

County of Chippewa, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2011

CHIPPEWA COUNTY, MICHIGAN

ORGANIZATION

COUNTY BOARD OF COMMISSIONERS

| | |
|---------------|------------------|
| CHAIRMAN | SCOTT SHACKLETON |
| VICE CHAIRMAN | JAMES MOORE |
| COMMISSIONER | DONALD COOPER |
| COMMISSIONER | DONALD MCLEAN |
| COMMISSIONER | TED POSTULA |
| COMMISSIONER | JESSE KNOLL |
| COMMISSIONER | GEORGE KINSELLA |

APPOINTED/ELECTED OFFICERS

| | |
|----------------------------|----------------|
| COUNTY ADMINISTRATOR | JAMES GERMAN |
| COUNTY TREASURER | MARJORIE HANK |
| COUNTY CLERK | CATHY MALEPORT |
| COUNTY REGISTER OF DEEDS | SHARON KENNEDY |
| COUNTY SHERIFF | ROBERT SAVOIE |
| COUNTY SURVEYOR | WILLIAM KARR |
| COUNTY DRAIN COMMISSSIONER | ANTHONY BOSLEY |

JUDICIARY

| | |
|----------------|-----------------------|
| CIRCUIT COURT | HON. NICHOLAS LAMBROS |
| PROBATE COURT | HON. LOWELL ULRICH |
| DISTRICT COURT | HON. ELIZABETH CHURCH |

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMAN, CPA, PRINCIPAL

ROBERT L. HASKE, CPA
AMBER N. MACK, CPA, EA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT

Chairman and Members
of the Board of Commissioners
County of Chippewa, Michigan
Sault Ste. Marie, Michigan

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 aggregate remaining fund information, of the County of Chippewa, Michigan, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 Chippewa, Michigan, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2012 on our consideration of the County of Chippewa, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 3 through 9, pages 50 through 52 and pages 53 through 60 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 did 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Chippewa, Michigan's financial statements as a whole. The combining nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Anderson, Tackman & Company, PLC
Certified Public Accountants

May 2, 2012

Management's Discussion and Analysis

As management of Chippewa County, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Chippewa County for the year ended December 31, 2011.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$17,326,938. Of this amount, \$2,133,908 is restricted.
- Net assets for the County as a whole increased by \$934,371. Net assets of our governmental activities increased by \$211,124 and net assets of our business-type activities increased by \$723,247.
- During the year, the County had expenses for governmental funds that were \$23,624,188, and expenses for business-type activities that were \$23,803,098.
- The General Fund reported a net fund balance of \$5,173,119, an increase of \$1,443,906. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,723,847, or 16% of total General Fund expenditures (including operating transfers.)

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety (including the jail), public works, health and welfare, community and economic development, and culture and recreation. The business-type activities of the County include the delinquent tax collections, commissary, and foreclosure funds.

The government-wide financial statements include not only Chippewa County itself (known as the primary government), but also a legally separate Chippewa County Road Commission, Eastern Upper Peninsula Transportation Authority, and Chippewa County Economic Development Corporation for which Chippewa County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with 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 adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 12-13 of this report.

Proprietary funds. The County 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 uses enterprise funds to account for its jail commissary operations and delinquent tax operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Chippewa County uses an internal service fund to account for its central supplies and self-insurance activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 15-17 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 statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to 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 21-49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found on pages 61-84 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 Chippewa County, assets exceeded liabilities by \$17,326,938 at the close of the most recent fiscal year.

In a condensed format, the table below shows the net assets of Chippewa County.

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current Assets | \$ 17,212,084 | \$ 16,635,138 | \$ 12,230,059 | \$ 11,658,279 | \$ 29,442,143 | \$ 28,293,417 |
| Capital Assets | 12,942,106 | 13,041,738 | - | - | 12,942,106 | 13,041,738 |
| Total Assets | <u>\$ 30,154,190</u> | <u>\$ 29,676,876</u> | <u>\$ 12,230,059</u> | <u>\$ 11,658,279</u> | <u>\$ 42,384,249</u> | <u>\$ 41,335,155</u> |
| Current Liabilities | \$ 5,071,843 | \$ 5,240,845 | \$ 121,258 | \$ 272,725 | \$ 5,193,101 | \$ 5,513,570 |
| Noncurrent Liabilities | 19,864,210 | 19,429,018 | - | - | 19,864,210 | 19,429,018 |
| Total Liabilities | <u>24,936,053</u> | <u>24,669,863</u> | <u>121,258</u> | <u>272,725</u> | <u>25,057,311</u> | <u>24,942,588</u> |
| Net Assets | | | | | | |
| Invested in Capital Assets - | | | | | | |
| Net of Debt | 658,660 | 2,509,409 | - | - | 658,660 | 2,509,409 |
| Restricted | 2,133,908 | 1,461,345 | - | - | 2,133,908 | 1,461,345 |
| Unrestricted | <u>2,425,569</u> | <u>1,036,259</u> | <u>12,108,801</u> | <u>11,385,554</u> | <u>14,534,370</u> | <u>12,421,813</u> |
| Total Net Assets | <u>\$ 5,218,137</u> | <u>\$ 5,007,013</u> | <u>\$ 12,108,801</u> | <u>\$ 11,385,554</u> | <u>\$ 17,326,938</u> | <u>\$ 16,392,567</u> |

The current level of unrestricted net assets for our governmental activities stands at \$2,425,569, or about 10% of expenses. This is within the targeted range set by the County Board of Commissioners during its last budget process.

Net Assets of the governmental activities increased approximately 4%. Net Assets of the business-type activities increased approximately 6%.

The following table shows the activities of the County.

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Program Revenues | | | | | | |
| Charges for Services | \$ 7,810,715 | \$ 8,106,001 | \$ 978,049 | \$ 724,996 | \$ 8,788,764 | \$ 8,830,997 |
| Operating Grants and Contributions | 5,676,153 | 5,454,618 | - | - | 5,676,153 | 5,454,618 |
| Capital Grants and Contributions | 352,477 | 145,263 | - | - | 352,477 | 145,263 |
| General Revenues: | | | | | | |
| Property Taxes | 8,675,459 | 8,531,222 | - | - | 8,675,459 | 8,531,222 |
| Interest Income | 55,706 | 148,848 | 76,296 | 92,859 | 132,002 | 241,707 |
| Other Revenue (Expense) | 1,112,614 | (419,440) | - | - | 1,112,614 | (419,440) |
| Total Revenues | <u>23,683,124</u> | <u>21,966,512</u> | <u>1,054,345</u> | <u>817,855</u> | <u>24,737,469</u> | <u>22,784,367</u> |
| Program Expenses | | | | | | |
| Legislative | 140,748 | 142,146 | - | - | 140,748 | 142,146 |
| Judicial | 2,500,127 | 2,589,801 | - | - | 2,500,127 | 2,589,801 |
| General Government | 3,927,239 | 3,015,598 | - | - | 3,927,239 | 3,015,598 |
| Public Safety | 5,229,232 | 5,120,457 | - | - | 5,229,232 | 5,120,457 |
| Public Works | 601,201 | 8,543,923 | - | - | 601,201 | 8,543,923 |
| Health and Welfare | 8,049,191 | 8,418,220 | - | - | 8,049,191 | 8,418,220 |
| Community/Development | 74,389 | 163,530 | - | - | 74,389 | 163,530 |
| Interest Expense – Unallocated | 950,181 | 655,304 | - | - | 950,181 | 655,304 |
| Other | 1,311,864 | 835,660 | - | - | 1,311,864 | 835,660 |
| Tax Collection | - | - | 23,295 | 20,247 | 23,295 | 20,247 |
| Depreciation - Unallocated | 840,016 | 788,911 | - | - | 840,016 | 788,911 |
| Other Nonmajor | - | - | 155,615 | 126,812 | 155,615 | 126,812 |
| Total Expenses | <u>23,624,188</u> | <u>30,273,550</u> | <u>178,910</u> | <u>147,059</u> | <u>23,803,098</u> | <u>30,420,609</u> |
| Excess (Deficiency) | | | | | | |
| Before Transfers | 58,936 | (8,307,038) | 875,435 | 670,796 | 934,371 | (7,636,242) |
| Transfers | 152,188 | 26,874 | (152,188) | (116,874) | - | (90,000) |
| Changes in Net Assets | 211,124 | (8,280,164) | 723,247 | 553,922 | 934,371 | (7,726,242) |
| Beginning Net Assets | <u>5,007,013</u> | <u>13,287,177</u> | <u>11,385,554</u> | <u>10,831,632</u> | <u>16,392,567</u> | <u>24,118,809</u> |
| Ending Net Assets | <u>\$ 5,218,137</u> | <u>\$ 5,007,013</u> | <u>\$ 12,108,801</u> | <u>\$ 11,385,554</u> | <u>\$ 17,326,938</u> | <u>\$ 16,392,567</u> |

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

The County's proprietary funds provide the same type of information found in the governmental –wide financial statements but in more detail.

The County's Funds

Our analysis of the County's major funds begins on page 12 following the entity wide financial statements. The individual funds' financial statements provide detail information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The County's major funds for 2011 include the General Fund, Health Department, Chippewa County Recycling, Senior Nutrition, Ambulance, 2010 County Building, Correctional Facility Maintenance Fund, and Delinquent Tax Fund.

The General Fund supports most of the County's governmental services. The costliest are the public safety, court, and general government functions. The Delinquent Tax fund is supported by interest and fees from the collection of taxes.

General Fund Budgetary Highlights

The difference between the original budget and final amended budget for expenditures and transfers out in the General Fund resulted in an increase of \$251,830 in appropriations. The largest increases were within the public safety department.

During the year, general fund revenues were \$80,418 less than budgetary estimates, while general fund expenditures were \$478,952 less than budgetary estimates. The actual change in fund balance was an increase.

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2011, amounted to \$12,942,106 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was \$99,632.

Major capital asset events during the current fiscal year included the following:

- Purchase of Sugar Island Tower for \$326,167, Motorola equipment of \$26,310, sheriff department vehicles for \$64,962, and other courthouse renovations of approximately \$123,000.

Additional information on the County's capital assets can be found in note 4 on page 32 of this report.

Debt Administration

At the end of the current fiscal year, the County had total debt outstanding of \$21,529,018. Of this amount, \$17,018,958 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt is comprised of compensated absences, OPEB, and leases.

The County reduced its bond debt by \$5,999,000 in principal payments and issued new debts of \$4,790,000.

Additional information on the County's long-term debt can be found in note 7 on pages 37-39 of this report.

Economic Factors and Next Year's Budgets and Rates

In order to maintain financial stability over the long term, the budgeting practice in Chippewa County is to not only adopt a balanced budget as required by law, but to manage its budget in a manner such that actual expenses do not exceed actual revenues on an annual basis. This policy, along with a conscious awareness of the fund balance, has given Chippewa County the reserves necessary to address this difficult economic time without resorting to a crisis-management approach. It has permitted the County Board to utilize its annual budget process as the primary vehicle to make decisions on the type and level of County services to be provided. When unexpected revenue losses or expenditure increases occur during the year, they will be addressed through short term expenditure reduction measures such as reductions in controllable expenses, hiring delays, and deferrals of certain capital expenditures.

- As the economy has slowed, there have been financial impacts to the County. Although property tax revenues remain stable, programs that rely on state and federal grants have suffered financial losses.
- Two Michigan constitutional laws limit property tax growth to the rate of inflation or a maximum allowable increase in assessment of 5.0 percent, whichever is less. Property tax revenue anticipated for the ensuing fiscal year will reflect the restrictions of these laws.
- Public Act 357 of 2004 (MCL 211.44a) created a funding mechanism to serve as a substitute to state revenue sharing payments. Chippewa County completed a gradual shift in its County operating property tax millage from a winter tax levy to a summer tax levy.
- The County as a whole continues to be in excellent financial shape and manages its money well.

2012 Events

The County purchased the City County Building in April of 2010 from the City of Sault Ste. Marie. The cost of the building was \$750,000 and renovations are expected to begin in June 2012 and be completed by December 2012.

Component Units

A separate management's discussion and analysis is available for the County Health Department, Road Commission, Economic Development Corporation and Transportation Authority. Refer to the Department's audit reports for further information.

Requests for Information

This financial report is designed to provide a general overview of the County'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 financial information should be addressed to the Chippewa County Administrator's Office at (906) 635-6330.

Basic Financial Statements

County of Chippewa, Michigan

Statement of Net Assets

December 31, 2011

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|--------------------------|
| | Governmental Activities | Business-type Activities | Totals | |
| ASSETS: | | | | |
| Cash & Investments - Unrestricted | \$ 10,098,632 | \$ 10,065,813 | \$ 20,164,445 | \$ 2,427,592 |
| - Restricted | 1,407,508 | - | 1,407,508 | 483,748 |
| Receivables: | | | | |
| Accounts | 1,252,651 | 590 | 1,253,241 | 454,083 |
| Taxes | 2,766,516 | 1,877,858 | 4,644,374 | 745,407 |
| Interest | 5,134 | 285,798 | 290,932 | 5,538 |
| Internal Loans | 7,771 | (7,771) | - | - |
| Due from Governmental Units | 1,251,426 | 7,771 | 1,259,197 | 1,778,017 |
| Inventories | 19,762 | - | 19,762 | 816,019 |
| Prepaid Expenses | 402,684 | - | 402,684 | 216,542 |
| Other Assets | - | - | - | 8,590 |
| Capital assets (nondepreciable) | | | | |
| Capital Assets (net of accumulated depreciation including nondepreciable of \$336,937) | 336,937 12,605,169 | - - | 336,937 12,605,169 | 48,619,943 59,896,598 |
| TOTAL ASSETS | \$ 30,154,190 | \$ 12,230,059 | \$ 42,384,249 | \$ 115,452,077 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Short Term Notes Payable | \$ - | \$ - | \$ - | \$ 361,375 |
| Accounts Payable | 317,195 | - | 317,195 | 405,028 |
| Accrued Liabilities | 328,786 | 5,179 | 333,965 | 202,198 |
| Advances | - | - | - | 558,754 |
| Accrued Interest Payable | 165,019 | - | 165,019 | - |
| Due to Governmental Units | 155,241 | 116,079 | 271,320 | 1,168 |
| Deferred Revenue | 2,440,794 | - | 2,440,794 | 745,407 |
| Notes Payable | - | - | - | 335,064 |
| Bonds Payable | 1,364,000 | - | 1,364,000 | - |
| Capital Leases Payable | 43,205 | - | 43,205 | - |
| Compensated Absences | 224,744 | - | 224,744 | - |
| Other Liabilities | 32,859 | - | 32,859 | 13,516 |
| Non-current Liabilities: | | | | |
| Notes Payable | - | - | - | 396,374 |
| Bonds Payable | 15,654,958 | - | 15,654,958 | - |
| Capital Leases Payable | 11,283 | - | 11,283 | - |
| Compensated Absences & OPEB Obligations | 4,197,969 | - | 4,197,969 | 3,144,908 |
| TOTAL LIABILITIES | 24,936,053 | 121,258 | 25,057,311 | 6,163,792 |
| NET ASSETS: | | | | |
| Invested in Capital Assets (net of related debt) | 658,660 | - | 658,660 | 107,423,728 |
| Restricted | 2,133,908 | - | 2,133,908 | 604,356 |
| Unrestricted | 2,425,569 | 12,108,801 | 14,534,370 | 1,260,201 |
| TOTAL NET ASSETS | \$ 5,218,137 | \$ 12,108,801 | \$ 17,326,938 | \$ 109,288,285 |

County of Chippewa, Michigan

Statement of Activities For the Year Ended December 31, 2011

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|---|----------------------|-------------------------|--|--|--|-----------------------------|---------------|--------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units |
| | | | | | Governmental Activities | Business-type Activities | Totals | |
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Legislative | \$ 140,748 | \$ - | \$ - | \$ - | \$ (140,748) | \$ - | \$ (140,748) | \$ - |
| Judicial | 2,500,127 | 463,721 | 620,023 | - | (1,416,383) | - | (1,416,383) | - |
| General Government | 3,927,239 | 341,240 | 1,042,489 | - | (2,543,510) | - | (2,543,510) | - |
| Public Safety | 5,229,232 | 1,982,223 | 749,254 | 352,477 | (2,145,278) | - | (2,145,278) | - |
| Public Works | 601,201 | 57,006 | 1,606,790 | - | 1,062,595 | - | 1,062,595 | - |
| Health & Welfare | 8,049,191 | 4,966,525 | 1,583,208 | - | (1,499,458) | - | (1,499,458) | - |
| Community/Economic Development | 74,389 | - | 74,389 | - | - | - | - | - |
| Interest expense - Unallocated | 950,181 | - | - | - | (950,181) | - | (950,181) | - |
| Other | 1,311,864 | - | - | - | (1,311,864) | - | (1,311,864) | - |
| Depreciation - Unallocated | 840,016 | - | - | - | (840,016) | - | (840,016) | - |
| Total Governmental Activities | 23,624,188 | 7,810,715 | 5,676,153 | 352,477 | (9,784,843) | - | (9,784,843) | - |
| Business-type activities: | | | | | | | | |
| Tax Collection | 23,295 | 613,125 | - | - | - | 589,830 | 589,830 | - |
| Other Nonmajor | 155,615 | 364,924 | - | - | - | 209,309 | 209,309 | - |
| Total Business-type Activities | 178,910 | 978,049 | - | - | - | 799,139 | 799,139 | - |
| Total Primary Government | <u>\$ 23,803,098</u> | <u>\$ 8,788,764</u> | <u>\$ 5,676,153</u> | <u>\$ 352,477</u> | (9,784,843) | 799,139 | (8,985,704) | - |
| Component Units: | | | | | | | | |
| Road Commission | \$ 8,660,340 | \$ 1,982,436 | \$ 2,823,065 | \$ 6,848,769 | | | | 2,993,930 |
| Economic Development Corporation | 3,692,930 | 1,815,789 | - | 2,180,040 | | | | 302,899 |
| E.U.P. Transportation Authority | 4,110,846 | 1,471,136 | 1,776,477 | 447,555 | | | | (415,678) |
| Total Component Units | 16,464,116 | 5,269,361 | 4,599,542 | 9,476,364 | | | | 2,881,151 |
| Total | <u>\$ 40,267,214</u> | <u>\$ 14,058,125</u> | <u>\$ 10,275,695</u> | <u>\$ 9,828,841</u> | | | | |
| General Revenues and Transfers: | | | | | | | | |
| Taxes | | | | | 8,675,459 | - | 8,675,459 | 747,389 |
| Local Sources and Other | | | | | 1,112,614 | - | 1,112,614 | 237,917 |
| Interest Income | | | | | 55,706 | 76,296 | 132,002 | 36,817 |
| Transfers | | | | | 152,188 | (152,188) | - | - |
| Total General Revenues and Transfers | | | | | 9,995,967 | (75,892) | 9,920,075 | 1,022,123 |
| Changes in Net Assets | | | | | 211,124 | 723,247 | 934,371 | 3,903,274 |
| Net Assets - Beginning | | | | | 5,007,013 | 11,385,554 | 16,392,567 | 105,385,011 |
| Net Assets - Ending | | | | | \$ 5,218,137 | \$ 12,108,801 | \$ 17,326,938 | \$ 109,288,285 |

See accompanying notes to financial statements.

