improvements	(78,000)	(5,200)	-	(83,200)
Office and computer equipment	(20,000)	-	-	(20,000)
	(98,000)	(5,200)	-	(103,200)
Net component unit assets	$ 182,000	$ (5,200)	$ -	$ 176,800

Depreciation expense was charged to functions/programs of the Family Division - Juvenile as follows:

Governmental activities:	
Judicial	$ 5,200

	Balance 12/31/16	Additions	Retirements	Balance 12/31/17
Friend of the Court:				
Capital assets, being depreciated:				
Buildings and improvements	$ 687,869	$ -	$ -	$ 687,869
Office and computer equipment	5,260	-	(5,260)	-
	693,129	-	(5,260)	687,869
Less accumulated depreciation:				
Buildings and improvements	(559,853)	(15,557)	-	(575,410)
Office and computer equipment	(1,607)	(3,653)	5,260	-
	(561,460)	(19,210)	5,260	(575,410)
Net component unit assets	$ 131,669	$ (19,210)	$ -	$ 112,459

Depreciation expense was charged to functions/programs of the Friend of the Court as follows:

Governmental activities:	
Judicial	$ 19,210

NOTE 7--LEASES.

The County is party to numerous operating leases for small office equipment. Minimum future rental payments under existing leases are not significant.

NOTE 8--DEFERRED COMPENSATION PLAN.

Alpena County offers all its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account annuity contract) as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the employer (Alpena County) for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provision of GASB Statement No. 32, plan balances and activities are not reflected in the Alpena County financial statements.

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NOTE 9--LONG-TERM DEBT.

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government.

Bond and contractual obligation activity can be summarized as follows:

	Balances, Jan 01, 17	Additions	Deductions	Balances, Dec 31, 17	Due Within One Year
PRIMARY GOVERNMENT					
County of Alpena, Michigan Capital Improvement Bonds, Series 2013 Amount of issue - $1,565,000 Maturing through 2028 Interest rate 2.05% Principal maturity range $60,000-$155,000	$1,370,000	$ -	$ (75,000)	$1,295,000	$ 80,000
Installment Purchase Agreements					
DeLage Landen #1	18,393	-	(12,263)	6,130	6,130
DeLage Landen #2	-	5,193	(3,849)	1,344	1,344
	1,388,393	5,193	(91,112)	1,302,474	87,474
Compensated absences	95,534	13,067	-	108,601	108,601
Total primary government	$1,483,927	$ 18,260	$ (91,112)	$1,411,075	$ 196,075

	Balances, Jan 01, 17	Additions	Deductions	Balances, Dec 31, 16	Due Within One Year
COMPONENT UNITS					
Compensated absences					
Alpena County Road Commission	$ 290,565	$ 17,113	$ -	$ 307,678	$ -
District Health Department #4	278,066	56,973	-	335,039	-
	568,631	74,086	-	642,717	-
Net OPEB obligation					
Alpena County Road Commission	494,943	151,936	(35,218)	611,661	-
	494,943	151,936	(35,218)	611,661	-
	$1,063,574	$ 226,022	$ (35,218)	$1,254,378	$ -

NOTE 9--LONG-TERM DEBT. (continued)

Annual requirements to pay bond and loan debt principal and interest outstanding are as follows:

	Primary Government		Component Units	
Year Ending	Principal	Interest	Principal	Interest
2018	$ 87,474	$ 26,583	$ -	$ -
2019	90,000	24,907	-	-
2020	95,000	23,063	-	-
2021	100,000	21,115	-	-
2022	110,000	19,065		
Thereafter	820,000	61,500	-	-
	$ 1,302,474	$ 176,233	$ -	$ -

NOTE 10--EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS.

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

General Information about the Pension Plan

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

Benefits Provided

Benefits provided include plans with multipliers ranging from 1.25% to 2.5%.

Vesting periods range from 6 to 10 years.

Normal retirement age is 60 with early retirement at 50 to 55 with 15 to 25 years of service Final average compensation is calculated based on 3 to 5 years. The Hybrid Plan does not permit early retirement.

Member contributions range from 0% to 5.44%.

Act 88 has been adopted as of December 19, 1968.

NOTE 10--EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS. (continued)

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	110
Inactive employees entitled to but not yet receiving benefits	32
Active employees	80
	222

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

Employer contributions range from $10,672 to $354,499 based on annual payroll for open divisions. Three divisions that are closed to new employees have an annual employer contribution range from $3,721 to $15,065.

Net Pension Liability. The employer's Net Pension Liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the December 31, 2017 annual 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 expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with the price inflation of 3%-4%.

Mortality rates used were based on RP-2014 Group Annuity Mortality Table of a 50% male and 50% female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009 - 2013.

