

NOTE 5 - DEFERRED COMPENSATION PLAN

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

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFITS

The Alcona County Road Commission contributes to the Alcona County Road Commission Retirement Plan, which is a defined contribution pension plan, fully funded through Great West Financial. The Board of Road Commissioners is the trustee of the plan and therefore the activity of the plan is presented as a pension trust fund.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. Contributions made by the Road Commission are vested at 100% immediately. The Road Commission is required to contribute an amount equal to 7% of the employee's gross earnings. Employees are not required to make contributions. The Road Commission made contributions in 2014 totaling \$70,004 based on employee wages of \$1,104,487. There are currently 24 employees included in the plan.

The Alcona County Road Commission Retirement Plan held no securities in or loans to parties related to the plan. The financial information for the pension plan was available through the Great West Financial annual statement as of December 31, 2014 for presentation in the basic financial statements.

NOTE 9 - POST EMPLOYMENT BENEFITS

One payment was submitted on behalf of one retiree for \$1,500. Effective July 1, 2009, the Road Commission remits payments for retired employees at age 62, 63, or 64 up to \$1,500 per year for hospital, medical, and life insurance purposes until the retiree reaches age 65 in accordance with Article 19, section 4 of the Labor Agreement negotiated with Teamsters Local 214.