County of Chippewa, Michigan

Balance Sheet Governmental Funds December 31, 2011

| | General | Health Department | Chippewa County Recycling | Senior Nutrition | Ambulance | Debt Service Correctional Facility Maintenance | Capital Project 2010 County Building | Non-Major Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------|---------------------------------|---------------------|-------------------|--|--|------------------------------------|--------------------------------|
| ASSETS: | | | | | | | | | |
| Cash & Investments - Unrestricted | \$ 4,162,900 | \$ - | \$ 323,032 | \$ 286,026 | \$ 1,865 | \$ 576,336 | \$ 1,894,872 | \$ 1,339,075 | \$ 8,584,106 |
| - Restricted | - | 1,407,508 | - | - | - | - | - | - | 1,407,508 |
| Receivables: | | | | | | | | | |
| Accounts - net | 6,094 | 1,072,203 | - | - | - | - | - | 84,670 | 1,162,967 |
| Taxes | 665,663 | - | 518,243 | 517,621 | 443,098 | 621,891 | - | - | 2,766,516 |
| Interest | 5,066 | - | - | - | - | - | - | 68 | 5,134 |
| Inventory | - | 4,834 | - | - | - | - | - | - | 4,834 |
| Due from Other Funds | 286,221 | - | - | - | - | - | - | - | 286,221 |
| Due from Governmental Units | 389,468 | 598,577 | - | - | - | - | - | 263,381 | 1,251,426 |
| Prepaid Expenditures | 18,235 | 40,398 | 98,800 | - | - | - | - | 11,340 | 168,773 |
| TOTAL ASSETS | \$ 5,533,647 | \$ 3,123,520 | \$ 940,075 | \$ 803,647 | \$ 444,963 | \$ 1,198,227 | \$ 1,894,872 | \$ 1,698,534 | \$ 15,637,485 |
| LIABILITIES: | | | | | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 265,269 | \$ 265,269 |
| Accounts Payable | 97,770 | 148,441 | - | - | - | 3,534 | - | 67,450 | 317,195 |
| Accrued Liabilities | 185,262 | 107,240 | - | - | - | - | - | 36,284 | 328,786 |
| Due to Governmental Units | - | 30,857 | - | - | - | - | - | - | 30,857 |
| Deferred Revenue | 77,496 | 257,509 | 518,243 | 517,621 | 443,098 | 621,891 | - | 4,936 | 2,440,794 |
| Compensated Absences | - | 224,744 | - | - | - | - | - | - | 224,744 |
| Other Liabilities | - | 32,859 | - | - | - | - | - | - | 32,859 |
| TOTAL LIABILITIES | 360,528 | 801,650 | 518,243 | 517,621 | 443,098 | 625,425 | - | 373,939 | 3,640,504 |
| FUND BALANCES: | | | | | | | | | |
| Nonspendable | 18,235 | 45,232 | 98,800 | - | - | - | - | 11,340 | 173,607 |
| Restricted | - | 162,076 | 323,032 | 286,026 | 1,865 | 572,802 | - | 788,107 | 2,133,908 |
| Committed | 1,410,948 | - | - | - | - | - | 1,894,872 | 10,239 | 3,316,059 |
| Assigned | 20,089 | 1,073,194 | - | - | - | - | - | 516,555 | 1,609,838 |
| Unassigned | 3,723,847 | 1,041,368 | - | - | - | - | - | (1,646) | 4,763,569 |
| TOTAL FUND BALANCES | 5,173,119 | 2,321,870 | 421,832 | 286,026 | 1,865 | 572,802 | 1,894,872 | 1,324,595 | 11,996,981 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 5,533,647 | \$ 3,123,520 | \$ 940,075 | \$ 803,647 | \$ 444,963 | \$ 1,198,227 | \$ 1,894,872 | \$ 1,698,534 | |
| Reconciliation to amounts reported for governmental activities in the statement of net assets: | | | | | | | | | |
| Capital assets used by governmental activities | | | | | | | | | 12,942,106 |
| Long-term notes & leases payable for governmental activities | | | | | | | | | (17,073,446) |
| Compensated absences and OPEB liabilities | | | | | | | | | (4,197,969) |
| Internal service funds included in governmental activities | | | | | | | | | 1,715,484 |
| Accrued interest expense recognized under full accrual accounting | | | | | | | | | (165,019) |
| Net assets of governmental activities | | | | | | | | | \$ 5,218,137 |

See accompanying notes to financial statements.

County of Chippewa, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2011

| | | | | | Debt Service Correctional Facility Maintenance | Capital Project 2010 County Building | Non-Major Governmental Funds | Totals Governmental Funds |
|---|---------------------|----------------------|---------------------------------|---------------------|--|--|------------------------------------|---------------------------------|
| | General | Health Department | Chippewa County Recycling | Senior Nutrition | Ambulance | | | |
| REVENUES: | | | | | | | | |
| Taxes | \$ 6,583,952 | \$ - | \$ 519,421 | \$ 509,073 | \$ 442,074 | \$ 620,939 | \$ - | \$ 8,675,459 |
| License and Permits | 43,071 | - | - | - | - | - | - | 43,071 |
| Federal Sources | 494,720 | - | - | - | - | - | 783,046 | 1,277,766 |
| State Sources | 949,456 | 1,466,358 | - | - | - | - | 282,550 | 2,698,364 |
| Local Sources | 234,664 | 90,316 | - | - | - | - | 1,637,305 | 1,962,285 |
| Charges for Services | 2,225,958 | 4,911,598 | - | - | - | - | 630,088 | 7,767,644 |
| Interest & Rentals | 40,274 | - | - | - | - | 6,090 | 9,342 | 55,706 |
| Fines and Forfeitures | 90,215 | - | - | - | - | - | - | 90,215 |
| Other Revenue | 478,702 | 315,090 | - | - | - | - | 341,769 | 1,135,561 |
| TOTAL REVENUES | 11,141,012 | 6,783,362 | 519,421 | 509,073 | 442,074 | 627,029 | 3,684,100 | 23,706,071 |
| EXPENDITURES: | | | | | | | | |
| Legislative | 140,748 | - | - | - | - | - | - | 140,748 |
| Judicial | 2,487,196 | - | - | - | - | - | 11,581 | 2,498,777 |
| General Government | 3,020,767 | - | - | - | - | - | 22,300 | 3,148,195 |
| Public Safety | 3,785,020 | - | - | - | - | 41,705 | 1,387,858 | 5,214,583 |
| Public Works | - | - | 441,200 | - | - | - | 160,001 | 601,201 |
| Health & Welfare | 256,703 | 6,959,931 | - | 483,450 | 286,136 | - | 337,940 | 8,324,160 |
| Community/Economic Development | - | - | - | - | - | - | 74,389 | 74,389 |
| Capital Outlay | 133,238 | - | - | - | - | - | 519,823 | 653,061 |
| Debt Service | - | - | - | - | - | - | 6,949,181 | 6,949,181 |
| Other Expenditures | 876,007 | - | - | - | - | - | 119,929 | 995,936 |
| TOTAL EXPENDITURES | 10,699,679 | 6,959,931 | 441,200 | 483,450 | 286,136 | 41,705 | 9,583,002 | 28,600,231 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 441,333 | (176,569) | 78,221 | 25,623 | 155,938 | 585,324 | (105,128) | (4,894,160) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Bond Proceeds | - | - | - | - | - | - | 4,790,000 | 4,790,000 |
| Operating Transfers In | 1,175,496 | 150,000 | - | - | - | - | 6,327,267 | 7,652,763 |
| Operating Transfers Out | (902,027) | - | - | - | (181,775) | (563,923) | (5,852,850) | (7,500,575) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 714,802 | (26,569) | 78,221 | 25,623 | (25,837) | 21,401 | (634,485) | 48,028 |
| FUND BALANCES, JANUARY 1 | 4,458,317 | 2,348,439 | 343,611 | 260,403 | 27,702 | 551,401 | 1,959,080 | 11,948,953 |
| FUND BALANCES, DECEMBER 31 | \$ 5,173,119 | \$ 2,321,870 | \$ 421,832 | \$ 286,026 | \$ 1,865 | \$ 572,802 | \$ 1,324,595 | \$ 11,996,981 |

See accompanying notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2011**

Net Changes in fund balances - total governmental funds \$ 48,028

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay and loss on disposals in the current period. (99,632)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Principal repayments:
 Bond & Notes Payable 2,503,488
 Capital Lease 53,570
Bond proceeds recognized as other financing sources
 but not for full accrual basis (4,790,000)

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Interest Payable Activity (98,706)
Compensated Absences and OPEB Liabilities 1,718,115

Internal Service Fund Activity 876,261

Changes in net assets of governmental activities \$ 211,124

Statement of Net Assets
Proprietary Funds
December 31, 2011

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|-----------------------------|--|-------------------|----------------------|------------------------------|
| | Tax Collections | Nonmajor Funds | Totals | Internal Service Funds |
| ASSETS: | | | | |
| Cash & Investments | \$ 9,860,829 | \$ 204,984 | \$ 10,065,813 | \$ 1,514,526 |
| Accounts Receivable | - | 590 | 590 | 89,684 |
| Taxes Receivable | 1,877,858 | - | 1,877,858 | - |
| Inventories | - | - | - | 14,928 |
| Accrued Interest Receivable | 285,798 | - | 285,798 | - |
| Due from Governmental Units | - | 7,771 | 7,771 | - |
| Prepaid Expenses | - | - | - | 233,911 |
| TOTAL ASSETS | <u>\$ 12,024,485</u> | <u>\$ 213,345</u> | <u>\$ 12,237,830</u> | <u>\$ 1,853,049</u> |
| LIABILITIES: | | | | |
| Due to Other Funds | \$ - | \$ 7,771 | \$ 7,771 | \$ 13,181 |
| Due to Governmental Units | 116,079 | - | 116,079 | - |
| Accrued Liabilities | 5,179 | - | 5,179 | 124,384 |
| TOTAL LIABILITIES | <u>121,258</u> | <u>7,771</u> | <u>129,029</u> | <u>137,565</u> |
| NET ASSETS: | | | | |
| Unrestricted | <u>11,903,227</u> | <u>205,574</u> | <u>12,108,801</u> | <u>1,715,484</u> |
| TOTAL NET ASSETS | <u>\$ 11,903,227</u> | <u>\$ 205,574</u> | <u>\$ 12,108,801</u> | <u>\$ 1,715,484</u> |

**Statement of Revenues, Expenses, and
Changes in Net Assets - Proprietary Funds
For the Year Ended December 31, 2011**

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|---|--|-------------------|----------------------|------------------------------|
| | Tax Collections | Nonmajor Funds | Totals | Internal Service Funds |
| OPERATING REVENUES: | | | | |
| Charges for Services | \$ 225,208 | \$ 364,924 | \$ 590,132 | \$ 3,472,780 |
| Penalties and Interest Charges | 387,917 | - | 387,917 | - |
| Total Operating Revenues | 613,125 | 364,924 | 978,049 | 3,472,780 |
| OPERATING EXPENSES: | | | | |
| Personal Services | 3,637 | - | 3,637 | - |
| Premium Reimbursements | - | - | - | 2,565,382 |
| Other Supplies and Expenses | 19,658 | 155,615 | 175,273 | 31,137 |
| Total Operating Expenses | 23,295 | 155,615 | 178,910 | 2,596,519 |
| OPERATING INCOME (LOSS) | 589,830 | 209,309 | 799,139 | 876,261 |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Interest on Deposits | 76,296 | - | 76,296 | - |
| Total Non-operating Revenues (Expenses) | 76,296 | - | 76,296 | - |
| INCOME (LOSS) BEFORE TRANSFERS | 666,126 | 209,309 | 875,435 | 876,261 |
| Operating Transfers In | 3,548,436 | - | 3,548,436 | - |
| Operating Transfers Out | (3,548,436) | (152,188) | (3,700,624) | - |
| CHANGES IN NET ASSETS | 666,126 | 57,121 | 723,247 | 876,261 |
| NET ASSETS, JANUARY 1 | 11,237,101 | 148,453 | 11,385,554 | 839,223 |
| NET ASSETS, DECEMBER 31 | <u>\$ 11,903,227</u> | <u>\$ 205,574</u> | <u>\$ 12,108,801</u> | <u>\$ 1,715,484</u> |

County of Chippewa, Michigan

Statement of Cash Flows Proprietary Fund Types For the Year Ended December 31, 2011

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|-------------------|---------------|----------------------------|
| | Tax Collections | Nonmajor Funds | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from Customers | \$ 567,833 | \$ 378,109 | \$ 945,942 | \$ 3,486,227 |
| Payments to Suppliers | (174,762) | (198,602) | (373,364) | (2,685,924) |
| Net Cash Provided (Used) by Operating Activities | 393,071 | 179,507 | 572,578 | 800,303 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Operating Transfers Out | - | (152,188) | (152,188) | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | - | (152,188) | (152,188) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on Deposits | 76,296 | - | 76,296 | - |
| Net Cash Provided (Used) by Investing Activities | 76,296 | - | 76,296 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 469,367 | 27,319 | 496,686 | 800,303 |
| Balances - Beginning of the Year | 9,391,462 | 177,665 | 9,569,127 | 714,223 |
| Balances - End of the Year | \$ 9,860,829 | \$ 204,984 | \$ 10,065,813 | \$ 1,514,526 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | \$ 589,830 | \$ 209,309 | \$ 799,139 | \$ 876,261 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities. | | | | |
| Change in Assets and Liabilities: | | | | |
| (Increase) Decrease in Assets: | | | | |
| Taxes Receivable | (15,187) | - | (15,187) | - |
| Accounts Receivable | - | 190 | 190 | (6,664) |
| Accrued Interest Receivable | (30,105) | - | (30,105) | - |
| Prepaid Expenses | - | - | - | (65,641) |
| Inventory | - | - | - | 20,111 |
| Due from Governmental Units | - | 12,995 | 12,995 | - |
| Increase (Decrease) in Liabilities: | | | | |
| Due to Other Funds | - | (42,987) | (42,987) | - |
| Due to Governmental Units | (152,582) | - | (152,582) | - |
| Accrued Liabilities | 1,115 | - | 1,115 | (23,764) |
| Net Cash Provided (Used) by Operating Activities | \$ 393,071 | \$ 179,507 | \$ 572,578 | \$ 800,303 |

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2011

| | <u>Agency Funds</u> |
|-----------------------------------|--------------------------------|
| ASSETS: | |
| Cash & Investments - Unrestricted | <u>\$ 1,207,346</u> |
| TOTAL ASSETS | <u><u>\$ 1,207,346</u></u> |
| LIABILITIES: | |
| Due to Governmental Units | \$ 175,707 |
| Other Liabilities | 435,259 |
| Undistributed Tax Collections | <u>596,380</u> |
| TOTAL LIABILITIES | <u><u>\$ 1,207,346</u></u> |

Component Units

County of Chippewa, Michigan

Statement of Net Assets Component Units December 31, 2011

| | Road Commission | Economic Development Corporation | E.U.P. Transportation Authority | Totals |
|---|----------------------|--|---------------------------------------|-----------------------|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash & Investments - Unrestricted | \$ 760,053 | \$ 800,254 | \$ 867,285 | \$ 2,427,592 |
| - Restricted | - | 463,748 | 20,000 | 483,748 |
| Receivables: | | | | |
| Interest | - | 5,538 | - | 5,538 |
| Accounts | 368 | 273,027 | 180,688 | 454,083 |
| Taxes | 745,407 | - | - | 745,407 |
| Due from Governmental Units | 1,582,285 | - | 195,732 | 1,778,017 |
| Inventory | 765,823 | 50,196 | - | 816,019 |
| Prepaid Expense | 202,299 | - | 14,243 | 216,542 |
| Other Assets | - | - | 8,590 | 8,590 |
| Noncurrent Assets: | | | | |
| Capital Assets (Nondepreciable) | 46,673,268 | 1,946,675 | - | 48,619,943 |
| Capital Assets (Net of Accumulated Depreciation) | 30,746,230 | 20,848,225 | 8,302,143 | 59,896,598 |
| TOTAL ASSETS | \$ 81,475,733 | \$ 24,387,663 | \$ 9,588,681 | \$ 115,452,077 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Short Term Note Payable | \$ - | \$ 361,375 | \$ - | \$ 361,375 |
| Accounts Payable | 224,184 | 18,867 | 161,977 | 405,028 |
| Due to Governmental Units | 1,168 | - | - | 1,168 |
| Deferred Revenue | 745,407 | - | - | 745,407 |
| Accrued Liabilities | 138,762 | - | 63,436 | 202,198 |
| Advances | 558,754 | - | - | 558,754 |
| Installment Purchase Agreements Payable - Current | 335,064 | - | - | 335,064 |
| Other Liabilities | - | 13,516 | - | 13,516 |
| Non-Current Liabilities: | | | | |
| Installment Purchase Agreements Payable | 396,374 | - | - | 396,374 |
| Compensated Absences & OPEB | 2,563,802 | 124,337 | 456,769 | 3,144,908 |
| TOTAL LIABILITIES | 4,963,515 | 518,095 | 682,182 | 6,163,792 |
| NET ASSETS: | | | | |
| Invested in Capital Assets, net of related debt | 76,688,060 | 22,433,525 | 8,302,143 | 107,423,728 |
| Restricted for Transportation | - | - | 604,356 | 604,356 |
| Unrestricted | (175,842) | 1,436,043 | - | 1,260,201 |
| TOTAL NET ASSETS | 76,512,218 | 23,869,568 | 8,906,499 | 109,288,285 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 81,475,733 | \$ 24,387,663 | \$ 9,588,681 | \$ 115,452,077 |

County of Chippewa, Michigan

Statement of Activities Component Units For the Year Ended December 31, 2011

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|--|----------------------|-------------------------|--|--|--|--|---------------------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Road Commission | Economic Development Corporation | E.U.P. Transportation Authority | Total |
| Road Commission: | | | | | | | | |
| Public Works | \$ 8,660,340 | \$ 1,982,436 | \$ 2,823,065 | \$ 6,848,769 | \$ 2,993,930 | \$ - | \$ - | \$ 2,993,930 |
| Economic Development Corporation: | | | | | | | | |
| Economic Development | 3,692,930 | 1,815,789 | - | 2,180,040 | - | 302,899 | - | 302,899 |
| E.U.P. Transportation Authority: | | | | | | | | |
| Public Works | 4,110,846 | 1,471,136 | 1,776,477 | 447,555 | - | - | (415,678) | (415,678) |
| Total Component Units | <u>\$ 16,464,116</u> | <u>\$ 5,269,361</u> | <u>\$ 4,599,542</u> | <u>\$ 9,476,364</u> | <u>2,993,930</u> | <u>302,899</u> | <u>(415,678)</u> | <u>2,881,151</u> |
| | | | | | | | | |
| General Revenues: | | | | | | | | |
| Taxes | | | | | 747,389 | - | - | 747,389 |
| Interest Income | | | | | - | 25,391 | 11,426 | 36,817 |
| Other | | | | | (83,292) | 303,600 | 17,609 | 237,917 |
| Total General Revenues | | | | | <u>664,097</u> | <u>328,991</u> | <u>29,035</u> | <u>1,022,123</u> |
| Changes in Net Assets | | | | | 3,658,027 | 631,890 | (386,643) | 3,903,274 |
| Net Assets - Beginning | | | | | 72,854,191 | 23,237,678 | 9,293,142 | 105,385,011 |
| Net Assets - Ending | | | | | <u>\$ 76,512,218</u> | <u>\$ 23,869,568</u> | <u>\$ 8,906,499</u> | <u>\$ 109,288,285</u> |

See accompanying notes to financial statements.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Chippewa, Michigan, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the County:

A – Reporting Entity

The County of Chippewa was incorporated under the laws of the State of Michigan in 1877 and operates under an elected Commission form of government. As required by U.S. generally accepted accounting principles, the financial statements of the reporting entity include those of the County of Chippewa (primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

Component Units:

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Discretely Presented Component Units

The component units' columns in the financial statements include the financial data of the County's three other component units. These units are reported in separate columns to emphasize that they are legally separate from the County.

Chippewa County Road Commission – The members of the governing board of the Road Commission are appointed by the County Commission. Although the County does not have the authority to approve or modify the Road Commission's operational and capital budgets, travel, and per diem rates, bonded debt must be approved by the County Commission.

Eastern Upper Peninsula Transportation Authority – The members of the governing board of the Transportation Authority are appointed as follows: Three members by Chippewa County and two members by Luce County. The County exercises oversight responsibility and has accountability of fiscal matters. The Transportation Authority has a September 30, 2011 year end.

Chippewa County Economic Development Corporation – The members of the governing board are jointly appointed by the County and other governmental units. The Corporation's capital budgets are subject to approval of the County Commission. The county generally is liable for disallowed grant expenditures as well.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Condensed Financial Statements – The combining financial statements present condensed financial statements of each of the three discretely presented component units. Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Discretely Presented Component Units Administrative Offices:

Chippewa County Road Commission
3949 S. Mackinac Trail
Sault Ste. Marie, MI 49783

Chippewa County Economic Development Corporation
119 Cully Road, Bldg. 119
Kincheloe, MI 49788

Eastern Upper Peninsula Transportation Authority
4001 I-75 Business Spur
Sault Ste. Marie, MI 49783

Multi-County Agency

Hiawatha Behavioral Health Authority -The County participates jointly in the operation of the Hiawatha Behavioral Health Authority with Mackinac and Schoolcraft Counties. The funding formula requires the County to provide approximately 60% of the budget appropriation requirement, which amounted to \$171,334 for the year ended December 31, 2011.

Department of Human Services – The Department of Human Services in 2004 became a Zone 1 Regional DHS which accounted for the activities of the following counties: Delta, Menominee, Dickinson, Iron, Schoolcraft, Gogebic, Ontonagon, Alger, Chippewa, Houghton, Keweenaw, Luce, Marquette and Baraga. Each county maintains its own three member DHS board, two appointed by the County and one appointed by the Michigan Governor, but the financial activity is reported in Delta County's financial report because the treasury function of the Agency rests with the Delta County Treasurer.

B – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County first utilizes restricted resources to finance qualifying activities.

C – Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable

The County of Chippewa property tax is levied on each December 1st and July 1st on the taxable valuation of property (as defined by State statutes) located in the County of Chippewa as of the preceding December 31st.