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

NOTE 10--EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS. (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount rate. The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability	**Increase (Decrease)**		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 12/31/16	$20,056,362	$12,096,070	$7,960,292
Changes for the Year			
Service cost	308,374	-	308,374
Interest on total pension liability	1,565,406	-	1,565,406
Changes in benefits	-	-	-
Difference between expected and actual experience	403,321	-	403,321
Changes in assumptions	-	-	-
Employer contributions	-	764,357	(764,357)
Employee contributions	-	76,002	(76,002)
Net investment income	-	1,586,296	(1,586,296)
Benefit payments, including employee refunds	(1,285,960)	(1,285,960)	-
Administrative expense	-	(25,141)	25,141
Other changes	(35,809)	-	(35,809)
Net changes	955,332	1,115,554	(160,221)
Balances as of 12/31/17	**$21,011,694**	**$13,211,624**	**$7,800,070**

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00% as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

NOTE 10--EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS. (continued)

Sensitivity to Changes in Discount Rate

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability at 12/31/17	$ 7,800,070	$ 7,800,070	$ 7,800,070
Change in Net Pension Liability	2,281,836	-	(1,949,750)
Calculated Net Pension Liability	$ 10,081,906	$ 7,800,070	$ 5,850,320

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

For the year ended 2017 the employer recognized pension expense of $1,243,826. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$ 268,882	$ 63,495
Excess (Deficit) Investment Returns	443,662	727,032
Differences in assumptions	-	-
Total	$ 712,544	$ 790,527

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

Year ended	
2018	$ 92,929
2019	$ 156,424
2020	$(199,848)
2021	$(127,488)

Postretirement Benefits. The County of Alpena offers no postemployment benefits to its retirees. However, retirees can continue coverage with the County's health care insurance at their own expense.

Component Unit – Alpena County Road Commission

General Information about the Pension Plan

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

NOTE 10--EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS. (continued)

The Alpena County Road Commission's net pension liability as of December 31, 2017 was $3,241,590. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the NPL was determined by the annual actuarial valuation as of that date. For the year ended December 31, 2017, the Alpena County Road Commission recognized pension expense of $795,424. At December 31, 2017 the Alpena County Road Commission reported total deferred outflows of $44,900 and deferred inflows of $267,274.

Component Unit – Alpena County Library

General Information about the Pension Plan

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

The Alpena Library's net pension liability as of December 31, 2017 was $381,541. The Alpena Library net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date. For the year ended December 31, 2017, the Alpena Library recognized pension expense of $103,274. At December 31, 2017 the Alpena Library reported total deferred outflows of $74,263 and deferred inflows of $(58,430).

Component Unit – District Health Department #4

General Information about the Pension Plan

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

The District Health Department #4's net pension liability as of December 31, 2017 was $7,498,406. The District Health Department #4 net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by the annual actuarial valuation as of that date. For the year ended December 31, 2017, the District Health Department #4 recognized pension expense of $990,451. At December 31, 2017 the District Health Department #4 reported total deferred outflows of $812,827 and deferred inflows of $(750,337).

NOTE 11--OTHER POST-EMPLOYMENT BENEFITS (OPEB).

Component Unit – Alpena County Road Commission

Plan description. In addition to the pension benefits described in Note 10 the Alpena County Road Commission "Road Commission" provides post-employment benefits through a single-employer defined benefit healthcare plan (the "Retiree Health") to eligible employees who retire from the Road Commission on or after attaining retirement age with at least ten years of service. Benefits provided by the Retiree Health Plan consists of healthcare coverage, specifically 50% of single premium rates between the ages of 60 and 65, as well as the cost of Medicare insurance up to a maximum of $96.40 per month for any employee hired before November 1, 2010. Benefit provisions are established through negotiations between the Road Commission's management and Board of Commissioners and the employees' unions.

Funding policy. The Road Commission has the authority to establish and amend funding policy. The Road Commission's policy is to finance these benefits on a pay-as-you-go basis. During the calendar year 2017 employer contributions of $35,218 were made by the Road commission for post-employment health care benefits. There were 26 retirees receiving the Medicare insurance and one employee receiving the healthcare coverage insurance.

Annual OPEB cost and net OPEB liability. The annual cost of the Road Commission's OPEB Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years.

The following table shows the components of the Road Commission's annual OPEB Plan cost for the year, the amount actually contributed, and the changes in the net OPEB Plan obligation for 2017.