Although the County of Chippewa 2011 ad valorem tax is levied and collectible on December 1, 2010, and 2011 ad valorem tax is levied and collectible on July 1, 2011, it is the County of Chippewa's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be paid from the delinquent tax revolving funds within one year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The December 1, 2010 taxable valuation of the County of Chippewa totaled \$1,036,452,595, on which ad valorem taxes levied consisted of .4275 mills for fire/ambulance services, .9879 mills for roads, .5000 mills for recycling, .4994 mills for senior programs, and .6000 mills for debt service. These amounts are recognized in the respective Special Revenue Fund, Debt Service Fund, and Component Unit financial statements as revenue.

The July 1, 2011 taxable valuation of the County of Chippewa totaled \$1,054,021,915, on which ad valorem taxes levied consisted of 6.1500 mills for the General Fund. This amount is recognized in the General Fund as revenue.

All other revenue items are considered to be available only when cash is received by the government.

The County reports the following major governmental funds:

General Fund

This 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.

Health Department Fund

This fund accounts for health services and related grant funds.

Chippewa County Recycling Fund

This fund accounts for the collection of the tax millage for the recycling center operated by Northern Transitions, Inc.

Senior Nutrition Fund

This fund accounts for nutritional and health needs of senior citizens.

Ambulance Fund

This fund accounts for the activities of the County's ambulance department.

2010 County Building Fund

This fund accounts for renovations to County Building.

Correctional Maintenance Fund

This fund accounts for the collection of the tax millage and maintenance of the correctional facility.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major proprietary funds:

Tax Collection Fund

This fund accounts for property tax administration within the county.

Additionally, the County reports the following fund types:

Internal Service Funds

These funds account for central purchases and self insurance as provider to other departments of the government on a cost reimbursement basis.

Agency Funds

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for tax collections. Operating expenses for proprietary funds include the cost of sales and services, and administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D - Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – 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 are stated at fair value. Pooled investment income from all funds is generally allocated to each fund based on the average cash balance. Deposits are recorded at cost.

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.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and July 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.

Inventories and Prepaids Items – Inventories are valued at the lower of cost or market using the average cost method for proprietary fund types. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories consist primarily of paper and office supplies. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both governmental-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) 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 \$5,000 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.

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

| | |
|-----------------------|----------------|
| Buildings | 40 to 60 years |
| Building Improvements | 15 to 30 years |
| Roads and Bridges | 10 to 30 years |
| Vehicles | 3 to 5 years |
| Office Equipment | 5 to 7 years |
| Computer Equipment | 3 to 7 years |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Vacation and Sick Leave) – It is the County of Chippewa’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick pay is accrued when incurred in the government-wide financial statements for employees with three years or more of service with the County of Chippewa, to a maximum of 168 hours. All vacation pay is accrued when incurred in the government-wide financial statements to a maximum of 200 hours.

Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with Statement of Financial Accounting Standards 43, no liability is recorded for nonvesting accumulating rights to receive sick-pay benefits. However, a liability is recognized for that portion of accumulating sick-leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

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.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County has committed termination benefits and capital project monies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not.

Interfund Transfers – During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by County management.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

Subsequent Events – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

Budgets and Budgetary Control – The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The County Board of Commissioners reviews a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including formal public hearings conducted at the Courthouse to obtain taxpayer comment.
- c. Pursuant to statute, prior to December 31 of each year, the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing County budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Chippewa County Board of Commissioners, through policy action, specifically directs the Administrator not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. Supplemental appropriations are submitted to and reviewed and submitted to the Finance Committee for further consideration. If approved, they are transmitted to the County Board of Commissioners for their review and approval. If approved, they are implemented by the Administrator's office through a budget revision.
- f. The County of Chippewa adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Commissioners, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets were adopted in substance on the modified accrual basis which is consistent with U.S. generally accepted accounting principles. Budgeted amounts reported in the financial statements are as amended by the County Board of Commissioners which was materially the same as originally adopted.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

- h. General Fund budgeted appropriations to other County departments/budgetary units unexpended at the end of the current fiscal operating year revert to the County General Fund and all budgets lapse at year end.

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for General and Special Revenue Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted. The original budget adopted for the General fund was modified throughout the year through various budget amendments.

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 department level.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the County's deposits and investments were reported in the basic financial statements in the following categories:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total Primary Government</u> | <u>Fiduciary Funds</u> | <u>Component Units</u> |
|----------------------|------------------------------------|-------------------------------------|-------------------------------------|----------------------------|----------------------------|
| Cash and Investments | | | | | |
| -Unrestricted | \$ 10,098,632 | \$ 10,065,813 | \$ 20,164,445 | \$ 1,207,346 | \$ 2,427,592 |
| -Restricted | <u>1,407,508</u> | <u>-</u> | <u>1,407,508</u> | <u>-</u> | <u>483,748</u> |
| Total | <u>\$ 11,506,140</u> | <u>\$ 10,065,813</u> | <u>\$ 21,571,953</u> | <u>\$ 1,207,346</u> | <u>\$ 2,911,340</u> |

The categories of deposits and investments are as follows:

| | <u>Primary Government</u> | <u>Component Units</u> |
|---|-------------------------------|----------------------------|
| Bank Deposits (checking and savings accounts, certificates of deposit) | \$ 19,951,567 | \$ 2,478,281 |
| Investments: | | |
| Municipal Bonds | 1,310,000 | - |
| Repurchase Agreement | 77,947 | - |
| Public Money Market Funds | 228,859 | 431,429 |
| Petty Cash and Cash on Hand | <u>3,580</u> | <u>1,630</u> |
| Total | <u>\$ 21,571,953</u> | <u>\$ 2,911,340</u> |

Cash is restricted in the Health Department fund for health department operations.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments:

| <u>Description</u> | <u>Fair Value</u> | <u>Less Than 1</u> | <u>1 – 5</u> | <u>6 – 10</u> | <u>Rating</u> |
|-----------------------|---------------------|--------------------|-------------------|-------------------|---------------|
| Municipal Bonds | \$ 1,310,000 | \$ 165,000 | \$ 935,000 | \$ 210,000 | AA- |
| Repurchase Agreements | <u>77,947</u> | <u>77,947</u> | <u>-</u> | <u>-</u> | Unavailable |
| Total Investments | <u>\$ 1,387,947</u> | <u>\$ 242,947</u> | <u>\$ 935,000</u> | <u>\$ 210,000</u> | |

Investment and Deposit Risk –Primary Government

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The County's investment policy does not have specific limits in excess of state law on investment credit risk.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$1,606,172 of the County's bank balance of \$20,853,918 was exposed to credit risk because it was uninsured and uncollateralized.

Custodial investment credit risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2011, none of the County's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the County's name by the counter party.

Statutory Authority:

Michigan Law (Public Act 20 of 1943 as amended) authorizes the County to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations 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 financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Banker's acceptance of United States banks.
- f. Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h. Obligations described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the General County year ended December 31, 2011, was as follows:

| | <u>Beginning Balances</u> | <u>Additions</u> | <u>Adjustments/ Deductions</u> | <u>Ending Balances</u> |
|--|-------------------------------|------------------|------------------------------------|----------------------------|
| Governmental Activities: | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Construction in progress | \$ - | \$ 105,127 | \$ - | \$ 105,127 |
| Land | <u>231,810</u> | <u>-</u> | <u>-</u> | <u>231,810</u> |
| Subtotal | <u>231,810</u> | <u>105,127</u> | <u>-</u> | <u>336,937</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Land improvements | 209,400 | - | - | 209,400 |
| Buildings & improvements | 18,467,037 | 25,777 | - | 18,492,814 |
| Furniture & equipment | 3,842,106 | 649,492 | 28,334 | 4,463,264 |
| Vehicles | <u>707,687</u> | <u>64,962</u> | <u>40,435</u> | <u>732,214</u> |
| Subtotal | <u>23,226,230</u> | <u>740,231</u> | <u>68,769</u> | <u>23,897,692</u> |

NOTE 4 - CAPITAL ASSETS (Continued)

| | Beginning Balances | Additions | Adjustments/ Deductions | Ending Balances |
|--|-----------------------|-------------|----------------------------|--------------------|
| <i>Less accumulated depreciation on:</i> | | | | |
| Land improvements | 113,190 | 4,260 | - | 117,450 |
| Buildings & improvements | 7,766,422 | 439,107 | - | 8,205,529 |
| Furniture & equipment | 2,042,649 | 386,332 | 5,387 | 2,423,594 |
| Vehicles | 494,041 | 92,344 | 40,435 | 545,950 |
| Subtotal | 10,416,302 | 922,043 | 45,822 | 11,292,523 |
| Net Capital Assets Being Depreciated | 12,809,928 | (181,812) | 22,947 | 12,605,169 |
| Governmental Activity Capital Assets, Net of Depreciation | \$ 13,041,738 | \$ (76,685) | \$ 22,947 | \$ 12,942,106 |

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

| | |
|-------------------------|----------------|
| Governmental Activities | |
| Health & Welfare | \$ 82,027 |
| Unallocated | <u>840,016</u> |

Total Governmental Activities \$ 922,043

Capital asset activity of the Chippewa County Road Commission for the current year was as follows:

| | Beginning Balances | Additions | Deductions | Ending Balances |
|---|-----------------------|-----------|-------------|--------------------|
| <i>Capital Assets Not Being Depreciated</i> | | | | |
| Land and Improvements | \$ 269,402 | \$ - | \$ - | \$ 269,402 |
| Land/Improvements - Infrastructure | 42,549,315 | 3,854,551 | - | 46,403,866 |
| Subtotal | 42,818,717 | 3,854,551 | - | 46,673,268 |
| <i>Capital Assets Being Depreciated</i> | | | | |
| Buildings | 4,344,972 | 102,986 | (189,036) | 4,258,922 |
| Road Equipment | 12,321,525 | 53,450 | (5,268) | 12,369,707 |
| Shop Equipment | 265,765 | 2,058 | (4,824) | 262,999 |
| Office Equipment | 61,971 | 3,514 | (14,780) | 50,705 |
| Engineers' Equipment | 61,758 | - | - | 61,758 |
| Depletable Assets | 1,172,217 | 323 | - | 1,172,540 |
| Infrastructure – Roads | 33,490,992 | 2,994,218 | (1,208,215) | 35,276,995 |
| Infrastructure – Bridges | 13,205,142 | - | - | 13,205,142 |
| Subtotal | 64,924,342 | 3,156,549 | (1,422,123) | 66,658,768 |

NOTE 4 - CAPITAL ASSETS (Continued)

| | Beginning Balances | Additions | Deductions | Ending Balances |
|--------------------------------------|-----------------------|--------------|-------------|--------------------|
| <i>Less Accumulated Depreciation</i> | | | | |
| Buildings | 1,961,476 | 92,675 | 105,744 | 1,948,407 |
| Road Equipment | 10,337,105 | 844,444 | 5,268 | 11,176,281 |
| Shop Equipment | 160,503 | 16,419 | 4,824 | 172,098 |
| Office Equipment | 59,820 | 1,824 | 14,780 | 46,864 |
| Engineers' Equipment | 60,300 | 936 | - | 61,236 |
| Depletable Assets | 243,519 | 25,990 | - | 269,509 |
| Infrastructure – Roads | 14,306,633 | 1,843,603 | 1,208,215 | 14,942,021 |
| Infrastructure – Bridges | 7,006,081 | 290,041 | - | 7,296,122 |
| Subtotal | 34,135,437 | 3,115,932 | 1,338,831 | 35,912,538 |
| Net Capital Assets Being Depreciated | 30,788,905 | 40,617 | (83,292) | 30,746,230 |
| Total Net Capital Assets | \$ 73,607,622 | \$ 3,895,168 | \$ (83,292) | \$ 77,419,498 |

Depletion/depreciation expense was charged to programs of the Chippewa County Road Commission as follows:

Total Depreciation Expense – Public Works \$ 3,115,932

Capital asset activity of the Economic Development Corporation for the current year was as follows:

| | Beginning Balances | Additions | Deductions | Ending Balances |
|--|-----------------------|------------|--------------|--------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Construction in progress | \$ 223,320 | \$ - | \$ (223,320) | \$ - |
| Land | 1,946,675 | - | - | 1,946,675 |
| Subtotal | 2,169,995 | - | (223,320) | 1,946,675 |
| <i>Capital assets being depreciated:</i> | | | | |
| Vehicles | 1,388,987 | 12,500 | - | 1,401,487 |
| Improvements | 15,706,002 | 2,045,509 | - | 17,751,511 |
| Buildings | 11,266,371 | - | - | 11,266,371 |
| Equipment | 3,727,414 | 422,500 | - | 4,149,914 |
| Subtotal | 32,088,774 | 2,480,509 | - | 34,569,283 |
| <i>Less accumulated depreciation:</i> | | | | |
| Vehicles | 1,189,967 | 36,901 | - | 1,226,868 |
| Improvements | 4,590,298 | 796,260 | - | 5,386,558 |
| Buildings | 3,663,793 | 364,845 | - | 4,028,638 |
| Equipment | 2,723,184 | 355,810 | - | 3,078,994 |
| Subtotal | 12,167,242 | 1,553,816 | - | 13,721,058 |
| Net Capital Assets Being Depreciated | 19,921,532 | 926,693 | - | 20,848,225 |
| Capital assets – Net of depreciation | \$ 22,091,527 | \$ 926,693 | \$ (223,320) | \$ 22,794,900 |

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to business activities for economic development in the amount of \$1,553,816.

Capital Assets activity for the Eastern Upper Peninsula Transportation Authority as of September 30, 2011 was as follows:

| | Beginning Balances | Additions | Deductions | Ending Balances |
|---|-----------------------|---------------------|-----------------|---------------------|
| <i>Capital Assets Being Depreciated:</i> | | | | |
| EUPTA Assets | \$ 1,805 | \$ - | \$ - | \$ 1,805 |
| Busing Assets | 887,627 | 65,136 | (20,339) | 932,424 |
| Ferry Assets | <u>16,298,794</u> | <u>334,203</u> | <u>(20,000)</u> | <u>16,612,997</u> |
| Subtotal | <u>17,188,226</u> | <u>399,339</u> | <u>(40,339)</u> | <u>17,547,226</u> |
| <i>Less Accumulated Depreciation for:</i> | | | | |
| EUPTA Assets | 1,805 | - | - | 1,805 |
| Busing Assets | 513,532 | 93,618 | 20,339 | 586,811 |
| Ferry Assets | <u>8,050,813</u> | <u>625,654</u> | <u>20,000</u> | <u>8,656,467</u> |
| Subtotal | <u>8,566,150</u> | <u>719,272</u> | <u>40,339</u> | <u>9,245,083</u> |
| Net Capital Assets being Depreciated | <u>8,622,076</u> | <u>(319,933)</u> | <u>-</u> | <u>8,302,143</u> |
| Capital assets – Net of depreciation | <u>\$ 8,622,076</u> | <u>\$ (319,933)</u> | <u>\$ -</u> | <u>\$ 8,302,143</u> |

Depreciation expense was charged to business-type activities for public works in the amount of \$719,272.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County of Chippewa reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds, proprietary funds, and fiduciary funds. Interfund transactions resulting in interfund receivables and payables are as follows:

| | | DUE TO |
|----------|-----------------------|-------------------|
| | | General Fund |
| DUE FROM | Nonmajor Governmental | \$ 265,269 |
| | Nonmajor Proprietary | 7,771 |
| | Internal Service | <u>13,181</u> |
| | Total | <u>\$ 286,221</u> |

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TRANSFERS (OUT)

| TRANSFERS IN | General Fund | Ambulance | Correctional Facility Maintenance | Nonmajor Governmental | Tax Collection | Nonmajor Proprietary | Total |
|-----------------------|-------------------|-------------------|-----------------------------------|-----------------------|---------------------|----------------------|---------------------|
| | | | | | | | |
| General Fund | \$ 240,500 | \$ - | \$ - | \$ 782,808 | \$ - | \$ 152,188 | \$ 1,175,496 |
| Health Department | 150,000 | - | - | - | - | - | 150,000 |
| Nonmajor Governmental | 511,527 | 181,775 | 563,923 | 5,070,042 | - | - | 6,327,267 |
| Tax Collections | - | - | - | - | 3,548,436 | - | 3,548,436 |
| Total | <u>\$ 902,027</u> | <u>\$ 181,775</u> | <u>\$ 563,923</u> | <u>\$ 5,852,850</u> | <u>\$ 3,548,436</u> | <u>\$ 152,188</u> | <u>\$11,201,199</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - LEASES

Capital Leases – The Health Department has entered into lease agreements for financing the purchase of computers and equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value is as follows:

| <u>Year Ended June 30</u> | <u>Health Department</u> |
|------------------------------------|--------------------------|
| 2012 | \$ 46,105 |
| 2013 | <u>11,410</u> |
| Total Minimum Lease Payments | 57,515 |
| Less: Amount Representing Interest | <u>(3,027)</u> |
| Present Value | <u>\$ 54,488</u> |

Additionally, the County has executed several cancelable operating leases on a month-to-month basis.

NOTE 7 - 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. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amount levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

| | Interest Rate | Principal Matures | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------------|
| Governmental Activities | | | | | | | |
| 2000 Chippewa Co. Water Supply System Bonds (Series A) | 4.50% | 2036 | \$ 392,958 | \$ - | \$ 9,000 | \$ 383,958 | \$ 9,000 |
| 1995 City of Sault Ste. Marie Water Supply and Sewage Disposal System Bonds | 5.04% | 2015 | 1,260,000 | - | 1,260,000 | - | - |
| 1998 City of Sault Ste. Marie Water Supply and Sewage Disposal System Bonds | 4.29% | 2018 | 1,830,000 | - | 1,830,000 | - | - |
| 2010 City of Sault Ste. Marie Water Supply and Sewage Disposal System Bonds | 3.75% | 2029 | 7,870,000 | - | 275,000 | 7,595,000 | 280,000 |
| 2010 Chippewa County Refunding Bonds | 3.15% | 2018 | 3,350,000 | - | 410,000 | 2,940,000 | 435,000 |
| 2001 Chippewa County Water Supply and Sewage Disposal System Bonds | 3.50% | 2022 | 2,055,000 | - | 2,055,000 | - | - |
| 2011 City of Sault Ste. Marie Refunding Bonds | 3.63% | 2022 | - | 4,790,000 | - | 4,790,000 | 475,000 |
| 2009 Chippewa County General Obligation Bonds | 4.00% | 2018 | <u>1,470,000</u> | <u>-</u> | <u>160,000</u> | <u>1,310,000</u> | <u>165,000</u> |
| Total Governmental Activities | | | <u>\$18,227,958</u> | <u>\$ 4,790,000</u> | <u>\$ 5,999,000</u> | <u>\$17,018,958</u> | <u>\$ 1,364,000</u> |

Annual debt service requirements to maturity for the above obligations are as follows:

| Year End December 31 | Governmental Activities | |
|----------------------|-------------------------|---------------------|
| | Principal | Interest |
| 2012 | \$ 1,364,000 | \$ 558,762 |
| 2013 | 1,414,000 | 525,749 |
| 2014 | 1,460,000 | 490,498 |
| 2015 | 1,410,000 | 452,367 |
| 2016 | 1,316,000 | 409,873 |
| 2017-2021 | 5,271,000 | 1,379,544 |
| 2022-2026 | 2,742,000 | 722,770 |
| 2027-2031 | 1,941,000 | 186,361 |
| 2032-2036 | <u>100,958</u> | <u>7,822</u> |
| Total | <u>\$ 17,018,958</u> | <u>\$ 4,733,746</u> |

NOTE 7 - LONG-TERM DEBT (Continued)

Interest expense was charged to programs of the primary government as follows:

| | |
|--------------------------|-------------------|
| Governmental Activities: | |
| Health & Welfare | \$ 7,037 |
| Unallocated | <u>950,181</u> |
| Total | <u>\$ 957,218</u> |

Compensated Absences

The County's employment policies provide for vacation benefits to be earned in varying amounts depending on the employee's years of service.

| | <u>Beginning Balances</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balances</u> |
|----------------------|-------------------------------|------------------|-------------------|----------------------------|
| Compensated Absences | <u>\$ 657,653</u> | <u>\$ 29,641</u> | <u>\$ 9,230</u> | <u>\$ 678,064</u> |

The annual vacation benefits earned by each employee during the current year are credited to the employee at year end. The accumulated sick leave earned by each employee during the current year is credited to each employee at year end that has three or more years of service. Non union employees do not receive compensation for sick leave upon retirement or leaving employment.

A summary of accrued compensated absences at December 31, 2011 is as follows:

| | |
|------------|-------------------|
| Vacation | \$ 300,278 |
| Sick Leave | 340,622 |
| Other | <u>37,164</u> |
| TOTALS | <u>\$ 678,064</u> |

The following is a summary of pertinent information concerning the County Road Commission's long-term debt.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|------------------|-------------------|---------------------------|------------------------------------|
| Installment payable secured by Trucks, payable in monthly installments of \$10,494 including interest of 3.16%, due 2015. | \$ 508,686 | \$ - | \$ 123,260 | \$ 385,426 | \$ 115,026 |
| Installment payable secured by real estate mortgage, payable in monthly installments of \$5,055 including interest of 3.90%, due 2014. | 183,365 | - | 54,502 | 128,863 | 56,639 |

NOTE 7 - LONG-TERM DEBT (Continued)

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------|-------------------|-------------------|---------------------------|
| Installment payable secured by Trucks, payable in monthly installments of \$14,029 including interest of 3.45%, due 2013. | <u>375,740</u> | <u>-</u> | <u>158,591</u> | <u>217,149</u> | <u>163,399</u> |
| Subtotal | 1,067,791 | - | 336,353 | 731,438 | <u>\$ 335,064</u> |
| Compensated Absences (1) | <u>292,287</u> | <u>-</u> | <u>91,567</u> | <u>200,720</u> | |
| TOTAL LONG-TERM DEBT | <u>\$ 1,360,078</u> | <u>\$ -</u> | <u>\$ 427,920</u> | <u>\$ 932,158</u> | |

(1) Net decrease.

Annual debt service requirements are as follows:

| | Principal | Interest | Total |
|-------|-------------------|------------------|-------------------|
| 2012 | \$ 335,064 | \$ 19,867 | \$ 354,931 |
| 2013 | 232,076 | 9,331 | 241,407 |
| 2014 | 135,883 | 3,473 | 139,356 |
| 2015 | <u>28,415</u> | <u>267</u> | <u>28,682</u> |
| Total | <u>\$ 731,438</u> | <u>\$ 32,938</u> | <u>\$ 764,376</u> |

NOTE 8 - RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The County joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The government pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

The government continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The government is unable to provide an estimate of the amounts of additional assessments.

NOTE 8 - RISK MANAGEMENT (Continued)

The County established the Self Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Health insurance is reinsured for claims exceeding \$50,000 in aggregate. All funds of the County participate in the program and make payments to the Fund based on estimates of the amounts needed to pay prior-and current-year claims and to establish a reserve for catastrophe losses. That reserve was \$1,511,135 and is reported as an unrestricted net asset. The claims liability of \$124,384 reported in the Fund for 2011 is based on the requirements of Governmental Accounting Standards Board statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amount in fiscal 2010 and 2011 were:

| | <u>Beginning Balance</u> | <u>Current-Year Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Ending Balance</u> |
|------|------------------------------|---|---------------------------|---------------------------|
| 2010 | \$ 197,488 | \$ 2,459,174 | \$ (2,530,349) | \$ 126,313 |
| 2011 | 126,313 | 2,446,224 | (2,448,153) | 124,384 |

NOTE 9 - CONTINGENT LIABILITIES

Grants

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2011.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

The County provides post retirement hospitalization to employees of the government pursuant to the terms of union contracts. Additionally, some elected County officials who served more than 20 years and are retired receive post retirement hospitalization, pursuant to Board of Commissioner's resolution.

The Health Department provides post retirement health care insurance to retired employees; hired prior to May 1, 2008 for non-union and January 1, 2007 for union, of the government pursuant to the terms of the personnel policy for a group insurance plan.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Description. The County administers a single-employer healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees through the County’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the various agencies and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the County and employees at varying levels. The Health Department contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2011, the Health Department contributed \$283,482 to the plan. The County contributed \$387,134 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The County’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation to the Retiree Health Plan:

| | County | Health Department | EDC | EUPTA |
|--|--------------|----------------------|-----------|------------|
| Annual required contribution | \$ 1,452,712 | \$ 885,785 | \$ 78,749 | \$ 283,108 |
| Interest on net OPEB obligation | 53,592 | 26,283 | 2,881 | - |
| Annual OPEB cost (expense) | 1,506,304 | 912,068 | 81,630 | 283,108 |
| Contributions made | (387,134) | (283,482) | (107,211) | (188,471) |
| Increase (decrease) in net OPEB obligation | 1,119,170 | 628,586 | (25,581) | 94,637 |
| Net OPEB obligation – beginning of year | 1,339,806 | 657,087 | 72,032 | 168,455 |
| Net OPEB obligation – end of year | \$ 2,458,976 | \$ 1,285,673 | \$ 46,451 | \$ 263,092 |

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009, 2010 and 2011 are as follows:

| Fiscal Year End | Annual OPEB Cost | | | | Percentage of Annual OPEB Cost Contributed | | | | Net OPEB Obligation | | | |
|-----------------------|------------------|------------|-----------------|-----------|--|-------|-----------------|------|------------------------|------------|-----------------|-----------|
| | County | EUPTA | Health Dept. | EDC | County | EUPTA | Health Dept. | EDC | County | EUPTA | Health Dept. | EDC |
| 2009 | \$ 729,259 | \$ 254,042 | \$391,381 | \$ 37,293 | 43% | 68% | 41% | 40% | \$ 911,290 | \$ 80,721 | \$466,254 | \$ 49,712 |
| 2010 | \$ 765,711 | \$ 265,474 | \$440,054 | \$ 23,749 | 44% | 67% | 57% | 6% | \$ 1,339,806 | \$ 168,455 | \$657,087 | \$ 72,032 |
| 2011 | \$ 1,452,712 | \$ 283,108 | \$885,785 | \$ 81,630 | 26% | 67% | 31% | 131% | \$ 2,458,976 | \$ 263,092 | \$1,285,673 | \$ 46,451 |

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded status and Funding Progress. As of December 31, 2010, the actuarial accrued liability for benefits was \$15,554,524, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,447,849, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 28.6%. There were 106 employees covered by the plan.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information included in 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 liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, payroll growth rate of 4%, and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4% after ten years. Both rates included a percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

The County Board has created a fund in the amount of \$957,628 for post employment benefits. The Health Department board has designated \$826,613 of its fund balance to assist in funding the post employment benefits.

Road Commission

In addition to the pension benefits, the Chippewa County Road Commission agrees to provide 100% of BC/BS and prescription drug coverage benefits to eligible retirees and/or their spouses who retire after February 1, 1985 and who were hired prior to February 1, 2005 until retiree's death. If a retiree dies, the current spouse shall be provided the same coverage until attainment of Medicare eligibility. Upon attainment of Medicare eligibility the retiree's spouse will be responsible for 100% of the cost of any medical coverage if they elect to stay in the group.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

For eligible retirees who were hired after February 1, 2005, the Chippewa County Road Commission agrees to pay a fixed percent of the premium for BC/BS and prescription drug coverage benefits based on years of service, but only until attainment of Medicare eligibility, at which time, 100% of premium shall be paid for by the retiree and or spouse if they elect to remain in the group.

Plan Description. The Commission administers a single-employer healthcare plan (“the Retiree Health Plan”). The plan provides healthcare insurance for eligible retirees through the Commission’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the Commission and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the Commission and employees. The Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2011, the Commission contributed \$1,122,922 to the plan. Total member contributions were \$40,051.

As of February 1, 2012, administrative employees began contributing to the health plan in accordance with Public Act 152 of 2011.

Annual OPEB Cost and Net OPEB Obligation. The Commission’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Commission’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Commission’s net OPEB obligation to the Retiree Health Plan:

| | Road Fund |
|--|---------------------|
| Annual required contribution | \$ 1,003,867 |
| Interest on net OPEB obligation (4.5%) | 94,818 |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | 1,098,685 |
| Contributions made | (842,677) |
| Increase in net OPEB obligation | 256,008 |
| Net OPEB obligation – beginning of year | 2,107,074 |
| Net OPEB obligation – end of year | <u>\$ 2,363,082</u> |

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009, 2010 and 2011 are as follows:

| <u>Fiscal Year End</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------|-------------------------|---|--------------------------------|
| 2009 | \$ 1,143,135 | 40.12% | \$ 1,368,988 |
| 2010 | 1,194,576 | 43.37% | 2,107,074 |
| 2011 | 1,098,685 | 76.70% | 2,363,082 |

Funded Status and Funding Progress. As of December 31, 2010, the actuarial accrued liability for benefits was \$20,182,222, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,432,164, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.06%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following this note, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following this note, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

In the December 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4.5% after ten years. Both rates included a percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS*Primary Government*Description of Plan and Plan Assets

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.0 percent times the final compensation (FAC). The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2010.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining unit and personnel policy, which require employee to contribute to the plan. The County is required to contribute at an actuarially determined rate.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The contribution rate as a percentage of payroll at December 31, 2011 is as follows:

| | |
|----------------------|--------|
| General – Other | 14.01% |
| Sheriff | 18.99% |
| Health Department | 9.26% |
| Employment, Training | 9.66% |
| General – Economic | 3.43% |
| Economic Officials | -% |
| Non-Union | 10.93% |
| Sheriff – Road | 19.20% |

Annual Pension Cost

During the fiscal year ended December 31, 2011, the County's contributions totaling \$802,181 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2010. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 28 years.

| <u>Year Ended Dec 31</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|----------------------------------|--|--|---------------------------------------|
| 2008 | \$ 771,434 | 100% | 0 |
| 2009 | 983,359 | 100% | 0 |
| 2010 | 823,911 | 100% | 0 |

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Road Commission

Plan Description

The Chippewa County Road Commission participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the Road Commission. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at: 1134 Municipal Way, Lansing, Michigan.

Funding Policy

The obligation to contribute and maintain the system for these employees was established by negotiation with the Chippewa County Road Commission's competitive bargaining units and requires an employer contribution of 0% to 10% of wages. The Commission contributed an additional fixed amount and 7.75% of payroll cost for employees after February 2004.

Annual Pension Costs

For year ended 2011, the Chippewa County Road Commission's annual pension cost of \$484,397 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation as December 31, 2009, using the age normal cost method. Significant actuarial assumptions used include: (i) a 8% investment rate of return; (ii) projected salary increases of 4.5 percent per year. Both determined using techniques that smooth the effects of short-term volatility over a ten year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 28 years.

| <u>Year Ended Dec 31</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|----------------------------------|--|--|---------------------------------------|
| 2008 | \$ 354,107 | 100% | 0 |
| 2009 | 400,593 | 100% | 0 |
| 2010 | 486,171 | 100% | 0 |

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)*Eastern Upper Peninsula Transportation Authority*Description of Plan and Plan Assets

The Authority is in an agent single-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions; normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.5 percent times the final compensation (FAC), with a maximum benefit of 80% of FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2010.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA) 5.333(a); MCLA 46.12(a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issued a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Authority's competitive bargaining unit and personnel policy. The Authority is required to contribute at an actuarially determined rate. The contribution rate as a percentage of payroll at December 31, 2010 is as follows:

| | |
|--------------------|--------|
| General Division | 27.56% |
| Bus Union Division | 48.23% |

Annual Pension Cost

During the fiscal year ended September 30, 2011, the Authority's contributions totaling \$264,677 were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2010. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required amortizing the unfunded actuarial accrued liability over 28 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for this projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. Employees of the Authority are not required to contribute to the plan.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

| <u>Year Ended Dec 31</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|----------------------------------|--|--|---------------------------------------|
| 2009 | \$ 233,740 | 100% | 0 |
| 2010 | 263,518 | 100% | 0 |
| 2011 | 264,677 | 100% | 0 |

NOTE 12 - DEFERRED COMPENSATION PLAN

Chippewa County offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan 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 of 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 for 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 32, plan balances and activities are not reflected in Chippewa County's financial Statements.

Required Supplementary Information

Pension:***Primary Government***

Three year trend information as of December 31st follows:

| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|---------------|---------------|---------------|
| Actuarial Value of Assets | \$ 25,304,999 | \$ 26,418,432 | \$ 27,576,324 |
| Actuarial Accrued Liability | 30,749,995 | 32,521,364 | 34,793,371 |
| Unfunded AAL | 5,444,996 | 6,102,932 | 7,217,047 |
| Funded Ratio | 82% | 81% | 79% |
| Covered Payroll | 7,585,550 | 8,096,189 | 8,304,324 |
| UAAL as a Percentage of Covered Payroll | 72% | 75% | 87% |

Road Commission

Three year trend information as of December 31st follows:

| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|---------------|---------------|---------------|
| Actuarial Value of Assets | \$ 10,703,532 | \$ 10,507,551 | \$ 10,499,225 |
| Actuarial Accrued Liability | 15,102,480 | 15,141,485 | 15,490,324 |
| Unfunded AAL | 4,398,948 | 4,633,934 | 4,991,099 |
| Funded Ratio | 71% | 69% | 68% |
| Covered Payroll | 2,363,722 | 2,417,733 | 2,483,706 |
| UAAL as a Percentage of Covered Payroll | 186% | 192% | 201% |

Eastern Upper Peninsula Transportation Authority

Three year trend information as of December 31st follows:

| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|--------------|--------------|--------------|
| Actuarial Value of Assets | \$ 4,969,266 | \$ 5,071,547 | \$ 5,197,307 |
| Actuarial Accrued Liability | 7,744,166 | 7,932,096 | 8,229,199 |
| Unfunded AAL | 2,774,900 | 2,860,549 | 3,031,892 |
| Funded Ratio | 64% | 64% | 63% |
| Covered Payroll | 923,709 | 949,210 | 974,853 |
| UAAL as a Percentage of Covered Payroll | 300% | 301% | 311% |

Pension: (Continued)***Chippewa County Health Department***

Three year trend information as of December 31st follows:

| | UNION | | |
|--|--------------------|--------------|--------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Actuarial Value of Assets | \$ 2,960,783 | \$ 2,834,196 | \$ 2,814,055 |
| Actuarial Accrued Liability | 2,976,703 | 2,920,043 | 3,094,896 |
| Unfunded (Over Funded) AAL | 15,920 | 85,847 | 280,841 |
| Funded Ratio | 99% | 97% | 91% |
| Covered Payroll | 748,419 | 558,305 | 646,841 |
| UAAL as a Percentage of Covered Payroll | 2% | 15% | 43% |
| | NON - UNION | | |
| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Actuarial Value of Assets | \$ 5,028,154 | \$ 5,321,748 | \$ 5,642,002 |
| Actuarial Accrued Liability | 5,908,905 | 6,009,552 | 6,620,926 |
| Unfunded (Over Funded) AAL | 880,751 | 687,804 | 978,924 |
| Funded Ratio | 85% | 89% | 85% |
| Covered Payroll | 1,904,594 | 1,860,110 | 1,970,017 |
| UAAL as a Percentage of Covered Payroll | 46% | 37% | 50% |

Chippewa County EDC

Three year trend information as of December 31st. follows:

| | GENERAL | | |
|--|----------------|-------------|-------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Actuarial Value of Assets | \$ 613,401 | \$ 654,129 | \$ 709,871 |
| Actuarial Accrued Liability | 550,298 | 569,069 | 683,525 |
| Unfunded AAL | (63,103) | (85,060) | (26,346) |
| Funded Ratio | 111% | 115% | 104% |
| Covered Payroll | 220,382 | 215,604 | 222,807 |
| UAAL as a Percentage of Covered Payroll | 0% | 0% | 0% |

County of Chippewa, Michigan

Employee Retirement and Benefit Systems Schedule of Funding Progress December 31, 2011

Pension: (Continued)

| | OFFICIALS | | |
|---|------------------|------------|------------|
| | 2008 | 2009 | 2010 |
| Actuarial Value of Assets | \$ 340,024 | \$ 360,959 | \$ 389,476 |
| Actuarial Accrued Liability | 317,154 | 326,524 | 440,734 |
| Unfunded AAL | (22,870) | (34,435) | 51,258 |
| Funded Ratio | 107% | 111% | 88% |
| Covered Payroll | 59,724 | 60,462 | 62,341 |
| UAAL as a Percentage of Covered Payroll | 0% | 0% | 82% |

Health Plan:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percent of Covered Payroll ((b - a) / c) |
|--------------------------|-------------------------------|---|-----------------------------|----------------------|---------------------|--|
|--------------------------|-------------------------------|---|-----------------------------|----------------------|---------------------|--|

Primary Government

| | | | | | | | |
|------|----|---|---------------|---------------|------|---------------|---|
| 2007 | \$ | - | \$ 10,569,337 | \$ 10,569,337 | 0.0% | Not Available | - |
| 2010 | \$ | - | \$ 15,554,524 | \$ 15,554,524 | 0.0% | Not Available | - |

Road Commission

| | | | | | | | |
|------|----|---|---------------|---------------|------|---------------|--------|
| 2008 | \$ | - | \$ 16,347,444 | \$ 16,347,444 | 0.0% | Not Available | - |
| 2010 | \$ | - | \$ 20,182,222 | \$ 20,182,222 | 0.0% | \$ 2,432,164 | 12.06% |

Eastern Upper Peninsula Transportation Authority

| | | | | | | | |
|------|----|-----------|--------------|--------------|-------|---------------|---|
| 2010 | \$ | 1,145,285 | \$ 5,079,258 | \$ 3,933,973 | 22.6% | Not Available | - |
|------|----|-----------|--------------|--------------|-------|---------------|---|

Chippewa County Health Department

| | | | | | | | |
|------|----|---|---------------|---------------|------|---------------|---|
| 2007 | \$ | - | \$ 3,589,013 | \$ 3,589,013 | 0.0% | Not Available | - |
| 2010 | \$ | - | \$ 10,325,553 | \$ 10,325,553 | 0.0% | Not Available | - |

Chippewa County EDC

| | | | | | | | |
|------|----|--------|------------|------------|-------|---------------|-------|
| 2008 | \$ | - | \$ 384,355 | \$ 384,355 | 0.0% | Not Available | - |
| 2011 | \$ | 89,000 | \$ 872,253 | \$ 783,253 | 10.2% | \$ 144,976 | 18.5% |

County of Chippewa, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|----------------------------|------------------|--------------|----------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 6,541,853 | \$ 6,545,853 | \$ 6,583,952 | \$ 38,099 |
| License & Permits | 30,000 | 40,500 | 43,071 | 2,571 |
| Federal Sources | 622,845 | 564,749 | 494,720 | (70,029) |
| State Sources | 1,112,078 | 1,020,778 | 949,456 | (71,322) |
| Local Sources | 224,000 | 224,000 | 234,664 | 10,664 |
| Charges for Services | 2,198,100 | 2,198,100 | 2,225,958 | 27,858 |
| Interest & Rentals | 100,000 | 100,000 | 40,274 | (59,726) |
| Fines & Forfeitures | 78,500 | 78,500 | 90,215 | 11,715 |
| Other Revenue | 296,450 | 448,950 | 478,702 | 29,752 |
| TOTAL REVENUES | 11,203,826 | 11,221,430 | 11,141,012 | (80,418) |
| EXPENDITURES: | | | | |
| Legislative: | | | | |
| Board of Commissioners | 149,658 | 149,658 | 140,748 | 8,910 |
| Judicial: | | | | |
| Juvenile Court | 283,594 | 295,594 | 294,734 | 860 |
| Circuit Court | 436,094 | 436,094 | 395,295 | 40,799 |
| District Court | 662,543 | 662,543 | 652,799 | 9,744 |
| Friend of the Court | 390,313 | 390,313 | 378,991 | 11,322 |
| Jury Board | 4,781 | 4,781 | 3,450 | 1,331 |
| Probate Court | 500,061 | 500,061 | 473,871 | 26,190 |
| Public Defender | 272,133 | 272,133 | 252,717 | 19,416 |
| Bailiff | 46,781 | 46,781 | 35,339 | 11,442 |
| Total Judicial | 2,596,300 | 2,608,300 | 2,487,196 | 121,104 |
| General Government: | | | | |
| Administrator | 301,694 | 320,894 | 316,584 | 4,310 |
| Information Systems | 279,451 | 279,451 | 268,346 | 11,105 |
| Elections | 32,120 | 32,120 | 7,979 | 24,141 |
| County Clerk | 310,319 | 310,319 | 290,345 | 19,974 |
| Equalization | 221,476 | 221,476 | 215,923 | 5,553 |
| Prosecuting Attorney | 589,577 | 584,577 | 563,468 | 21,109 |
| Support Coordinator | 71,883 | 76,883 | 75,640 | 1,243 |
| Crime Victim Advocate | 69,853 | 69,853 | 54,649 | 15,204 |
| Reмонumentation | 105,000 | 108,000 | 107,999 | 1 |
| Register of Deeds | 278,236 | 284,236 | 282,780 | 1,456 |
| Treasurer | 289,029 | 308,029 | 298,774 | 9,255 |
| Cooperative Extension | 106,759 | 106,759 | 90,376 | 16,383 |
| Buildings & Grounds | 431,941 | 431,941 | 377,053 | 54,888 |
| Drain Commission | 1,148 | 1,148 | 1,122 | 26 |
| Soil Conservation District | 24,000 | 24,000 | 24,000 | - |
| Plat Book | 100 | 13,000 | 12,900 | 100 |
| Surveyor | 36,366 | 36,366 | 32,829 | 3,537 |
| Total General Government | 3,148,952 | 3,209,052 | 3,020,767 | 188,285 |