Annual required contribution	$ 132,138
Interest on Net OPEB obligation	19,798
Annual OPEB Cost	151,936
Amounts contributed:	
Payments on current premium	(35,218)
Decrease in net OPEB Obligation	116,718
OPEB obligation - beginning of the year	494,943
OPEB obligation - end of the year	$ 611,661

Three Year Trend Information

	12/31/2015	12/31/2016	12/31/2017
Annual OPEB Cost	$ 127,819	$ 151,041	$ 151,936
Annual OPEB Contribution	36,735	34,160	35,218
Percentage Contributed	28.74%	22.62%	23.18%
Net OPEB Obligation	$ 378,062	$ 494,943	$ 611,661

NOTE 11--OTHER POST-EMPLOYMENT BENEFITS (OPEB). (continued)

Funding Status and Funding Progress. For the year ended December 31, 2017, the Road Commission estimated the cost of providing retiree healthcare benefits using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The alternative measurement method computes an annual required contribution. The plan was zero percent funded as of December 31, 2015, the date of the latest actuarial valuation. The actuarial value of assets was $0, the actuarial accrued liability was $865,216 resulting in an unfunded actuarial accrued liability of $865,216. There was $846,494 in covered wages in 2015 with a 102% ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Road Commission will comply with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions and have an actuarial performed in 2018. Complete disclosures regarding the Road Commission's OPEB plan are presented in the Road Commission's financial report.

NOTE 12--PROPERTY TAXES AND TAXES RECEIVABLE.

The County's General Fund property taxes are levied on July 1 of each year (the lien date) and are due in full by September 14, though they do not become delinquent until March 1 of the following year. For levies other than the General Fund, the lien date is December 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

The taxable value of real and personal property for 2017, for which revenue was recognized in the General Fund, was $1,041,743,980 on which ad valorem taxes levied for County general operating purposes was 4.8004 mills. The taxable value of real and personal property for 2016, for which revenue was recognized in all other funds, was $1,015,118,786 on which the County had voted special purpose mills of 3.1470. The tax rates for these levies were 1.0000 mills assessed for the Alpena County Library, 0.9720 mills for Ambulance services, 0.5000 mills provided for Youth and Recreation, 0.5500 mills provided to senior citizens, and 0.1250 mills assessed for services provided to veterans.

The 2017 Winter special tax levies are recognized in the respective Special Revenue, Debt Service, and component unit financial statements as taxes receivable, with an offsetting credit to deferred inflows of resources – property taxes levied for a subsequent period.

By agreement with various taxing authorities, the County purchases at face value the real property taxes receivable returned delinquent each March 1. These receivables, together with interest and administration fees collected, are paid to the County's Delinquent Tax Revolving Fund, which advanced the money used to liquidate amounts due to the General Fund, various other funds, other governmental units, and to provide funds for current operations. Taxes receivable of $2,040,027 at March 1, 2018 and $2,044,480 at March 1, 2017, were purchased by the County using the cash reserves of its Delinquent Tax Payment Fund.

NOTE 13--PROPERTY TAX ABATEMENTS.

The County of Alpena is impacted by tax abatements provided by the City of Alpena under several different programs:

Industrial property tax abatements are granted in the State of Michigan under Public Act 198 to promote economic development, creation of jobs, and new or improved facilities. The Industrial Facilities Tax (IFT) Exemption must be approved by both the City (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for up to 12 years. A certificate may be revoked, and taxes recaptured for noncompliance with the terms of the agreement. Property taxes abated by the County under this program for fiscal year 2017 amounted to $7,702.

The State of Michigan allows for Commercial Rehabilitation Exemption under Public Act 210 if making substantial improvements to a business or multi-family residential facility. The City had Commercial Rehabilitation Exemptions for fiscal year 2017 of $15,322.

The Brownfield Redevelopment Authority encourages environmental cleanup and economic development through its Brownfield Redevelopment Plan under Public Act 318. A developer performs redevelopment and cleanup activities at a site that is obsolete or blighted. The increased tax revenues resulting from the increase in taxable value are captured by the City and used to repay the developer for qualifying expenses. There is no provision for recovery of abated taxes because the developer is only paid for eligible expenses on a reimbursement-basis. Property taxes abated by the Authority under this program for fiscal year 2017 amounted to $1,436.

PA 147 (Neighborhood Enterprise Zone Act) provides property tax exemptions for properties that provides for the development and rehabilitation for residential housing and meet the requirements of the Act. Properties must be in a designated neighborhood enterprise zone. Exemptions may range from 6 to 17 years dependent on the type of property. The City abated $7,331 related to PA 147 during fiscal year 2017

NOTE 14--CONTINGENCIES, CLAIMS, AND LITIGATION.

There are various legal actions pending against the County. Due to the inconclusive nature of these actions, it is not possible for the County to neither determine the probable outcome of these actions nor provide a reasonable estimate of the County's potential liability, if any. The County believes that it has sufficient insurance coverage to provide for possible losses resulting from the unfavorable outcome of any litigation.

NOTE 15--RISK MANAGEMENT.

The County is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries, unemployment benefits, as well as medical and workman's compensation benefits provided to employees. The County has purchased commercial insurance for fleet equipment and tort claims, boiler and machinery, certain property and equipment damage and theft, employee theft, and limited tort claims for specific County facilities or events.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverages obtained through commercial insurance during the past year. The County pays unemployment claims on a reimbursement basis.