County of Chippewa, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|------------------------------|------------------|------------|----------------|---|
| | Original | Final | | |
| Public Safety: | | | | |
| Sheriff | 1,093,621 | 1,123,621 | 1,113,225 | 10,396 |
| Concealed Weapons Board | 18,966 | 18,966 | 16,297 | 2,669 |
| S.A.N.E | 78,186 | 86,186 | 84,058 | 2,128 |
| Marine | 40,000 | 40,000 | 15,764 | 24,236 |
| Correctional Facility | 2,348,690 | 2,318,690 | 2,317,660 | 1,030 |
| Regional Planning Commission | 25,000 | 25,000 | 25,000 | - |
| Snowmobile Patrol Grant | 99,323 | 99,323 | 26,498 | 72,825 |
| O.R.V. Grant | 32,000 | 32,000 | 15,929 | 16,071 |
| Animal Control | 158,356 | 172,856 | 170,589 | 2,267 |
| Total Public Safety | 3,894,142 | 3,916,642 | 3,785,020 | 131,622 |
| Health & Welfare: | | | | |
| Substance Abuse | 95,000 | 110,130 | 110,130 | - |
| Livery Inspections | 700 | 700 | - | 700 |
| Medical Examiner | 55,000 | 70,000 | 65,752 | 4,248 |
| Health Department Tax | 4,000 | 5,000 | 1,754 | 3,246 |
| Veterans Affairs | 80,740 | 80,740 | 79,067 | 1,673 |
| Total Health & Welfare | 235,440 | 266,570 | 256,703 | 9,867 |
| Other Expenditures: | | | | |
| Retirees Hospitalization | 375,200 | 390,200 | 387,134 | 3,066 |
| Insurance | 208,000 | 208,000 | 202,104 | 5,896 |
| Rural Bus Program | 30,000 | 30,000 | 30,000 | - |
| Legal Services | 15,000 | 15,000 | 7,264 | 7,736 |
| Audit | 27,775 | 27,775 | 27,775 | - |
| Telephone | 6,500 | 6,500 | 5,925 | 575 |
| Postage Meter | 2,600 | 2,700 | 2,650 | 50 |
| Record Copier | 8,500 | 8,500 | 7,821 | 679 |
| Cost Allocation Plan | 4,000 | 4,000 | 4,000 | - |
| Appropriations | 201,334 | 201,334 | 201,334 | - |
| Total Other Expenditures | 878,909 | 894,009 | 876,007 | 18,002 |
| Capital Outlay: | | | | |
| Computer & Building | 47,500 | 55,500 | 54,356 | 1,144 |
| Vehicle | 72,900 | 78,900 | 78,882 | 18 |
| Total Capital Outlay | 120,400 | 134,400 | 133,238 | 1,162 |
| TOTAL EXPENDITURES | 11,023,801 | 11,178,631 | 10,699,679 | 478,952 |

County of Chippewa, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|-------------------|------------------|---------------------|---|
| | Original | Final | | |
| EXCESS OF REVENUES OVER EXPENDITURES | 180,025 | 42,799 | 441,333 | 398,534 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 1,163,875 | 1,178,553 | 1,175,496 | (3,057) |
| Operating Transfers Out | (1,063,389) | (1,160,389) | (902,027) | 258,362 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>\$ 280,511</u> | <u>\$ 60,963</u> | 714,802 | <u>\$ 653,839</u> |
| FUND BALANCE, JANUARY 1 | | | <u>4,458,317</u> | |
| FUND BALANCE, DECEMBER 31 | | | <u>\$ 5,173,119</u> | |

**Required Supplementary Information
Budgetary Comparison Schedule
Health Department
For the Year Ended September 30, 2011**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|--------------|----------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| State Sources | \$ 1,528,999 | \$ 1,849,318 | \$ 1,466,358 | \$ (382,960) |
| Local Sources | 310,540 | 90,625 | 90,316 | (309) |
| Charges for Services | 5,318,633 | 5,017,811 | 4,911,598 | (106,213) |
| Other Revenue | 52,746 | 315,454 | 315,090 | (364) |
| TOTAL REVENUES | 7,210,918 | 7,273,208 | 6,783,362 | (489,846) |
| EXPENDITURES: | | | | |
| Health and Welfare | 7,360,918 | 7,545,762 | 6,959,931 | 585,831 |
| TOTAL EXPENDITURES | 7,360,918 | 7,545,762 | 6,959,931 | 585,831 |
| EXCESS OF REVENUES OVER EXPENDITURES | (150,000) | (272,554) | (176,569) | 95,985 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers In | 150,000 | 150,000 | 150,000 | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | \$ - | \$ (122,554) | (26,569) | \$ 95,985 |
| FUND BALANCE, OCTOBER 1 | | | 2,348,439 | |
| FUND BALANCE, SEPTEMBER 30 | | | \$ 2,321,870 | |

**Required Supplementary Information
Budgetary Comparison Schedule
Chippewa County Recycling
For the Year Ended December 31, 2011**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|--------------------|--------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 516,053 | \$ 516,053 | \$ 519,421 | \$ 3,368 |
| TOTAL REVENUES | 516,053 | 516,053 | 519,421 | 3,368 |
| EXPENDITURES: | | | | |
| Public Works | 600,258 | 600,258 | 441,200 | 159,058 |
| TOTAL EXPENDITURES | 600,258 | 600,258 | 441,200 | 159,058 |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ (84,205)</u> | <u>\$ (84,205)</u> | 78,221 | <u>\$ 162,426</u> |
| FUND BALANCE, JANUARY 1 | | | <u>343,611</u> | |
| FUND BALANCE, DECEMBER 31 | | | <u>\$ 421,832</u> | |

County of Chippewa, Michigan

Required Supplementary Information Budgetary Comparison Schedule Ambulance For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-------------|----------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 441,258 | \$ 442,158 | \$ 442,074 | \$ (84) |
| TOTAL REVENUES | 441,258 | 442,158 | 442,074 | (84) |
| EXPENDITURES: | | | | |
| Health & Welfare | 286,136 | 286,136 | 286,136 | - |
| TOTAL EXPENDITURES | 286,136 | 286,136 | 286,136 | - |
| EXCESS OF REVENUES OVER EXPENDITURES | 155,122 | 156,022 | 155,938 | (84) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers Out | (155,122) | (183,724) | (181,775) | 1,949 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | \$ - | \$ (27,702) | (25,837) | \$ 1,865 |
| FUND BALANCE, JANUARY 1 | | | 27,702 | |
| FUND BALANCE, DECEMBER 31 | | | \$ 1,865 | |

Required Supplementary Information
Budgetary Comparison Schedule
Senior Nutrition Program
For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|------------------|------------|----------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 509,216 | \$ 509,216 | \$ 509,073 | \$ (143) |
| TOTAL REVENUES | 509,216 | 509,216 | 509,073 | (143) |
| EXPENDITURES: | | | | |
| Health & Welfare | 509,216 | 509,216 | 483,450 | 25,766 |
| TOTAL EXPENDITURES | 509,216 | 509,216 | 483,450 | 25,766 |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ - | \$ - | 25,623 | \$ 25,623 |
| FUND BALANCE, JANUARY 1 | | | 260,403 | |
| FUND BALANCE, DECEMBER 31 | | | \$ 286,026 | |

County of Chippewa, Michigan

Required Supplementary Information Budgetary Comparison Schedule Correctional Facility Maintenance For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|--------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 619,400 | \$ 619,400 | \$ 620,939 | \$ 1,539 |
| Interest & Rentals | - | 5,000 | 6,090 | 1,090 |
| Other Revenue | - | 4,712 | - | (4,712) |
| TOTAL REVENUES | 619,400 | 629,112 | 627,029 | (2,083) |
| EXPENDITURES: | | | | |
| Public Safety | 44,000 | 44,000 | 41,705 | 2,295 |
| TOTAL EXPENDITURES | 44,000 | 44,000 | 41,705 | 2,295 |
| EXCESS OF REVENUES OVER EXPENDITURES | 575,400 | 585,112 | 585,324 | 212 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers Out | (640,425) | (564,273) | (563,923) | 350 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>\$ (65,025)</u> | <u>\$ 20,839</u> | 21,401 | <u>\$ 562</u> |
| FUND BALANCE, JANUARY 1 | | | 551,401 | |
| FUND BALANCE, DECEMBER 31 | | | <u>\$ 572,802</u> | |

Other Supplementary Information

County of Chippewa, Michigan

Combining Balance Sheet General Funds December 31, 2011

| | General | Tax Exemption | Sheriff Special Projects | Snowmobile Trail Marker | Livery Inspections | Health Set Aside | Totals |
|--|---------------------|------------------|--------------------------------|-------------------------------|-----------------------|---------------------|---------------------|
| ASSETS: | | | | | | | |
| Cash & Investments - Unrestricted | \$ 3,172,070 | \$ 20,113 | \$ 17,612 | \$ 6 | \$ 537 | \$ 952,562 | \$ 4,162,900 |
| Receivables: | | | | | | | |
| Accounts - net | 6,094 | - | - | - | - | - | 6,094 |
| Taxes | 665,663 | - | - | - | - | - | 665,663 |
| Interest | - | - | - | - | - | 5,066 | 5,066 |
| Due from Other Funds | 286,221 | - | - | - | - | - | 286,221 |
| Due from Governmental Units | 389,468 | - | - | - | - | - | 389,468 |
| Prepaid Expenditures | 18,235 | - | - | - | - | - | 18,235 |
| TOTAL ASSETS | \$ 4,537,751 | \$ 20,113 | \$ 17,612 | \$ 6 | \$ 537 | \$ 957,628 | \$ 5,533,647 |
| LIABILITIES: | | | | | | | |
| Accounts Payable | \$ 97,770 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 97,770 |
| Accrued Liabilities | 167,083 | 18,179 | - | - | - | - | 185,262 |
| Deferred Revenue | 77,496 | - | - | - | - | - | 77,496 |
| TOTAL LIABILITIES | 342,349 | 18,179 | - | - | - | - | 360,528 |
| FUND BALANCES: | | | | | | | |
| Nonspendable | 18,235 | - | - | - | - | - | 18,235 |
| Committed | 453,320 | - | - | - | - | 957,628 | 1,410,948 |
| Assigned | - | 1,934 | 17,612 | 6 | 537 | - | 20,089 |
| Unassigned | 3,723,847 | - | - | - | - | - | 3,723,847 |
| TOTAL FUND BALANCES | 4,195,402 | 1,934 | 17,612 | 6 | 537 | 957,628 | 5,173,119 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 4,537,751 | \$ 20,113 | \$ 17,612 | \$ 6 | \$ 537 | \$ 957,628 | \$ 5,533,647 |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Funds For the Year Ended December 31, 2011

| | General | Tax Exemption | Sheriff Special Projects | Snowmobile Trail Marker | Livery Inspections | Health Set Aside | Totals |
|---|---------------------|------------------|--------------------------------|-------------------------------|-----------------------|---------------------|---------------------|
| REVENUES: | | | | | | | |
| Taxes | \$ 6,583,952 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,583,952 |
| Licenses & Permits | 43,071 | - | - | - | - | - | 43,071 |
| Federal Sources | 494,720 | - | - | - | - | - | 494,720 |
| State Sources | 949,456 | - | - | - | - | - | 949,456 |
| Local Sources | 233,164 | - | 1,500 | - | - | - | 234,664 |
| Charges for Services | 2,225,572 | - | - | - | 386 | - | 2,225,958 |
| Interest & Rentals | 33,885 | 1,323 | - | - | - | 5,066 | 40,274 |
| Fines & Forfeitures | 90,215 | - | - | - | - | - | 90,215 |
| Other Revenue | 478,091 | 611 | - | - | - | - | 478,702 |
| TOTAL REVENUES | 11,132,126 | 1,934 | 1,500 | - | 386 | 5,066 | 11,141,012 |
| EXPENDITURES: | | | | | | | |
| Legislative | 140,748 | - | - | - | - | - | 140,748 |
| Judicial | 2,487,196 | - | - | - | - | - | 2,487,196 |
| General Government | 3,020,767 | - | - | - | - | - | 3,020,767 |
| Public Safety | 3,784,247 | - | 273 | 500 | - | - | 3,785,020 |
| Health & Welfare | 256,703 | - | - | - | - | - | 256,703 |
| Capital Outlay | 133,238 | - | - | - | - | - | 133,238 |
| Other Expenditures | 876,007 | - | - | - | - | - | 876,007 |
| TOTAL EXPENDITURES | 10,698,906 | - | 273 | 500 | - | - | 10,699,679 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 433,220 | 1,934 | 1,227 | (500) | 386 | 5,066 | 441,333 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Operating Transfers In | 934,996 | - | - | 500 | - | 240,000 | 1,175,496 |
| Operating Transfers Out | (902,027) | - | - | - | - | - | (902,027) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 466,189 | 1,934 | 1,227 | - | 386 | 245,066 | 714,802 |
| FUND BALANCES, JANUARY 1 | 3,729,213 | - | 16,385 | 6 | 151 | 712,562 | 4,458,317 |
| FUND BALANCES, DECEMBER 31 | \$ 4,195,402 | \$ 1,934 | \$ 17,612 | \$ 6 | \$ 537 | \$ 957,628 | \$ 5,173,119 |

County of Chippewa, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

| | Special Revenue Funds | | | | | | | |
|-------------------------------------|-----------------------|----------------------|------------------|--------------------------|--------------|----------------------|--------------------------|------------------|
| | 50th Circuit Court | Construction Code | HUD Grant | Victim's Compensation | D.A.R.E. | Family Counseling | Operation Stonegarden | Bench Warrant |
| ASSETS: | | | | | | | | |
| Cash & Investments - Unrestricted | \$ 3,699 | \$ 2,440 | \$ 15,521 | \$ 1,964 | \$ 25 | \$ 3,765 | \$ - | \$ 7,096 |
| Accounts Receivable | - | - | - | - | - | - | - | - |
| Interest Receivable | - | - | - | - | - | - | - | - |
| Due from Governmental Units | - | - | - | - | - | - | 34,707 | - |
| Prepaid Expenditures | - | 200 | - | - | - | - | - | - |
| | | | | | | | | |
| TOTAL ASSETS | <u>\$ 3,699</u> | <u>\$ 2,640</u> | <u>\$ 15,521</u> | <u>\$ 1,964</u> | <u>\$ 25</u> | <u>\$ 3,765</u> | <u>\$ 34,707</u> | <u>\$ 7,096</u> |
| LIABILITIES: | | | | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 34,707 | \$ - |
| Accounts Payable | 448 | 134 | 5,314 | - | - | 3,765 | - | - |
| Accrued Liabilities | - | 2,506 | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| TOTAL LIABILITIES | <u>448</u> | <u>2,640</u> | <u>5,314</u> | <u>-</u> | <u>-</u> | <u>3,765</u> | <u>34,707</u> | <u>-</u> |
| FUND BALANCES: | | | | | | | | |
| Nonspendable | - | 200 | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | 3,251 | - | 10,207 | 1,964 | 25 | - | - | 7,096 |
| Unassigned | - | (200) | - | - | - | - | - | - |
| | | | | | | | | |
| TOTAL FUND BALANCES | <u>3,251</u> | <u>-</u> | <u>10,207</u> | <u>1,964</u> | <u>25</u> | <u>-</u> | <u>-</u> | <u>7,096</u> |
| | | | | | | | | |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 3,699</u> | <u>\$ 2,640</u> | <u>\$ 15,521</u> | <u>\$ 1,964</u> | <u>\$ 25</u> | <u>\$ 3,765</u> | <u>\$ 34,707</u> | <u>\$ 7,096</u> |

County of Chippewa, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

| | Special Revenue Funds | | | | | | | |
|-------------------------------------|-----------------------|----------------------|---|--------------------------------------|------------------------------------|--------------------|----------------------------|-----------------------------|
| | FOC Child Support | Community Service | Superior Twp 2000 Improvements Maintenance | Office of Community Correction | Register of Deeds Automation | Drug Forfeiture | CCSD Salvage Vehicle | Secondary Road Patrol |
| ASSETS: | | | | | | | | |
| Cash & Investments - Unrestricted | \$ 63,159 | \$ 7,910 | \$ 15,917 | \$ 112,131 | \$ 63,830 | \$ 11,741 | \$ 9,039 | \$ - |
| Accounts Receivable | - | - | - | - | - | - | - | - |
| Interest Receivable | - | - | - | - | - | - | - | - |
| Due from Governmental Units | - | - | - | - | - | - | - | 39,198 |
| Prepaid Expenditures | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 63,159</u> | <u>\$ 7,910</u> | <u>\$ 15,917</u> | <u>\$ 112,131</u> | <u>\$ 63,830</u> | <u>\$ 11,741</u> | <u>\$ 9,039</u> | <u>\$ 39,198</u> |
| LIABILITIES: | | | | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,536 |
| Accounts Payable | - | - | - | 1,717 | 1,331 | - | - | - |
| Accrued Liabilities | 11,160 | - | - | 1,176 | - | - | - | 2,662 |
| Deferred Revenue | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES | <u>11,160</u> | <u>-</u> | <u>-</u> | <u>2,893</u> | <u>1,331</u> | <u>-</u> | <u>-</u> | <u>39,198</u> |
| FUND BALANCES: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | 51,999 | 7,910 | 15,917 | 109,238 | 62,499 | 11,741 | 9,039 | - |
| Unassigned | - | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>51,999</u> | <u>7,910</u> | <u>15,917</u> | <u>109,238</u> | <u>62,499</u> | <u>11,741</u> | <u>9,039</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 63,159</u> | <u>\$ 7,910</u> | <u>\$ 15,917</u> | <u>\$ 112,131</u> | <u>\$ 63,830</u> | <u>\$ 11,741</u> | <u>\$ 9,039</u> | <u>\$ 39,198</u> |

County of Chippewa, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

| | Special Revenue Funds | | | | | | | |
|---|---|---|------------------------|----------------------------|----------------|--------------------------------|-------------------|--|
| | Sheriff Law Enforcement Training | Local Corrections Officer's Training | Sheriff Park Patrol | Road Patrol Overtime | Law Library | Animal Shelter Donations | Highway Safety | Juvenile Accountability Block Grant |
| ASSETS: | | | | | | | | |
| Cash & Investments - Unrestricted | \$ 3,718 | \$ 4,081 | \$ 14,083 | \$ 53,667 | \$ 6,288 | \$ 53,350 | \$ 1,428 | \$ 1,251 |
| Accounts Receivable | - | - | - | - | - | - | - | - |
| Interest Receivable | - | - | - | - | - | - | - | - |
| Due from Governmental Units | - | - | - | 14,443 | - | - | 1,489 | - |
| Prepaid Expenditures | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 3,718 | \$ 4,081 | \$ 14,083 | \$ 68,110 | \$ 6,288 | \$ 53,350 | \$ 2,917 | \$ 1,251 |
| LIABILITIES: | | | | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts Payable | - | 200 | - | 324 | 321 | 1,000 | 2,917 | - |
| Accrued Liabilities | - | - | - | 343 | - | - | - | 17 |
| Deferred Revenue | - | - | - | - | - | 4,936 | - | - |
| TOTAL LIABILITIES | - | 200 | - | 667 | 321 | 5,936 | 2,917 | 17 |
| FUND BALANCES: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | 3,718 | 3,881 | 14,083 | 67,443 | 5,967 | 47,414 | - | 1,234 |
| Unassigned | - | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES | 3,718 | 3,881 | 14,083 | 67,443 | 5,967 | 47,414 | - | 1,234 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 3,718 | \$ 4,081 | \$ 14,083 | \$ 68,110 | \$ 6,288 | \$ 53,350 | \$ 2,917 | \$ 1,251 |

County of Chippewa, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

| | Special Revenue Funds | | | | | | | |
|--|-----------------------|---|-------------------|-----------------------|--------------------|-------------------------------|-----------------------------------|-----------------------------------|
| | Youth Alcohol | Chippewa County DHS Appropriation | DHS Child Care | Probate Child Care | Veteran's Trust | Revenue Sharing Reserve | Emergency Telephone Service | Office of Emergency Service |
| ASSETS: | | | | | | | | |
| Cash & Investments - Unrestricted | \$ - | \$ 1,158 | \$ 95,145 | \$ 25,463 | \$ 690 | \$ 501,694 | \$ - | \$ 50 |
| Accounts Receivable | - | - | - | - | - | - | 84,670 | - |
| Interest Receivable | - | - | - | - | - | 68 | - | - |
| Due from Governmental Units | - | - | - | 808 | - | - | 70,766 | 101,970 |
| Prepaid Expenditures | - | - | - | - | - | - | 1,446 | 9,694 |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ 1,158</u> | <u>\$ 95,145</u> | <u>\$ 26,271</u> | <u>\$ 690</u> | <u>\$ 501,762</u> | <u>\$ 156,882</u> | <u>\$ 111,714</u> |
| LIABILITIES: | | | | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 135,248 | \$ 58,778 |
| Accounts Payable | - | - | 15,064 | 26,271 | - | - | 5,846 | 2,798 |
| Accrued Liabilities | - | - | - | - | - | - | 15,788 | 2,632 |
| Deferred Revenue | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>15,064</u> | <u>26,271</u> | <u>-</u> | <u>-</u> | <u>156,882</u> | <u>64,208</u> |
| FUND BALANCES: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | 1,446 | 9,694 |
| Restricted | - | - | - | - | - | 501,762 | - | 37,812 |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | - | 1,158 | 80,081 | - | 690 | - | - | - |
| Unassigned | - | - | - | - | - | - | (1,446) | - |
| TOTAL FUND BALANCES | <u>-</u> | <u>1,158</u> | <u>80,081</u> | <u>-</u> | <u>690</u> | <u>501,762</u> | <u>-</u> | <u>47,506</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ -</u> | <u>\$ 1,158</u> | <u>\$ 95,145</u> | <u>\$ 26,271</u> | <u>\$ 690</u> | <u>\$ 501,762</u> | <u>\$ 156,882</u> | <u>\$ 111,714</u> |

County of Chippewa, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

| | Special Revenue Funds | | | Debt Service Funds | | | | |
|-------------------------------------|---------------------------|----------------------|-------------------------------|--|--|--|---------------------|--|
| | 2011 Refunding Debt | 2010 Bond Debt | 2010 City Water & Sewer | 2001 City of SSM Debt Retirement | Superior Township 2000 Improvement Bond Reserve | Superior Township Improvements Debt | New Jail Debt | 1998 City of SSM Debt Retirement |
| ASSETS: | | | | | | | | |
| Cash & Investments - Unrestricted | \$ - | \$ - | \$ - | \$ - | \$ 34,600 | \$ - | \$ - | \$ - |
| Accounts Receivable | - | - | - | - | - | - | - | - |
| Interest Receivable | - | - | - | - | - | - | - | - |
| Due from Governmental Units | - | - | - | - | - | - | - | - |
| Prepaid Expenditures | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 34,600</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES: | | | | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts Payable | - | - | - | - | - | - | - | - |
| Accrued Liabilities | - | - | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | 34,600 | - | - | - |
| Committed | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| TOTAL FUND BALANCES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>34,600</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | | | | |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 34,600</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

County of Chippewa, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

| | Debt Service Funds | | | | | Capital Project Funds | | |
|--|--|------------------------------------|------------------------------------|--|-----------------------------------|---------------------------------|-------------------------|-----------------------------------|
| | 1995 City of SSM Debt Retirement | Avery Square Bond Retirement | Correctional Bond Retirement | 1988 Bldg Authority Bond Retirement | Courthouse Annex Renovation | Friends of the Courthouse | Hakola-Ross Drainage | Courthouse Annex Renovation |
| ASSETS: | | | | | | | | |
| Cash & Investments - Unrestricted | \$ - | \$ 213,933 | \$ - | \$ - | \$ - | \$ 1,779 | \$ 7,503 | \$ 957 |
| Accounts Receivable | - | - | - | - | - | - | - | - |
| Interest Receivable | - | - | - | - | - | - | - | - |
| Due from Governmental Units | - | - | - | - | - | - | - | - |
| Prepaid Expenditures | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ 213,933</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,779</u> | <u>\$ 7,503</u> | <u>\$ 957</u> |
| LIABILITIES: | | | | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts Payable | - | - | - | - | - | - | - | - |
| Accrued Liabilities | - | - | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | - | 213,933 | - | - | - | - | - | - |
| Committed | - | - | - | - | - | 1,779 | 7,503 | 957 |
| Assigned | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>-</u> | <u>213,933</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,779</u> | <u>7,503</u> | <u>957</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ -</u> | <u>\$ 213,933</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,779</u> | <u>\$ 7,503</u> | <u>\$ 957</u> |

County of Chippewa, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

| | Totals |
|--|---------------------|
| ASSETS: | |
| Cash & Investments - Unrestricted | \$ 1,339,075 |
| Accounts Receivable | 84,670 |
| Interest Receivable | 68 |
| Due from Governmental Units | 263,381 |
| Prepaid Expenditures | 11,340 |
| TOTAL ASSETS | \$ 1,698,534 |
| LIABILITIES: | |
| Due to Other Funds | \$ 265,269 |
| Accounts Payable | 67,450 |
| Accrued Liabilities | 36,284 |
| Deferred Revenue | 4,936 |
| TOTAL LIABILITIES | 373,939 |
| FUND BALANCES: | |
| Nonspendable | 11,340 |
| Restricted | 788,107 |
| Committed | 10,239 |
| Assigned | 516,555 |
| Unassigned | (1,646) |
| TOTAL FUND BALANCES | 1,324,595 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,698,534 |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2011

| | Special Revenue Funds | | | | | | | |
|---|-----------------------|----------------------|------------------|--------------------------|--------------|----------------------|--------------------------|------------------|
| | 50th Circuit Court | Construction Code | HUD Grant | Victim's Compensation | D.A.R.E. | Family Counseling | Operation Stonegarden | Bench Warrant |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ - | \$ - | \$ 74,389 | \$ - | \$ - | \$ - | \$ 380,853 | \$ - |
| State Sources | - | - | - | - | - | - | - | - |
| Local Sources | - | - | - | - | - | - | - | - |
| Charges for Services | 11,052 | 57,006 | - | - | - | 3,345 | - | - |
| Interest & Rentals | - | - | - | - | - | - | - | - |
| Other Revenue | - | - | - | - | - | - | 8,118 | - |
| TOTAL REVENUES | 11,052 | 57,006 | 74,389 | - | - | 3,345 | 388,971 | - |
| EXPENDITURES: | | | | | | | | |
| Judicial | 7,801 | - | - | - | - | - | - | - |
| General Government | - | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | 54,642 | - |
| Public Works | - | 160,001 | - | - | - | - | - | - |
| Health & Welfare | - | - | - | - | - | 3,765 | - | - |
| Community/Economic Development | - | - | 74,389 | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | 334,329 | - |
| Debt Service | - | - | - | - | - | - | - | - |
| Other Expenditures | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 7,801 | 160,001 | 74,389 | - | - | 3,765 | 388,971 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 3,251 | (102,995) | - | - | - | (420) | - | - |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Bond Proceeds | - | - | - | - | - | - | - | - |
| Operating Transfers In | - | 102,995 | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 3,251 | - | - | - | - | (420) | - | - |
| FUND BALANCES, JANUARY 1 | - | - | 10,207 | 1,964 | 25 | 420 | - | 7,096 |
| FUND BALANCES, DECEMBER 31 | \$ 3,251 | \$ - | \$ 10,207 | \$ 1,964 | \$ 25 | \$ - | \$ - | \$ 7,096 |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2011

| | Special Revenue Funds | | | | | | | |
|---|-----------------------|----------------------|---|--------------------------------------|------------------------------------|--------------------|----------------------------|-----------------------------|
| | FOC Child Support | Community Service | Superior Twp 2000 Improvements Maintenance | Office of Community Correction | Register of Deeds Automation | Drug Forfeiture | CCSD Salvage Vehicle | Secondary Road Patrol |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State Sources | 5,040 | - | - | - | - | - | - | 68,181 |
| Local Sources | 360 | - | 12,655 | - | - | - | - | - |
| Charges for Services | - | - | - | 126,286 | 36,310 | - | 2,200 | - |
| Interest & Rentals | - | - | 185 | - | - | - | - | - |
| Other Revenue | - | 815 | - | - | - | - | - | - |
| TOTAL REVENUES | 5,400 | 815 | 12,840 | 126,286 | 36,310 | - | 2,200 | 68,181 |
| EXPENDITURES: | | | | | | | | |
| Judicial | - | - | - | - | - | - | - | - |
| General Government | - | - | - | - | 22,300 | - | - | - |
| Public Safety | - | - | - | 129,577 | - | 7,274 | 1,633 | 148,381 |
| Public Works | - | - | - | - | - | - | - | - |
| Health & Welfare | 1,519 | - | - | - | - | - | - | - |
| Community/Economic Development | - | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - | - | - |
| Other Expenditures | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 1,519 | - | - | 129,577 | 22,300 | 7,274 | 1,633 | 148,381 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 3,881 | 815 | 12,840 | (3,291) | 14,010 | (7,274) | 567 | (80,200) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Bond Proceeds | - | - | - | - | - | - | - | - |
| Operating Transfers In | - | - | - | 3,500 | - | - | - | 59,719 |
| Operating Transfers Out | - | - | - | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 3,881 | 815 | 12,840 | 209 | 14,010 | (7,274) | 567 | (20,481) |
| FUND BALANCES, JANUARY 1 | 48,118 | 7,095 | 3,077 | 109,029 | 48,489 | 19,015 | 8,472 | 20,481 |
| FUND BALANCES, DECEMBER 31 | \$ 51,999 | \$ 7,910 | \$ 15,917 | \$ 109,238 | \$ 62,499 | \$ 11,741 | \$ 9,039 | \$ - |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2011

| | Special Revenue Funds | | | | | | | |
|---|---|---|------------------------|----------------------------|-----------------|--------------------------------|-------------------|--|
| | Sheriff Law Enforcement Training | Local Corrections Officer's Training | Sheriff Park Patrol | Road Patrol Overtime | Law Library | Animal Shelter Donations | Highway Safety | Juvenile Accountability Block Grant |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ - | \$ - | \$ - | \$ 76,023 | \$ - | \$ - | \$ - | \$ - |
| State Sources | 3,404 | - | 1,954 | 12 | - | - | 16,368 | - |
| Local Sources | - | - | - | - | - | 10,000 | - | - |
| Charges for Services | - | 12,453 | - | - | 3,500 | - | - | - |
| Interest & Rentals | - | - | - | - | - | - | - | - |
| Other Revenue | - | 1,200 | - | - | - | 21,564 | - | - |
| TOTAL REVENUES | 3,404 | 13,653 | 1,954 | 76,035 | 3,500 | 31,564 | 16,368 | - |
| EXPENDITURES: | | | | | | | | |
| Judicial | - | - | - | - | 3,780 | - | - | - |
| General Government | - | - | - | - | - | - | - | - |
| Public Safety | 5,223 | 23,575 | 1,714 | 53,291 | - | - | 16,368 | - |
| Public Works | - | - | - | - | - | - | - | - |
| Health & Welfare | - | - | - | - | - | 20,499 | - | - |
| Community/Economic Development | - | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - | - |
| Debt Service | - | - | - | - | - | - | - | - |
| Other Expenditures | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 5,223 | 23,575 | 1,714 | 53,291 | 3,780 | 20,499 | 16,368 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,819) | (9,922) | 240 | 22,744 | (280) | 11,065 | - | - |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Bond Proceeds | - | - | - | - | - | - | - | - |
| Operating Transfers In | - | - | - | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (1,819) | (9,922) | 240 | 22,744 | (280) | 11,065 | - | - |
| FUND BALANCES, JANUARY 1 | 5,537 | 13,803 | 13,843 | 44,699 | 6,247 | 36,349 | - | 1,234 |
| FUND BALANCES, DECEMBER 31 | \$ 3,718 | \$ 3,881 | \$ 14,083 | \$ 67,443 | \$ 5,967 | \$ 47,414 | \$ - | \$ 1,234 |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2011

| | Special Revenue Services | | | | | | | |
|---|--------------------------|---|-------------------|-----------------------|--------------------|-------------------------------|----------------------------------|------------------------------------|
| | Youth Alcohol | Chippewa County DHS Appropriation | DHS Child Care | Probate Child Care | Veteran's Trust | Revenue Sharing Reserve | Emergency Telephone System | Office of Emergency Services |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 251,781 |
| State Sources | - | - | - | 261 | 8,413 | - | 178,917 | - |
| Local Sources | - | - | - | 7,500 | - | - | - | - |
| Charges for Services | 3,527 | - | - | 19,329 | - | - | 355,080 | - |
| Interest & Rentals | - | - | - | - | - | 8,090 | - | - |
| Other Revenue | - | - | - | - | - | - | 177,960 | 33,667 |
| TOTAL REVENUES | 3,527 | - | - | 27,090 | 8,413 | 8,090 | 711,957 | 285,448 |
| EXPENDITURES: | | | | | | | | |
| Judicial | - | - | - | - | - | - | - | - |
| General Government | - | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | 804,382 | 141,798 |
| Public Works | - | - | - | - | - | - | - | - |
| Health & Welfare | 3,527 | 20,109 | 72,287 | 208,594 | 7,640 | - | - | - |
| Community/Economic Development | - | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - | 185,494 |
| Debt Service | - | - | - | - | - | - | - | - |
| Other Expenditures | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 3,527 | 20,109 | 72,287 | 208,594 | 7,640 | - | 804,382 | 327,292 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | (20,109) | (72,287) | (181,504) | 773 | 8,090 | (92,425) | (41,844) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Bond Proceeds | - | - | - | - | - | - | - | - |
| Operating Transfers In | - | 20,109 | 72,287 | 315,204 | - | - | 92,425 | 89,350 |
| Operating Transfers Out | - | - | - | (133,700) | (1,140) | (709,783) | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | - | - | - | - | (367) | (701,693) | - | 47,506 |
| FUND BALANCES, JANUARY 1 | - | 1,158 | 80,081 | - | 1,057 | 1,203,455 | - | - |
| FUND BALANCES, DECEMBER 31 | \$ - | \$ 1,158 | \$ 80,081 | \$ - | \$ 690 | \$ 501,762 | \$ - | \$ 47,506 |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2011

| | Special Revenue Funds | | | Debt Service Funds | | | | |
|--|---------------------------|----------------------|-------------------------------|--|---|--|---------------------|--|
| | 2011 Refunding Debt | 2010 Bond Debt | 2010 City Water & Sewer | 2001 City of SSM Debt Retirement | Superior Twp 2000 Improvement Bond Reserve | Superior Township Improvements Debt | New Jail Debt | 1998 City of SSM Debt Retirement |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State Sources | - | - | - | - | - | - | - | - |
| Local Sources | 84,332 | - | 674,488 | 182,374 | - | 26,481 | - | 191,910 |
| Charges for Services | - | - | - | - | - | - | - | - |
| Interest & Rentals | - | - | - | - | - | - | - | - |
| Other Revenue | 98,445 | - | - | - | - | - | - | - |
| TOTAL REVENUES | 182,777 | - | 674,488 | 182,374 | - | 26,481 | - | 191,910 |
| EXPENDITURES: | | | | | | | | |
| Judicial | - | - | - | - | - | - | - | - |
| General Government | - | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - | - | - |
| Health & Welfare | - | - | - | - | - | - | - | - |
| Community/Economic Development | - | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - | - |
| Debt Service | 18,545 | 518,375 | 674,488 | 2,199,276 | - | 26,481 | 218,800 | 1,943,008 |
| Other Expenditures | 119,829 | 100 | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 138,374 | 518,475 | 674,488 | 2,199,276 | - | 26,481 | 218,800 | 1,943,008 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 44,403 | (518,475) | - | (2,016,902) | - | - | (218,800) | (1,751,098) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Bond Proceeds | 4,790,000 | - | - | - | - | - | - | - |
| Operating Transfers In | - | 518,475 | - | 2,016,902 | - | - | 218,800 | 1,751,098 |
| Operating Transfers Out | (4,834,403) | - | - | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | - | - | - | - | - | - | - | - |
| FUND BALANCES, JANUARY 1 | - | - | - | - | 34,600 | - | - | - |
| FUND BALANCES, DECEMBER 31 | \$ - | \$ - | \$ - | \$ - | \$ 34,600 | \$ - | \$ - | \$ - |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2011

| | Debt Service Funds | | | | | Capital Project Funds | | |
|---|--|------------------------------------|------------------------------------|--|-----------------------------------|---------------------------------|-------------------------|-----------------------------------|
| | 1995 City of SSM Debt Retirement | Avery Square Bond Retirement | Correctional Bond Retirement | 1988 Bldg Authority Bond Retirement | Courthouse Annex Renovation | Friends of the Courthouse | Hakola-Ross Drainage | Courthouse Annex Renovation |
| REVENUES: | | | | | | | | |
| Federal Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State Sources | - | - | - | - | - | - | - | - |
| Local Sources | 283,805 | 163,400 | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - | - | - |
| Interest & Rentals | - | 1,067 | - | - | - | - | - | - |
| Other Revenue | - | - | - | - | - | - | - | - |
| TOTAL REVENUES | 283,805 | 164,467 | - | - | - | - | - | - |
| EXPENDITURES: | | | | | | | | |
| Judicial | - | - | - | - | - | - | - | - |
| General Government | - | - | - | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | - | - | - |
| Health & Welfare | - | - | - | - | - | - | - | - |
| Community/Economic Development | - | - | - | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - | - | - | - |
| Debt Service | 1,350,208 | - | - | - | - | - | - | - |
| Other Expenditures | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 1,350,208 | - | - | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,066,403) | 164,467 | - | - | - | - | - | - |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Bond Proceeds | - | - | - | - | - | - | - | - |
| Operating Transfers In | 1,066,403 | - | - | - | - | - | - | - |
| Operating Transfers Out | - | (165,150) | (8,202) | (122) | (350) | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | - | (683) | (8,202) | (122) | (350) | - | - | - |
| FUND BALANCES, JANUARY 1 | - | 214,616 | 8,202 | 122 | 350 | 1,779 | 7,503 | 957 |
| FUND BALANCES, DECEMBER 31 | \$ - | \$ 213,933 | \$ - | \$ - | \$ - | \$ 1,779 | \$ 7,503 | \$ 957 |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2011

| | Totals |
|---|---------------------|
| REVENUES: | |
| Federal Sources | \$ 783,046 |
| State Sources | 282,550 |
| Local Sources | 1,637,305 |
| Charges for Services | 630,088 |
| Interest & Rentals | 9,342 |
| Other Revenue | 341,769 |
| TOTAL REVENUES | 3,684,100 |
| EXPENDITURES: | |
| Judicial | 11,581 |
| General Government | 22,300 |
| Public Safety | 1,387,858 |
| Public Works | 160,001 |
| Health & Welfare | 337,940 |
| Community/Economic Development | 74,389 |
| Capital Outlay | 519,823 |
| Debt Service | 6,949,181 |
| Other Expenditures | 119,929 |
| TOTAL EXPENDITURES | 9,583,002 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (5,898,902) |
| OTHER FINANCING SOURCES (USES): | |
| Bond Proceeds | 4,790,000 |
| Operating Transfers In | 6,327,267 |
| Operating Transfers Out | (5,852,850) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (634,485) |
| FUND BALANCES, JANUARY 1 | 1,959,080 |
| FUND BALANCES, DECEMBER 31 | \$ 1,324,595 |

**Combining Statement of Net Assets
Major Tax Collection Enterprise Fund
December 31, 2011**

| | 2010 Tax Revolving | 2009 Tax Revolving | 2008 Tax Revolving | Prior Years' Tax Revolving | Tax Revolving Admin | Totals |
|---|-----------------------|-----------------------|-----------------------|----------------------------------|------------------------|---------------------|
| ASSETS: | | | | | | |
| Cash & Investments - Unrestricted | \$ 2,246,190 | \$ 2,262,830 | \$ 1,087,935 | \$ 4,196,322 | \$ 67,552 | \$ 9,860,829 |
| Taxes Receivable | 1,489,045 | 346,312 | 23,493 | 19,008 | - | 1,877,858 |
| Accrued Interest Receivable | 148,904 | 123,686 | - | 13,208 | - | 285,798 |
| TOTAL ASSETS | \$ 3,884,139 | \$ 2,732,828 | \$ 1,111,428 | \$ 4,228,538 | \$ 67,552 | \$12,024,485 |
| LIABILITIES: | | | | | | |
| Due to Governmental Units | \$ 482 | \$ 14,998 | \$ 54,504 | \$ 46,095 | \$ - | \$ 116,079 |
| Accrued Liabilities | - | 2,200 | 1,360 | 1,200 | 419 | 5,179 |
| TOTAL LIABILITIES | 482 | 17,198 | 55,864 | 47,295 | 419 | 121,258 |
| NET ASSETS: | | | | | | |
| Unrestricted | 3,883,657 | 2,715,630 | 1,055,564 | 4,181,243 | 67,133 | 11,903,227 |
| TOTAL NET ASSETS | 3,883,657 | 2,715,630 | 1,055,564 | 4,181,243 | 67,133 | 11,903,227 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,884,139 | \$ 2,732,828 | \$ 1,111,428 | \$ 4,228,538 | \$ 67,552 | \$12,024,485 |