NOTE 16--FUND BALANCE CATEGORIES AND CLASSIFICATIONS.

Restrictions of net assets reflected in the government-wide financial statements indicate that restrictions imposed by the funding source or outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2017:

Special Revenue Funds

Ambulance Fund - This fund is used to account for the extra voted millage, Federal and state grants, and other income directly related to the operations of the County's ambulance services.

Housing Commission - This fund is used to account for the program income and administrative fees, Federal and state grants, and other income received for the administration of the Housing Commission.

Airport - This fund is used to account for the revenues received from the airport. It is classified as a special revenue fund because of the limited usage of the assets of the fund.

CRTC Grant - This fund is used to account for the State grants, and other income directly related to the operations of the county's security contract with the Combat Readiness Training Center (CRTC).

Enhanced 911 - This fund is used to account for earmarked revenue for 911 services under the provisions of Public Act 29 of 1994.

HUNT - This fund is used to account for Federal and state grants, and other income directly related to the operations of the Huron Undercover Narcotics Team.

Older Persons Act - This fund is used to account for the extra voted millage directly related to the support and reimbursement of Older Persons activities.

Youth and Recreation - This fund is used to account for the extra voted millage directly related to the support and reimbursement of Youth and Recreation activities.

Economic Development Administration-Revolving Loan Fund - This fund is used to account for RLF loans granted that are directly related to the economic development activities.

Debt Service Funds

Alpena County Building Authority Debt - This fund is used to account for the principal and interest payments on the Building Authority debt obligations.

Capital Improvement Debt - This fund is used to account for the principal and interest payments on the capital improvement debt obligations.

Capital Project Funds

Alpena Regional Medical Center - This fund is used to account for the extra voted millage levied on the residents for the capital projects.

Component Unit Funds

Alpena County Road Commission - This fund is used to account for the receipt and expenditure of State motor fuel taxes which are earmarked by law (Act 51 P A 1951, as amended) for street and highway purposes, federal aid for highway purposes, taxes and special assessments for road purposes and general fund appropriations as well as State Trunkline maintenance contracts.

NOTE 16--FUND BALANCE CATEGORIES AND CLASSIFICATIONS. (continued)

Fund Balance Classification Policies and Procedures

For committed fund balance, the County of Alpena, Michigan's highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is a Board Resolution.

For assigned fund balance, Board of Commissioners is authorized to assign amounts to a specific purpose.

General Fund		
Committed for budget stabilization	$	271,404
Committed for replace/acquire building and land		75,000
Committed for roof replacement		200,000
Committed for technology equipment		100,000
Committed for Michigan D.H.S. loan reserve		100,000
Committed for pending obligations (BOR, MTT, STC)		100,000
Committed for economic development		75,000
Committed for air quality control		536
Committed for adult court unemployment claims		9,000
		930,940
Airport Fund		
Committed for MDOT maintenance		600
Committed for personal time off		900
Committed to passenger facility charges		61,722
		63,222
CRTC Grant Fund		
Committed for unemployment claims		218,000
Committed for personal time off		30,000
Committed for patrol cars		22,017
		270,017
Enhanced 911 Fund		
Committed for MCOLES training		15,632
Committed for personal time off		16,200
		31,832
Housing Commission Fund		
Committed for personal time off		2,500
Older Persons Act Fund		
Committed for capital outlay/equipment/buildings		49,075
Plaza Pool		
Committed to "Make-A-Splash" program		10,283
Veterans Affairs		
Committed for unemployment claims		4,800
Committed for personal time off		2,000
Committed for veteran affair services		82,698
		89,498

NOTE 16--FUND BALANCE CATEGORIES AND CLASSIFICATIONS. (continued)

Family Counseling	
Committed for family counseling services	$ 54,791
Drug Law Enforcement	
Committed for drug enforcement services	1,298
District Health Department Building	
Committed for building improvements	9,205
Criminal Justice Training	
Committed for training	8,847
Corrections Training	
Committed for training	29,662
Concealed Pistol Licensing	
Committed for concealed pistol licensing	37,796
Child Care Probate Court	
Committed for child care probate court services	440,584
Child Care DHS	
Committed for child care DHS services	6,000
Register of Deeds Automation	
Committed for register of deeds services	135,405
Recycling	
Committed for recycling services	128
Equipment and Replacement	
Committed for equipment replacement	251,007
DHS	
Committed for DHS	46,213
Law Library Fund	
Committed for law library	4,162
NLA Spectator Surcharge	
Committed for NLA	122,566
Parks Fund	
Committed for park services	160,864
	$ 2,755,895

NOTE 17--JOINT VENTURE.

Northeast Michigan Recycling Alliance Authority

In January 2000, the County joined Montmorency County in forming the *Northeast Michigan Recycling Alliance Authority*, under Act No. 223 of the Public Acts of 1955 of the State of Michigan.