**Combining Statement of Revenues, Expenses, and
Changes in Net Assets - Major Tax Collection Enterprise Fund
For the Year Ended December 31, 2011**

| | 2010 Tax Revolving | 2009 Tax Revolving | 2008 Tax Revolving | Prior Years' Tax Revolving | Tax Revolving Admin | Totals |
|--|-----------------------|-----------------------|-----------------------|----------------------------------|------------------------|----------------------|
| OPERATING REVENUES: | | | | | | |
| Charges for Services | \$ 88,380 | \$ 72,880 | \$ 3,345 | \$ 60,603 | \$ - | \$ 225,208 |
| Penalties and Interest Charges | 246,841 | 132,683 | 7,204 | 1,189 | - | 387,917 |
| TOTAL OPERATING REVENUES | 335,221 | 205,563 | 10,549 | 61,792 | - | 613,125 |
| OPERATING EXPENSES: | | | | | | |
| Personal Services | - | - | - | - | 3,637 | 3,637 |
| Other Supplies and Expenses | - | - | - | - | 19,658 | 19,658 |
| Total Operating Expenses | - | - | - | - | 23,295 | 23,295 |
| OPERATING INCOME (LOSS) | 335,221 | 205,563 | 10,549 | 61,792 | (23,295) | 589,830 |
| NON-OPERATING REVENUES (EXPENSES): | | | | | | |
| Interest on Deposits | - | 9,403 | 9,618 | 57,275 | - | 76,296 |
| Total Non-operating Revenues (Expenses) | - | 9,403 | 9,618 | 57,275 | - | 76,296 |
| INCOME (LOSS) BEFORE TRANSFERS | 335,221 | 214,966 | 20,167 | 119,067 | (23,295) | 666,126 |
| Operating Transfers In | 3,548,436 | - | - | - | - | 3,548,436 |
| Operating Transfers Out | - | (1,548,436) | (2,000,000) | - | - | (3,548,436) |
| CHANGES IN NET ASSETS | 3,883,657 | (1,333,470) | (1,979,833) | 119,067 | (23,295) | 666,126 |
| NET ASSETS, JANUARY 1 | - | 4,049,100 | 3,035,397 | 4,062,176 | 90,428 | 11,237,101 |
| NET ASSETS, DECEMBER 31 | \$ 3,883,657 | \$ 2,715,630 | \$ 1,055,564 | \$ 4,181,243 | \$ 67,133 | \$ 11,903,227 |

County of Chippewa, Michigan

Combining Statement of Net Assets

Nonmajor Enterprise Funds

December 31, 2011

| | State Education Tax Parcel Fee | 2006 Tax Foreclosure | 2007 Tax Foreclosure | 2008 Tax Foreclosure | Sheriff Commissary | Homestead Tax | Totals |
|---|--------------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|------------------|-------------------|
| ASSETS: | | | | | | | |
| Cash & Investments - Unrestricted | \$ 14,370 | \$ - | \$ 7,034 | \$ 120,369 | \$ 63,211 | \$ - | \$ 204,984 |
| Accounts Receivable | - | - | 590 | - | - | - | 590 |
| Due from Other Governmental Units | - | - | - | - | - | 7,771 | 7,771 |
| TOTAL ASSETS | <u>\$ 14,370</u> | <u>\$ -</u> | <u>\$ 7,624</u> | <u>\$ 120,369</u> | <u>\$ 63,211</u> | <u>\$ 7,771</u> | <u>\$ 213,345</u> |
| LIABILITIES: | | | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,771 | \$ 7,771 |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,771</u> | <u>7,771</u> |
| NET ASSETS: | | | | | | | |
| Unrestricted | <u>14,370</u> | <u>-</u> | <u>7,624</u> | <u>120,369</u> | <u>63,211</u> | <u>-</u> | <u>205,574</u> |
| TOTAL NET ASSETS | <u>14,370</u> | <u>-</u> | <u>7,624</u> | <u>120,369</u> | <u>63,211</u> | <u>-</u> | <u>205,574</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 14,370</u> | <u>\$ -</u> | <u>\$ 7,624</u> | <u>\$ 120,369</u> | <u>\$ 63,211</u> | <u>\$ 7,771</u> | <u>\$ 213,345</u> |

County of Chippewa, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds For the Year Ended December 31, 2011

| | State Education Tax Parcel Fee | 2006 Tax Foreclosure | 2007 Tax Foreclosure | 2008 Tax Foreclosure | Sheriff Commissary | Homestead Tax | Totals |
|---------------------------------------|--------------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|------------------|-------------------|
| OPERATING REVENUES: | | | | | | | |
| Charges for Services | \$ 3,967 | \$ - | \$ - | \$ 122,387 | \$ 238,570 | \$ - | \$ 364,924 |
| TOTAL OPERATING REVENUES | 3,967 | - | - | 122,387 | 238,570 | - | 364,924 |
| OPERATING EXPENSES: | | | | | | | |
| Other Supplies and Expenses | 994 | 190 | - | 2,018 | 152,405 | 8 | 155,615 |
| Total Operating Expenses | 994 | 190 | - | 2,018 | 152,405 | 8 | 155,615 |
| OPERATING INCOME (LOSS) | 2,973 | (190) | - | 120,369 | 86,165 | (8) | 209,309 |
| INCOME (LOSS) BEFORE TRANSFERS | 2,973 | (190) | - | 120,369 | 86,165 | (8) | 209,309 |
| Operating Transfers Out | - | (117,188) | - | - | (35,000) | - | (152,188) |
| CHANGES IN NET ASSETS | 2,973 | (117,378) | - | 120,369 | 51,165 | (8) | 57,121 |
| NET ASSETS, JANUARY 1 | 11,397 | 117,378 | 7,624 | - | 12,046 | 8 | 148,453 |
| NET ASSETS, DECEMBER 31 | \$ 14,370 | \$ - | \$ 7,624 | \$ 120,369 | \$ 63,211 | \$ - | \$ 205,574 |

County of Chippewa, Michigan

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2011

| | State Education Tax Parcel Fee | 2006 Tax Foreclosure | 2007 Tax Foreclosure | 2008 Tax Foreclosure | Sheriff Commissary | Homestead Tax | Totals |
|---|--------------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | |
| Receipts from Customers | \$ 3,967 | \$ 190 | \$ - | \$ 122,387 | \$ 238,570 | \$ 12,995 | \$ 378,109 |
| Payments to Suppliers | (994) | (190) | - | (2,018) | (182,405) | (12,995) | (198,602) |
| Net Cash Provided (Used) by Operating Activities | 2,973 | - | - | 120,369 | 56,165 | - | 179,507 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | | |
| Operating Transfers Out | - | (117,188) | - | - | (35,000) | - | (152,188) |
| Net Cash Provided (Used) by Noncapital Financing Activities | - | (117,188) | - | - | (35,000) | - | (152,188) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,973 | (117,188) | - | 120,369 | 21,165 | - | 27,319 |
| Balances - Beginning of the Year | 11,397 | 117,188 | 7,034 | - | 42,046 | - | 177,665 |
| Balances - End of the Year | <u>\$ 14,370</u> | <u>\$ -</u> | <u>\$ 7,034</u> | <u>\$ 120,369</u> | <u>\$ 63,211</u> | <u>\$ -</u> | <u>\$ 204,984</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | | |
| Operating Income (Loss) | \$ 2,973 | \$ (190) | \$ - | \$ 120,369 | \$ 86,165 | \$ (8) | \$ 209,309 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | | |
| Change in Assets and Liabilities: | | | | | | | |
| (Increase)Decrease in Assets: | | | | | | | |
| Accounts Receivable | - | 190 | - | - | - | - | 190 |
| Due from Governmental Units | - | - | - | - | - | 12,995 | 12,995 |
| Increase(Decrease) in Liabilities: | | | | | | | |
| Due to Other Funds | - | - | - | - | (30,000) | (12,987) | (42,987) |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 2,973</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 120,369</u> | <u>\$ 56,165</u> | <u>\$ -</u> | <u>\$ 179,507</u> |

County of Chippewa, Michigan**Combining Statement of Net Assets
Internal Service Funds
December 31, 2011**

| | Self Insurance- Health | Self Insurance- Workers Comp. | Central Stores | Total |
|---|------------------------------|-------------------------------------|-------------------|---------------------|
| ASSETS: | | | | |
| Cash | \$ 1,356,925 | \$ 157,601 | \$ - | \$ 1,514,526 |
| Accounts Receivable | 44,683 | 45,001 | - | 89,684 |
| Inventories | - | - | 14,928 | 14,928 |
| Prepaid Expenses | 233,911 | - | - | 233,911 |
| TOTAL ASSETS | <u>\$ 1,635,519</u> | <u>\$ 202,602</u> | <u>\$ 14,928</u> | <u>\$ 1,853,049</u> |
| LIABILITIES: | | | | |
| Due to Other Funds | \$ - | \$ - | \$ 13,181 | \$ 13,181 |
| IBNR Payable | 124,384 | - | - | 124,384 |
| TOTAL LIABILITIES | <u>124,384</u> | <u>-</u> | <u>13,181</u> | <u>137,565</u> |
| NET ASSETS: | | | | |
| Unrestricted | <u>1,511,135</u> | <u>202,602</u> | <u>1,747</u> | <u>1,715,484</u> |
| TOTAL NET ASSETS | <u>1,511,135</u> | <u>202,602</u> | <u>1,747</u> | <u>1,715,484</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,635,519</u> | <u>\$ 202,602</u> | <u>\$ 14,928</u> | <u>\$ 1,853,049</u> |

County of Chippewa, Michigan**Combining Statement of Revenues, Expenses, and
Changes in Net Assets - Internal Service Funds
For the Year Ended December 31, 2011**

| | Self Insurance- Health | Self Insurance- Workers Comp. | Central Stores | Total |
|--------------------------------|------------------------------|-------------------------------------|-------------------|--------------|
| OPERATING REVENUES: | | | | |
| Charges for Services | \$ 3,279,269 | \$ 161,273 | \$ 32,238 | \$ 3,472,780 |
| Total Operating Revenues | 3,279,269 | 161,273 | 32,238 | 3,472,780 |
| OPERATING EXPENSES: | | | | |
| Premium Reimbursements | 2,448,153 | 117,229 | - | 2,565,382 |
| Supplies | - | - | 31,137 | 31,137 |
| Total Operating Expenses | 2,448,153 | 117,229 | 31,137 | 2,596,519 |
| OPERATING INCOME (LOSS) | 831,116 | 44,044 | 1,101 | 876,261 |
| NET ASSETS, JANUARY 1 | 680,019 | 158,558 | 646 | 839,223 |
| NET ASSETS, DECEMBER 31 | \$ 1,511,135 | \$ 202,602 | \$ 1,747 | \$ 1,715,484 |

County of Chippewa, Michigan

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2011

| | Self Insurance- Health | Self Insurance- Workers Comp. | Central Stores | Totals |
|---|------------------------------|-------------------------------------|-------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from Customers | \$ 3,279,090 | \$ 154,788 | \$ 52,349 | \$ 3,486,227 |
| Payments to Suppliers | (2,515,723) | (117,229) | (52,972) | (2,685,924) |
| Net Cash Provided (Used) by Operating Activities | 763,367 | 37,559 | (623) | 800,303 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 763,367 | 37,559 | (623) | 800,303 |
| Balances - Beginning of the Year | 593,558 | 120,042 | 623 | 714,223 |
| Balances - End of the Year | \$ 1,356,925 | \$ 157,601 | \$ - | \$ 1,514,526 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating Income (Loss) | \$ 831,116 | \$ 44,044 | \$ 1,101 | \$ 876,261 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Change in Assets and Liabilities: | | | | |
| (Increase) Decrease in Assets: | | | | |
| Accounts Receivable | (179) | (6,485) | - | (6,664) |
| Inventory | - | - | 20,111 | 20,111 |
| Prepaid Expenses | (65,641) | - | - | (65,641) |
| Increase (Decrease) in Liabilities: | | | | |
| Accrued Liabilities | (1,929) | - | (21,835) | (23,764) |
| Net Cash Provided (Used) by Operating Activities | \$ 763,367 | \$ 37,559 | \$ (623) | \$ 800,303 |

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMAN, CPA, PRINCIPAL

ROBERT L. HASKE, CPA
AMBER N. MACK, CPA, EA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board
County of Chippewa, Michigan
Sault Ste. Marie, MI 49783

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the County of Chippewa, Michigan, as of and for the year ended December 31, 2011 which collectively comprise the County's basic financial statements and have issued our report thereon, dated May 2, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Chippewa Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Chippewa, Michigan in a separate letter dated May 2, 2012.

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Anderson Tackman & Co. PLC".

Anderson, Tackman & Company, PLC
Certified Public Accountants

May 2, 2012



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Members of the Board
County of Chippewa, Michigan
Sault Ste. Marie, MI 49783

Compliance

We have audited the County of Chippewa, Michigan's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County of Chippewa, Michigan's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County of Chippewa, Michigan complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the County of Chippewa, Michigan is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Chippewa, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

May 2, 2012

County of Chippewa, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2011

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|--|---------------------------|-------------------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE: | | | |
| <i>Pass-through from the Michigan Department of Community Health:</i> | | | |
| Women, Infant and Children | 10.557 | XX4W1006 | \$ 208,660 |
| <i>Pass-through from the Michigan Department of Natural Resources:</i> | | | |
| Schools and Roads Grant | 10.665 | N/A | 485,215 |
| Schools and Roads Grant | 10.665 | N/A | 42,456 |
| Subtotal | | | 527,671 |
| Total U.S. Department of Agriculture | | | 736,331 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: | | | |
| <i>Pass-through from the Michigan State Housing Development Authority:</i> | | | |
| CDBG Housing Program | 14.228 | MSC-2006-0731-HOA | 74,389 |
| Total U.S. Department of Housing and Urban Development | | | 74,389 |
| U.S. DEPARTMENT OF JUSTICE: | | | |
| <i>Pass-through from Diane Pepler Resource Center:</i> | | | |
| STOP Grant | 16.588 | N/A | 25,500 |
| <i>Pass-through from Emmet County:</i> | | | |
| S.A.N.E. | 16.579 | 70868-8K04 | 46,468 |
| Total U.S. Department of Justice | | | 71,968 |
| U.S. DEPARTMENT OF TRANSPORTATION: | | | |
| <i>Pass-through from the State of Michigan Department of Transportation:</i> | | | |
| <i>Airport Improvement Program - MDOT Administered:</i> | | | |
| Rehabilitate Building (151)/SRE/Apron | 20.106 | 3-26-0139-3010 | 1,335,923 |
| Expand Snow Removal Equipment Building/SRE | 20.106 | 3-26-0139-3110 | 764,499 |
| Subtotal | | | 2,100,422 |
| <i>Pass-through Programs from the State of Michigan Department of Transportation (MDOT) - MDOT Administered:</i> | | | |
| Highway Planning and Construction | 20.205 | 87315 | 9,895 |
| North Caribou Lake Road | 20.205 | STP 1017(030) | 344,748 |
| North Caribou Lake Road - Intersection | 20.205 | STP 1017(028) | 56,229 |
| Mackinac Trail 9 Mile to 12 Mile | 20.205 | STP 1117(011) | 362,193 |
| Country Club Drive | 20.205 | STP 1117 (012) | 120,925 |
| Subtotal | | | 893,990 |
| Section 5311 Operating Assistance | 20.509 | 2007-0204 109905 | 96,760 |
| Capital Grants - Section 5311 (100/0) | 20.509 | 2007-0204 87644 | 11,373 |
| Rural Transit Assistance Program | 20.509 | N/A | 3,800 |
| Capital Grants - Section 5309 (80/20) | 20.500 | 2007-0204 100653 | 50,160 |
| Capital Grants - Section 5309 (80/20) | 20.500 | 2007-0204 111032 | 51,483 |
| Capital Grants - Marine (90/10) | 20.500 | 2007-0204 103673 | 25,030 |
| Job Access and Reverse Commute Program (JARC) | 20.516 | 2007-0204 107394 | 10,813 |
| Subtotal | | | 249,419 |
| <i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i> | | | |
| HEMP | 20.503 | N/A | 76,023 |
| Total U.S. Department of Transportation | | | 3,319,854 |

County of Chippewa, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2011

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Agency or Pass-through Number | Federal Expenditures |
|---|---------------------------|-------------------------------------|-------------------------|
| U.S. ENVIRONMENTAL PROTECTION AGENCY: | | | |
| <i>Pass-through from State of Michigan Department of Environmental Quality:</i> | | | |
| CAP Grant | 66.468 | FS97548707 | 150 |
| Great Lakes Restoration Initiative | 66.469 | GL00E00685-0 | 85,670 |
| Operator Certification Expense Reimbursement | 66.471 | CT975861 | 469 |
| Monitoring and Notification Program | 66.472 | CU00E259-01 | 7,266 |
| Total U.S. Environmental Protection Agency | | | 93,555 |
| U.S. DEPARTMENT OF HOMELAND SECURITY: | | | |
| <i>Pass-through from the State of Michigan Department of Natural Resources, Grants Management</i> | | | |
| 2011 Marine Safety Program | 97.012 | N/A | 11,541 |
| <i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i> | | | |
| Operation Stonegarden Grant | 97.067 | N/A | 380,853 |
| <i>Pass-through from the County of Houghton:</i> | | | |
| Emergency Management Performance Grant | 97.042 | N/A | 18,530 |
| Homeland Security Grant | 97.067 | N/A | 232,887 |
| Subtotal | | | 251,417 |
| Total U.S. Department of Homeland Security | | | 643,811 |
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES: | | | |
| <i>Pass-through from the State of Michigan Department of Human Services (DHS):</i> | | | |
| Friend of the Court/PA - Incentive | 93.563 | N/A | 46,338 |
| Friend of the Court - Cooperative Reimbursement | 93.563 | CS/FOC-10-17001 | 248,159 |
| Prosecuting Attorney - Cooperative Reimbursement | 93.563 | CS/PA-10-17002 | 69,207 |
| Friend of the Court PRO FC | 93.658 | PROFC-08-17001 | 47,507 |
| Subtotal | | | 411,211 |
| <i>Pass-through from Pathways:</i> | | | |
| Substance Abuse Treatment Prevention | 93.959 | 00 B1MISAPT05 | 54,788 |
| <i>Pass-through from the State of Michigan Department of Community Health:</i> | | | |
| Bioterrorism 10/1/10 to 7/31/11 | 93.069 | CCU517018 | 102,602 |
| Bioterrorism 8/1/10 to 9/30/11 | 93.069 | CCU517018 | 17,244 |
| Bioterrorism Supplemental | 93.069 | CCU517018 | 6,769 |
| H1N1 Pan Flu | 93.069 | IH75TD000353 | 317,397 |
| Family Planning | 93.217 | 05H000173 | 57,594 |
| Youth Suicide Prevention | 93.243 | U79SM057838 | 45,000 |
| Immunizations - IAP | 93.268 | H23 CCH522556 | 19,835 |
| Immunizations - Fixed Fees | 93.268 | H23 CCH522556 | 4,200 |
| Vaccine Provided | 93.268 | N/A | 149,131 |
| Building Healthy Communities | 93.283 | 1U55DP003040 | 10,000 |
| Building Healthy Communities | 93.283 | 1U58DP001386 | 15,000 |
| Cancer-BCCCP Coordination | 93.283 | U58DP000812 | 24,720 |
| Immunization Reaching More Children - ARRA | 93.712 | 3H23IP5225560752 | 6,562 |
| Smoke Free - ARRA | 93.723 | - | 27,272 |
| Medicaid Administration | 93.778 | 5XX05MI5048 | 75,106 |
| Maternal and Child Health Block Grant - Local MCH | 93.994 | B1MIMCHS | 7,741 |
| Maternal and Child Health Block Grant - Title V | 93.994 | B1MIMCHS | 28,511 |
| Subtotal | | | 914,684 |
| Total U.S. Department of Health & Human Services | | | 1,380,683 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 6,320,591 |

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Chippewa, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SUBRECIPIENT GRANTEE:

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

| <u>Program Title</u> | <u>Subrecipient</u> | <u>Federal CFDA Number</u> | <u>Amount Provided To Subrecipients</u> |
|----------------------|--|------------------------------------|---|
| CDBG-Housing Grant | Community Action Human Resource Authority | 14.228 | \$ <u>74,389</u> |

NOTE C - MDOT ADMINISTRATION:

The Highway Planning and Construction Grants (Chippewa County Road Commission) and Airport Improvement Grants (Chippewa County Economic Development Corporation) include various contracted projects. Accordingly, the federal expenditures recognized on each negotiated project do not necessarily relate to the County's actual costs for that project. Contracted projects are administered by MDOT which monitors the applicable compliance requirements of those projects.