The Authority manages a transfer station and recycling facility on West M-32 in Wilson Township in Alpena County. It is governed by a six person board, with three representatives from each County.

On October 26, 2010, the County of Alpena approved a resolution imposing a recycling surcharge of up to $10 per year per household for a period of three years, 2010, 2011, and 2012 inclusive. This was renewed for an additional period of three years, 2013, 2014, and 2015 inclusive. On September 23, 2015 the recycling surcharge was renewed with an increase to $20 per year per household effective December 1, 2015 to be used to run the Recycling Program.

The County has no significant influence over the management of the authority and that is why they are not included in the County's Annual financial report.

The Northeast Michigan Recycling Alliance Authority maintains the financial records at the Montmorency County Court House, Atlanta, MI 48709 and the office number is (989) 785-8003. Its financial office is located at the Alpena Soil Conservation District Office located at 1900 W. M-32, Alpena, Michigan and the office number is (989) 356-6038.

Montmorency-Oscoda-Alpena Solid Waste Management Authority

In February 1998, the County of Alpena joined Montmorency County and Oscoda County in creating the *Montmorency-Oscoda-Alpena Solid Waste Management Authority* in accordance of Act No. 223 of the Public Acts of 1955 of the State of Michigan.

This authority manages a landfill located in Montmorency County and is governed by a six-person board, with two representatives for each county.

Annually each County has been asked to use their annual financial statements to assure the unfunded portion of the closure and post closure cost. The closure and post closure costs estimated liability is reported as $4,170,167 as of December 31, 2017. Restricted cash consisting of certificates of deposit and other investments amount to $2,794,454 of that balance.

The County has no significant influence over the management of the authority and that is why they are not included in the County's Annual financial report.

The Montmorency-Oscoda-Alpena Solid Waste Management Authority maintains the financial records at the landfill. Contact the Authority Administrator at Montmorency-Oscoda-Alpena Solid Waste Management Authority, 6751 Landfill Road, Atlanta, MI 49709. Their phone number is 989-785-6500.

NOTE 18--PRIOR PERIOD ADJUSTMENTS.

Previously issued financial statements have not included the financial activity of the Economic Development Administration (EDA) Revolving Loan Fund Grant. This resulted in the restatement of the December 31, 2016 balance of fund equity from $0 to $596,563.

NOTE 19--UPCOMING ACCOUNTING PRONOUNCEMENTS.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The provisions of this statement are effective for the

County's financial statements for the year ending December 31, 2018.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments and will clarify whether and how business-type activities should report their fiduciary activities. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the fiscal year ending December 31, 2020.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*. This statement will improve the usefulness of accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the fiscal year ending December 31, 2021.

NOTE 20--SUBSEQUENT EVENTS.

Management has evaluated subsequent events through July 2, 2018, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ALPENA COUNTY

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

For the Year Ended December 31, 2017

	2017	2016	2015
Total Pension Liability			
Service Cost	$ 308,374	$ 261,627	$ 280,601
Interest	1,565,406	1,585,701	1,464,011
Changes of benefit terms	-	-	(7,071)
Difference between expected and actual experience	403,321	(190,483)	2,485
Changes of assumptions	-	-	935,446
Benefit payments including employee refunds	(1,285,960)	(1,221,987)	(1,147,267)
Other	(35,809)	(79,297)	(6,329)
Net Change in Total Pension Liability	955,332	355,561	1,521,876
Total Pension Liability beginning	20,056,362	19,700,801	18,178,925
Total Pension Liability ending	$ 21,011,694	$ 20,056,362	$ 19,700,801
Plan Fiduciary Net Position			
Contributions-employer	764,357	839,320	993,372
Contributions-employee	76,002	63,408	74,000
Net Investment income	1,586,296	1,269,142	(169,231)
Benefit payments including employee refunds	(1,285,960)	(1,221,987)	(1,147,267)
Administrative expense	(25,141)	(25,053)	(25,241)
Net Change in Plan Fiduciary Net Position	1,115,554	924,830	(274,367)
Plan Fiduciary Net Position beginning	12,096,070	11,171,240	11,445,607
Plan Fiduciary Net Position ending	$ 13,211,624	$ 12,096,070	$ 11,171,240
Employer Net Pension Liability	$ 7,800,070	$ 7,960,292	$ 8,529,561
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	63%	60%	57%
Covered Employee Payroll (from GASB 68 actuarial page)	$ 3,637,337	$ 2,795,776	$ 3,142,467
Employer's Net Pension Liability as a percentage of covered employee payroll	214%	285%	271%

Notes to schedule:

Above dates are based on measurement date, which may not necessarily tie to the fiscal year. This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE December 31, 2015.

ALPENA COUNTY

Schedule of Employer's Contributions

For the Year Ended December 31, 2017

	2017	2016	2015
Actuarial Determined Contributions*	$ 764,357	$ 839,320	$ 605,983
Contributions in relation to the actuarially determined contribution	764,357	839,320	605,983
Contribution deficiency (excess)	$ -	$ -	$ -
Covered Employee Payroll	3,637,337	2,795,776	3,026,961
Contributions as a percentage of covered employee payroll	21%	30%	20%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	23 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary Increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male RP-2014 Group Annuity Mortality Table

Notes to schedule:

Above dates are based on measurement date, which may not necessarily tie to the fiscal year. This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with *FYE December 31, 2015.*

ALPENA COUNTY

Required Supplementary Information
Component Unit - Alpena County Road Commission
Schedule of Funding Progress and Employer Contributions
Single-Employer Other Post Employment Benefits Plan

For the Year Ended December 31, 2017

Schedule of Funding Progress

Actaurial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	$ -	$ 333,458	$ (333,458)	0.00%	$ 1,388,170	-24.02%
12/31/2012	-	576,811	(576,811)	0.00%	1,072,576	-53.78%
12/31/2015	-	865,266	(865,216)	0.00%	846,494	-102.21%

Schedule of Employer Contributions

Year Ended December 31,	Annual Required	Percentage
2010	$ 47,424	8.97%
2011	46,166	10.52%
2012	47,786	18.82%
2013	46,633	18.50%
2014	45,502	9.99%
2015	127,819	28.74%
2016	151,041	22.62%
2017	151,936	23.18%

Note: Governmental Accounting Standards Board (GASB) Statement No. 67 was implemented in fiscal year 2014 and Statement No. 68 in fiscal year 2015. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

ALPENA COUNTY

Major Funds
Budgetary Comparison Schedules

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amount	(Unfavorable)
General Fund				
Resources (inflows)				
Taxes	$ 4,480,718	$ 4,602,434	$ 4,602,397	$ (37)
Licenses and permits	9,200	15,897	16,010	113
Federal grants	203,785	241,715	202,487	(39,228)
State grants	1,500,303	1,452,124	1,427,451	(24,673)
Local grants	44,006	44,006	19,253	(24,753)
Charges for service	1,261,295	1,473,173	1,611,165	137,992
Fines and forfeitures	40,350	54,493	54,368	(125)
Interest and rents	94,972	107,527	114,817	7,290
Other revenue	557,092	625,913	618,615	(7,298)
Transfers from other funds	547,925	584,876	601,941	17,065
Total resources (inflows)	8,739,646	9,202,158	9,268,504	66,346
Expenditures (outflows)				
General government-Legislative	285,448	286,766	277,538	9,228
General government-Financial and tax	1,231,233	1,163,669	1,164,446	(777)
General government-Other	1,918,017	1,860,584	1,821,708	38,876
Judicial	1,728,531	1,696,165	1,670,046	26,119
Public safety	2,864,491	2,884,963	2,799,341	85,622
Health and welfare	420,337	414,225	420,059	(5,834)
Community and economic development	152,335	155,716	154,659	1,057
Other	35,000	24,835	-	24,835
Transfers to other funds	584,610	849,827	845,827	4,000
Total expenditures (outflows)	9,220,002	9,336,750	9,153,624	183,126
NET CHANGE IN FUND BALANCES (CASH BASIS)	(480,356)	(134,592)	114,880	249,472
Adjustments				
To adjust revenues for interest and tax accruals and deferrals			111,476	111,476
To adjust expenditures for accrual of payables			(41,797)	(41,797)
FUND BALANCES, beginning of the year	4,737,260	4,737,260	4,737,260	-
FUND BALANCES, end of the year	$ 4,256,904	$ 4,602,668	$ 4,921,819	$ 319,151

ALPENA COUNTY

Major Funds
Budgetary Comparison Schedules

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amount	(Unfavorable)
Ambulance Fund				
Resources (inflows)				
Property taxes	$ 886,230	$ 892,183	$ 893,373	$ 1,190
Interest and rents	2,000	2,000	4,051	2,051
Other revenue	200	200	-	(200)
Total resources (inflows)	888,430	894,383	897,424	3,041
Expenditures (outflows)				
Public safety	898,060	995,411	977,457	17,954
Total expenditures (outflows)	898,060	995,411	977,457	17,954
NET CHANGE IN FUND BALANCES	(9,630)	(101,028)	(80,033)	20,995
FUND BALANCES, beginning of the year	671,164	671,164	671,164	-
FUND BALANCES, end of the year	$ 661,534	$ 570,136	$ 591,131	$ 20,995
CRTC Grant				
Resources (inflows)				
State grants	$ 1,740,000	$ 1,740,000	$ 1,671,792	$ (68,208)
Interest and rents	500	500	1,216	716
Other revenue	-	2,550	3,175	625
Total resources (inflows)	1,740,500	1,743,050	1,676,183	(66,867)
Expenditures (outflows)				
Public safety	1,532,441	1,529,991	1,443,019	86,972
Transfers to other funds	114,494	151,440	151,440	-
Total expenditures (outflows)	1,646,935	1,681,431	1,594,459	86,972
NET CHANGE IN FUND BALANCES	93,565	61,619	81,724	20,105
FUND BALANCES, beginning of the year	631,997	631,997	631,997	-
FUND BALANCES, end of the year	$ 725,562	$ 693,616	$ 713,721	$ 20,105

ALPENA COUNTY

Major Funds
Budgetary Comparison Schedules

For the Year Ended December 31, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Favorable (Unfavorable)
Housing Commission Fund				
Resources (inflows)				
Federal grants	$ 38,351	$ 38,351	$ 4,630	$ (33,721)
State grants	27,000	27,000	-	(27,000)
Charges for service	183,400	183,400	157,334	(26,066)
Other revenue	5,225	5,225	300	(4,925)
Total resources (inflows)	253,976	253,976	162,264	(91,712)
Expenditures (outflows)				
Community and economic development	254,864	275,939	182,826	93,113
Debt service	600	600	650	(50)
Total expenditures (outflows)	255,464	276,539	183,476	93,063
NET CHANGE IN FUND BALANCES	(1,488)	(22,563)	(21,212)	1,351
FUND BALANCES, beginning of the year	215,893	215,893	215,893	-
FUND BALANCES, end of the year	$ 214,405	$ 193,330	$ 194,681	$ 1,351
Older Persons Act Fund				
Resources (inflows)				
Property taxes	$ 500,952	$ 527,116	$ 527,614	$ 498
Interest and rents	750	750	1,287	537
Total resources (inflows)	501,702	527,866	528,901	1,035
Expenditures (outflows)				
Recreation and cultural	533,534	544,664	528,312	16,352
Total expenditures (outflows)	533,534	544,664	528,312	16,352
NET CHANGE IN FUND BALANCES	(31,832)	(16,798)	589	17,387
FUND BALANCES, beginning of the year	162,412	162,412	162,412	-
FUND BALANCES, end of the year	$ 130,580	$ 145,614	$ 163,001	$ 17,387

ALPENA COUNTY

Major Funds
Budgetary Comparison Schedules

For the Year Ended December 31, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amount	Variance with Final Budget Favorable (Unfavorable)
Youth and Recreation Fund				
Resources (inflows)				
Property taxes	$ 455,746	$ 455,746	$ 479,659	$ 23,913
Interest and rents	1,000	1,000	2,709	1,709
Total resources (inflows)	456,746	456,746	482,368	25,622
Expenditures (outflows)				
Recreation and cultural	651,137	700,164	553,257	146,907
Total expenditures (outflows)	651,137	700,164	553,257	146,907
NET CHANGE IN FUND BALANCES	(194,391)	(243,418)	(70,889)	172,529
FUND BALANCES, beginning of the year	436,184	436,184	436,184	-
FUND BALANCES, end of the year	$ 241,793	$ 192,766	$ 365,295	$ 172,529

December 20, 2018

COUNTY OF ALPENA
Alpena, Michigan

We have acted as bond counsel in connection with the issuance by the County of Alpena (the "County"), Michigan of its principal amount $11,600,000 County of Alpena Capital Improvement Jail Bonds, Series 2018 (the "Bonds"), dated December 20, 2018, pursuant to a resolution adopted by the County Board of Commissioners on October 30, 2018 (the "Resolution").

In so acting, we have examined the law and one executed and authenticated bond. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have not been engaged nor undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement or any other offering material relating to the Bond (except to the extent, if any, stated in the Preliminary Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Preliminary Official Statement).

Based on the foregoing, as of the date hereof and under existing law, we are of the opinion:

1. The Resolution has been duly adopted by the County Board of Commissioners and is valid and binding on the County.

2. The County agrees to pledge its full faith and credit for the repayment of the bonds and will pledge sufficient amounts of the County taxes levied each year provided that the amount of taxes which may be levied each together with other taxes levied for the same year shall not exceed the taxes which may be levied in excess of the constitutional and statutory limits. In addition, the County may use the proceeds of the millage of one mill approved by the County voters in 2017 for construction and equipping the Jail to repay the Bonds, which millage will be collected for 20 years beginning with the levy on December 1, 2018.

3. The Bonds have been duly authorized, executed and delivered by the County and are a valid and binding obligation of the County, enforceable in accordance with their terms.

4. It is the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the individual federal alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by Public Law No. 115-97 (the "**Tax Cuts and Jobs Act**") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternative minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on the Bonds held by a corporation (other than an S Corporation, regulated investment company, or real estate investment trust) may be subject to the federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder. The opinion set forth above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

In the opinion of Clark Hill PLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

5. In addition, the Bonds and the interest thereon are exempt from taxation presently in effect in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

6. The Bonds have NOT been designated by the County as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

The rights of holders of the Bonds may be affected by bankruptcy, reorganization, moratorium, receivership or other similar laws affecting the enforceability of creditors' rights now existing or hereafter enacted to the extent constitutionally applicable, and the enforcement of such rights may be subject to the exercise of judicial discretion in appropriate cases.

CLARK HILL, PLC

By ________________________

CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF ALPENA
$11,600,000
County of Alpena,
Capital Improvement Jail Bonds, Series 2018

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Alpena (the "County") in connection with the issuance of its $11,600,000 Capital Improvement Jail Bonds, Series 2018 (the "Bonds"). This Disclosure Certificate is being executed and delivered pursuant to a resolution adopted by the Board of Commissioners of the County on October 30, 2018 (the "Resolution"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the County for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the County and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the County, or any successor Dissemination Agent appointed in writing by the County and which has filed with the County a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is http://www.emma.msrb.org.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement for the Bonds dated December 20, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

SECTION 3. Provision of Annual Reports.

(a) Each year, the County shall provide, or shall cause the Dissemination Agent to provide, not later than nine months after the first day of the County's fiscal year, commencing with the County's Annual Report for the fiscal year ending December 31, 2018, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, the County's fiscal year commences January 1. Not later than fifteen (15) business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the County are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements most recently prepared for the County shall be included in the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall send a notice, in a timely manner, to the MSRB in substantially the form attached as Exhibit A.

(c) If the County's fiscal year changes, the County shall send written notice of such change to MSRB, in substantially the form attached as Exhibit B.

(d) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(e) In connection with providing the Annual Report, the Dissemination Agent (if other than the County) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the County for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the County of the same nature as that contained in the following tables in the Official Statement: "State Equalized Valuation," “Taxable Valuation,” “Major Taxpayers,” "Property Tax Rate History," "Property Tax Collection History," "General Fund Revenues and Expenditures," "Largest Employers," and "Debt Statement".

The County’s financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB’s Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The County covenants to provide, or cause to be provided, notice of any of the following events with respect to the Bonds, if material, in a timely manner and in accordance with the Rule:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The term financial obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

The term financial obligation means a (i) debt obligations; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would be material under applicable federal securities laws. The County covenants that its determination of materiality will be in conformance with federal securities laws.

(c) If the County determines that the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly cause a notice of such occurrence to be filed with the MSRB. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the County shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the County), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The County acknowledges that the "rating changes" referred to above in Section 5(a)(11) of this Disclosure Certificate may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the County is liable.

(f) The County acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the County does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Mandatory Electronic Filing with EMMA: All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at http://www.emma.msrb.org as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds. If the County's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with the Disclosure Certificate in the same manner as if it were the County, and the County shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the County (i) receives an opinion of Securities Counsel, addressed to the County, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 8. Dissemination Agent. The County, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Disseminating Agent. The initial Dissemination Agent shall be the County. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the County) shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver. (a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(1) If the amendment relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(2) This Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report, and shall include a narrative explanation of the reason for the amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the County, or the Dissemination Agent (if other than the County) at the written direction of the County, to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Failure to Comply. In the event of a failure of the County or the Dissemination Agent (if other than the County) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the County or the Dissemination Agent (if other than the County) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds or under the Resolution.

SECTION 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the County or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the County or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The County acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the County, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF ALPENA

By: ________________________________
Kim Ludlow
Its: Treasurer

Date: December 27, 2018

<u>EXHIBIT A</u>

NOTICE TO
THE MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Alpena, Michigan

Name of Bond Issue: $_______ County of Alpena Capital Improvement Jail Bonds, Series 2018

Date of Bonds: ________, 20__

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Issuer anticipates that the Annual Report will be filed by __________, ____.

COUNTY OF ALPENA

By: ____________________________________

Its: ________________________________

Dated: __________, ____

EXHIBIT B

NOTICE TO
THE MSRB
OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: County of Alpena, Michigan

Name of Bond Issue: $________ County of Alpena M Capital Improvement Jail Bonds, Series 2018

Date of Bonds: ________, 20__

NOTICE IS HEREBY GIVEN that the Issuer's fiscal year has changed. Previously, the Issuer's fiscal year ended on __________, ____. It now ends on __________, ____.

COUNTY OF ALPENA

By: ______________________________

Its: ______________________________

Dated: __________, ____

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

$11,600,000
COUNTY OF ALPENA
STATE OF MICHIGAN

CAPITAL IMPROVEMENT JAIL BONDS, SERIES 2018

(General Obligation - Limited Tax)

MFCI MUNICIPAL FINANCIAL CONSULTANTS

A TAYLOR & MORGAN COMPANY