NOTE D - RECONCILIATION TO THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE:

The following is a reconciliation of the amounts reported on the basic financial statements to the Schedule of Expenditures of Federal Awards:

| | |
|--|---------------------|
| Total Federal per Financial Statements | |
| Revenues – Primary Government | \$ 1,277,766 |
| Federal Grants of Component Units | 4,515,518 |
| Federal Grants in Trust & Agency | 485,215 |
| Prior Year Payments Received | <u>42,092</u> |
| Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards | <u>\$ 6,320,591</u> |

Section I – Summary of Auditor’s Results**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

· Material weaknesses identified? No

· Significant deficiencies identified
that are not considered to be
material weaknesses? No

Noncompliance material to financial
statements noted? No

Federal Awards

Internal control over major programs:

· Material weaknesses identified? No

· Significant deficiencies identified
that are not considered to be
material weaknesses? No

Type of auditor’s report issued on
compliance for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? No

Identification of Major Programs**CFDA Numbers****Name of Federal Program or Cluster**

10.665

Schools and Roads Grant

93.069

Pandemic Flu

93.563

Child Support Enforcement

97.067

Operation Stonegarden Grant/Homeland
Security Grants

Dollar threshold used to distinguish between types
A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Section II – Financial Statement Findings

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Additional Information

CHIPPEWA COUNTY, MICHIGAN

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Honorable Chairman and
Members of the Board of Directors
Chippewa County
Sault Ste. Marie, Michigan

Our report on our audit of the basic financial statements of County of Chippewa, Michigan, as of and for the year ended December 31, 2011, appears on page 1. That audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

Anderson, Tackman & Company, PLC
Certified Public Accountants

May 2, 2012

**NOTE 1 - DEBT ISSUES APPLICABLE TO SEC RULE 15c2-12 DISCLOSURES
REQUIREMENTS:**

Debt issues of \$1,000,000 or more sold on or after July 3, 1995 are applicable to SEC rule 15c2-12 disclosure requirements. As of December 31, 2011, the County has the following debt issues which apply to SEC Rule 15c2-12.

1. \$7,870,000 City of Sault Ste. Marie Water Supply and Sewage Disposal System Limited Tax General Obligation Bonds, Series 2010.
2. \$1,635,000 Chippewa County General Obligation Bonds, Series 2010.
3. \$3,645,000 Chippewa County Refunding Bonds, Series 2010.
4. \$1,790,000 Chippewa County Refunding Bonds, (City of Sault Ste. Marie), Series 2011.

NOTE 2 - TABLES:

The following tables are included in the debt issues and are required to be updated annually to comply with the Municipal Securities disclosure requirements of the SEC Rule 15c2-12.

A. Population:

| | | | |
|-----------------------|--------|------------------------|--------|
| 1960 U.S. Census..... | 32,655 | 1990 U.S. Census | 34,604 |
| 1970 U.S. Census..... | 32,412 | 2000 U.S. Census | 38,543 |
| 1980 U.S. Census..... | 29,029 | 2010 U.S. Census | 38,520 |
| 2011 estimate | | 38,000 | |

Source: U.S. Department of Commerce - Bureau of Census and County of Chippewa

B. Taxable Value (Ad Valorem) by Use and Class:

| Use | 2011 | | 2010 | |
|--------------|-------------------------|------------------|-------------------------|------------------|
| | Amount | Percent of Total | Amount | Percent of Total |
| Agricultural | \$ 33,755,891 | 3.20% | \$ 32,828,463 | 3.17% |
| Commercial | 172,132,991 | 16.33% | 170,610,088 | 16.46% |
| Industrial | 26,004,309 | 2.47% | 27,156,518 | 2.62% |
| Residential | 790,523,524 | 75.00% | 776,112,726 | 74.88% |
| Utility | 31,605,200 | 3.00% | 29,744,800 | 2.87% |
| Total | <u>\$ 1,054,021,915</u> | <u>100.00%</u> | <u>\$ 1,036,452,595</u> | <u>100.00%</u> |

NOTE 2 – TABLES: (Continued)

B. Taxable Value (Ad Valorem) by Use and Class: (Continued)

| Class | 2011 | | 2010 | |
|-------------------|-------------------------|------------------|-------------------------|------------------|
| | Amount | Percent of Total | Amount | Percent of Total |
| Real Property | \$ 992,048,790 | 94.12% | \$ 973,091,995 | 93.89% |
| Personal Property | 61,973,125 | 5.88% | 63,360,600 | 6.11% |
| Total | <u>\$ 1,054,021,915</u> | <u>100.00%</u> | <u>\$ 1,036,452,595</u> | <u>100.00%</u> |

Source: County of Chippewa

C. Taxable Value:

| Assessed Value as of December 31 | Year of State Equalization and Tax Levy | County's Fiscal Year Ended or Ending December 31 | Ad Valorem Taxable Value | Taxable Value of Property Granted Tax Abatement Under Acts 198 and 255 | Total Taxable Value | Percent Increase Over Prior Year |
|----------------------------------|---|--|--------------------------|--|---------------------|----------------------------------|
| 2003 | 2004 | 2005 | 802,649,760 | 6,328,550 | 808,978,310 | 5.58% |
| 2004 | 2005 | 2006 | 850,751,607 | 6,328,550 | 857,080,157 | 5.95% |
| 2005 | 2006 | 2007 | 897,212,364 | 4,264,000 | 901,476,364 | 5.18% |
| 2006 | 2007 | 2008 | 945,255,956 | 4,428,200 | 949,684,156 | 5.35% |
| 2007 | 2008 | 2009 | 976,118,163 | 4,428,200 | 980,546,363 | 3.35% |
| 2008 | 2009 | 2010 | 1,020,314,976 | 3,777,300 | 1,024,092,276 | 4.44% |
| 2009 | 2010 | 2011 | 1,054,021,915 | 2,302,600 | 1,056,324,515 | 3.15% |
| 2010 | 2011 | 2012 | Unavailable | | | |

Per Capita Total taxable value for the fiscal year ending December 31, 2011 \$27,798.01.

(1) Based on the County's 2011 population estimate of 38,000.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

D. SEV by Use and Class:

| Use | Fiscal Year Ended or Ending December 31 | | | | | | | |
|-------------------|---|-------------|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|
| | 2008 | % | 2009 | % | 2010 | % | 2011 | % |
| Agriculture | \$ 51,172,100 | 4% | \$ 54,648,700 | 4% | \$ 56,099,300 | 4% | \$ 56,136,700 | 4% |
| Commercial | 176,609,794 | 13% | 176,124,589 | 13% | 183,177,750 | 13% | 183,237,057 | 13% |
| Industrial | 24,569,200 | 2% | 25,920,700 | 2% | 28,789,300 | 2% | 27,450,800 | 2% |
| Residential | 1,032,125,880 | 79% | 1,076,007,514 | 79% | 1,076,445,849 | 78% | 1,066,857,987 | 78% |
| Utility | 25,175,700 | 2% | 25,110,600 | 2% | 29,744,800 | 2% | 31,605,200 | 2% |
| Total | <u>\$ 1,309,652,674</u> | <u>100%</u> | <u>\$ 1,357,812,103</u> | <u>100%</u> | <u>\$ 1,374,256,999</u> | <u>100%</u> | <u>\$ 1,365,287,744</u> | <u>100%</u> |
| Class | | | | | | | | |
| Real Property | \$ 1,251,991,094 | 96% | \$ 1,300,698,423 | 96% | \$ 1,310,896,399 | 95% | \$ 1,303,314,619 | 95% |
| Personal Property | <u>57,661,580</u> | <u>4%</u> | <u>57,113,680</u> | <u>4%</u> | <u>63,360,600</u> | <u>5%</u> | <u>61,973,125</u> | <u>5%</u> |
| Total | <u>\$ 1,309,652,674</u> | <u>100%</u> | <u>\$ 1,357,812,103</u> | <u>100%</u> | <u>\$ 1,374,256,999</u> | <u>100%</u> | <u>\$ 1,365,287,744</u> | <u>100%</u> |

Source: County of Chippewa

E. Maximum Tax Rates:

| Millage Classification | Millage Authorized | Millage Reduction Fraction (1) | Maximum Allowable Millage |
|---------------------------|-----------------------|--------------------------------------|---------------------------------|
| Allocated | 6.1500 | 1.0000 | 6.1500 |
| Fire/Ambulance (2) | 0.4280 | 1.0000 | 0.4275 |
| Roads (3) | 1.0000 | 1.0000 | 0.9879 |
| Recycling (2) | 0.5000 | 1.0000 | 0.5000 |
| Jail Renovation (5) | 0.7500 | 1.0000 | 0.7078 |
| Senior Programs (4) | 0.5000 | 1.0000 | 0.4994 |

(1) Cumulative.

(2) Voted.

(3) Voted. Final levy will be December 31, 2011.

(4) Voted and levied first time in 2009.

(5) Voted. Expires with December 31, 2017 levy.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

F. Revenues from the State of Michigan

| <u>Fiscal Year Ended/Ending</u> | <u>Revenue Sharing Payments</u> |
|---------------------------------|---------------------------------|
| December 31, 2008 | - |
| December 31, 2009 | - |
| December 31 2010 | - |
| December 31, 2011 | - |

Source: County of Chippewa

G. Property Tax Rates:

| Levy December 1 | Fiscal Years Ended or Ending December 31 | Allocated | Fire/ Ambulance (1) | Road Improvements (1) | Recycling (1) | Jail (1) | Senior Program (1) | Total |
|--------------------|---|-----------|---------------------------|-----------------------------|------------------|-------------|--------------------------|--------|
| 2005 | 2006 | 5.9805 | 0.4173 | 0.9687 | 0.4861 | 0.7166 | - | 8.5692 |
| 2006 | 2007 | 5.9314 | 0.4293 | 0.9607 | 0.5000 | 0.7107 | - | 8.5321 |
| 2007 | 2008 | 6.1426 | 0.4280 | 0.9906 | 0.4994 | 0.7098 | - | 8.7704 |
| 2008 | 2009 | 6.1327 | 0.4280 | 0.9890 | 0.4986 | 0.7086 | - | 8.7569 |
| 2009 | 2010 | 6.1327 | 0.4284 | 0.9890 | 0.4986 | 0.7086 | 0.5000 | 9.2573 |
| 2010 | 2011 | 6.1259 | 0.4275 | 0.9879 | 0.5000 | 0.7078 | 0.4994 | 9.2485 |
| 2011 | 2012 | 6.1500 | 0.4275 | 0.9879 | 0.5000 | 0.7078 | 0.4994 | 9.2726 |

(1) Voted.

Source: County of Chippewa

H. Highest and Lowest Tax Rates:

The highest and lowest tax rates for properties allowed special exemption status and all other taxable properties within the County for its fiscal year ending December 31, 2011:

| <u>Property Classification</u> | <u>Highest Tax Rate</u> | | <u>Lowest Tax Rate</u> | |
|------------------------------------|-------------------------|-----------------|------------------------|-----------------|
| | <u>Municipality</u> | <u>Tax Rate</u> | <u>Municipality</u> | <u>Tax Rate</u> |
| Special Exemption* | Sault Ste. Marie | 39.8959 mils | Soo Township | 19.5458 mils |
| Other | Sault Ste. Marie | 57.8347 mils | Soo Township | 37.4846 mils |

(*) Special Exemption means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit, includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the property includes only 5 acres adjacent and contiguous to the home of the owner. Special exemption includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 to the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

I. Property Tax Collections:

| July/Dec. 1 Levy | Fiscal Years Ended or Ending December 31 | County Tax Levy (1) | Collections to March 1 Following Levy | Percent Collected to March 1 Following Levy |
|---------------------|---|------------------------|--|---|
| 2006 | 2007 | \$ 6,779,257 | \$ 6,223,099 | 91.80% |
| 2007 | 2008 | 7,192,915 | 6,648,532 | 92.43% |
| 2008 | 2009 | 7,473,870 | 6,869,311 | 91.91% |
| 2009 | 2010 | 8,420,585 | 7,170,416 | 85.15% |
| 2010 | 2011 | 8,511,609 | 7,910,310 | 92.93% |
| 2011 | 2012 | 8,573,674 | 7,525,927 | 87.77% |

(1) Reflects County levy only. All tax levies reflect adjustments for State Tax Tribunal consent judgments, Board of Review decisions, real estate taxes canceled through foreclosure sales and personal property taxes canceled by circuit court.

Source: County of Chippewa

J. Ten Largest Taxpayers:

| Taxpayer | Principal Productor Service | December 31, 2010 | |
|--|-----------------------------|----------------------|----------------------------|
| | | Taxable Value (1) | Percent of of Total (2) |
| Cloverland Electric Co. | Utility | \$ 31,393,555 | 41% |
| American Transmission | Utility | 8,353,638 | 11% |
| Wal-Mart Real Estate Business | Shopping Center | 8,270,400 | 10% |
| DDR Michigan II LLC | Shopping Mall | 7,091,854 | 9% |
| Continental Teves, Inc. | Auto Testing Service | 4,753,513 | 6% |
| Precision Edge/12 th Ave Rlty | Manufacturing | 4,288,700 | 6% |
| Pointe West I LP | Apartment Complex | 4,262,805 | 6% |
| Sault Ste. Marie Tribe | Various | 3,481,003 | 5% |
| Michigan Consolidated Gas | Utility | 2,577,358 | 3% |
| Central Savings Bank | Financial Institution | 2,536,496 | 3% |
| | | <u>\$ 77,009,322</u> | <u>\$ 100%</u> |

(1) Includes Equivalent Taxable Value of properties granted tax abatement under Act 198.

(2) Based on 1,054,021,915 which is the County's Total Taxable Value for the fiscal year ending December 31, 2011. Includes the Equivalent Taxable Value of property granted tax abatement under Act 198.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

K. Legal Debt Margin:

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the County may legally incur:

| | |
|----------------------|-----------------------|
| Debt Limit (1) | \$ 136,528,774 |
| Debt Outstanding (2) | <u>(17,750,396)</u> |
| Legal Debt Margin | <u>\$ 118,778,378</u> |

- (1) 10% of \$1,365,287,744 which is the County's Total SEV for its fiscal year ending December 31, 2011. Includes the SEV of property granted tax abatement under Act 198.
(2) Includes the Bonds described herein.

Source: County of Chippewa and Municipal Advisory Council of Michigan

L. Debt Schedule:

The following table reflects a summary of the County's direct and underlying debt as of December 31, 2011:

| <u>County Direct Debt</u> | <u>Gross</u> | <u>Self-Supporting</u> | <u>Net</u> |
|---|----------------------|------------------------|---------------------|
| Building Authority Bonds: | | | |
| Dated July 12, 2011 (LT) | \$ 4,790,000 | \$ - | \$ 4,790,000 |
| Dated April 1, 2010 (LT) | <u>2,940,000</u> | <u>-</u> | <u>2,940,000</u> |
| Subtotal | <u>7,730,000</u> | <u>-</u> | <u>7,730,000</u> |
| Water and Sewer Bonds: | | | |
| Dated February 3, 2010 | 7,595,000 | 7,595,000 | - |
| Dated June 26, 2000 | <u>383,958</u> | <u>383,958</u> | <u>-</u> |
| Subtotal | <u>7,978,958</u> | <u>7,978,958</u> | <u>-</u> |
| General Obligation Bonds: | | | |
| Dated December 10, 2009 | <u>1,310,000</u> | <u>-</u> | <u>1,310,000</u> |
| Installment Obligations | <u>731,438</u> | <u>-</u> | <u>731,438</u> |
| Total | <u>\$ 17,750,396</u> | <u>\$ 7,978,958</u> | <u>\$ 9,771,438</u> |
| Per Capita Net County Direct Debt | | | \$ 257.14 |
| Percent of Net Direct Debt to Total SEV | | | .72% |

NOTE 2 - TABLES: (Continued)

L. Debt Schedule: (Continued)

| <u>Underlying Debt of County (5)</u> | <u>Total</u> |
|--|----------------------|
| City | \$ 11,205,000 |
| Townships | 857,525 |
| School Districts | <u>26,377,311</u> |
| Total Underlying Debt | <u>\$ 38,439,836</u> |
| Per Capita Underlying Debt (3) | \$ 1,011.57 |
| Percent of Underlying Debt to Total SEV (4) | 2.82% |
| Total Direct and Underlying Debt | <u>\$ 56,190,232</u> |
| Per Capita Net Direct and Underlying Debt (3) | \$ 1,478.69 |
| Percent of Net Direct and Underlying Debt to Total SEV (4) | 4.12% |

- (1) The Bonds described herein.
- (2) Secured by the City of Sault Ste. Marie's full faith and credit and limited taxing power.
- (3) Based on the County's 2011 population estimate of 38,000.
- (4) Based on \$1,365,287,744 which is the County's Total SEV for its fiscal year ending December 31, 2011. Includes the SEV of property granted tax abatement under Act 198.
- (5) Underlying Debt is the debt of the municipal entities located in the County.

Source: County of Chippewa and the Municipal Advisory Council of Michigan.

M. Debt History:

There is no record of default on obligations of the County.

N. Installment Purchase and Lease Obligations:

See Notes to Financial Statements.

NOTE 2 - TABLES: (Continued)

O. Short Term Borrowings:

The County in the years 1983 through 2000, inclusive, issued Delinquent Tax Notes to fund, in part, its Delinquent Tax Payment Fund. The primary security for the Delinquent Tax Notes was the payment of the Delinquent Real Property Taxes. In addition, the County pledged its full faith and credit and limited taxing power to the payment of principal of and interest on the Delinquent Tax Notes. The County may or may not issue notes to fund the Delinquent Tax Payment Fund in future years. The amounts issued in 1994 through 2000, inclusive, are as follows:

| <u>Year Issued</u> | <u>Notes Issued</u> | <u>Amount Outstanding</u> |
|--------------------|---------------------|-------------------------------|
| 1995 | \$ 500,000 | \$ - |
| 1996 | 500,000 | - |
| 1997 | 500,000 | - |
| 1998 | 700,000 | - |
| 1999 | 1,250,000 | - |
| 2000 | 800,000 | - |

The County does not issue short-term obligations for cash flow purposes.

Source: County of Chippewa

P. Future Financing:

Not Anticipated.

Q. Vacation and Sick Leave:

Employees earn varying amounts of annual vacation and sick leave based on number of years of service up to a maximum and on the various labor union contract terms and administration policies of the different County operating units. Vacation is accumulated and taken annually. Sick leave can accumulate up to 168 hours. In addition, each year sheriff employees are given 96 days of sick time for jail employees and 64 days sick time for road patrol employees with 100 percent vesting after three years of service for the Sheriff's department only. At December 31, 2011, the accumulated unpaid compensated absences amount to \$678,064.

NOTE 2 - TABLES: (Continued)

R. Pension Plan:

All full-time employees of the County are participants in a defined benefit plan administered by the Michigan Municipal Employees Retirement System. The County's contribution to the plan, expressed as a percentage of active member payroll, covers current service costs, unrealized investment income on unfunded accrued liabilities (prior service costs) and the amortization of unfunded accrued liabilities over a 30 year period. Employees of the County contribute 2% of their gross wages. Actuarial assumption are subject to periodic change.

| <u>December 31 Valuation Date</u> | <u>Net Assets Available for Benefits</u> | <u>Actuarial Accrued Liability</u> | <u>Assets as a Percent of Actuarial Accrued Liability</u> |
|---|--|--|---|
| 2000 | 15,206,302 | 16,022,011 | 95 |
| 2001 | 16,467,208 | 18,117,222 | 91 |
| 2002 | 17,113,545 | 19,641,138 | 87 |
| 2003 | 18,576,288 | 21,329,406 | 87 |
| 2004 | 19,907,076 | 22,727,407 | 88 |
| 2005 | 21,105,600 | 24,098,670 | 88 |
| 2006 | 22,719,301 | 25,841,406 | 88 |
| 2007 | 24,411,785 | 27,878,398 | 88 |
| 2008 | 25,304,999 | 30,749,995 | 82 |
| 2009 | 26,418,432 | 32,521,364 | 81 |
| 2010 | 27,576,324 | 34,793,371 | 79 |

Source: County of Chippewa

S. Labor Contracts:

The County courthouse has 147 full and part-time employees. Approximately 47% of the County's permanent employees are represented by labor organizations. The following table illustrates the various labor organizations which represent County employees, the number of members and the expiration date of the present contracts.

| <u>Employee Group</u> | <u>Membership</u> | <u>Current Expiration Date</u> |
|---|-------------------|--|
| American Federation of State, County and Municipal Employees | 33 | December 31, 2014 |
| Police Officers Labor Council | 36 | December 31, 2014 |
| Non-Union Employees | <u>82</u> | Not applicable |
| Total Permanent County Employees | <u>151</u> | |

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

T. Profile of Major Employers:

The following table reflects the diversity of the major employers in the County by the products manufactured or services performed and the approximate number of employees.

| <u>Company</u> | <u>Principal Product or Service</u> | <u>Approximate Number of Employees</u> |
|------------------------------------|--|--|
| Michigan Department of Corrections | Correctional Institution | 975 |
| War Memorial Hospital | Hospital | 848 |
| Wal-Mart | Department Store | 410 |
| Lake Superior State University | Education | 362 |
| Hiawatha Behavioral Health | Mental Health | 267 |
| Sault Area Public Schools | Education | 261 |
| C.L.M. Community Action | Child Daycare Services / Senior Services | 190 |
| Precision Edge Surgical Products | Surgical Tools and Instruments | 190 |
| Rudyard Area Schools | Education | 166 |
| Chippewa County | Government | 148 |

Source: County of Chippewa

U. Employment:

Reflected below are the unemployment statistics for the County for the calendar years 2006 through 2011:

| <u>County of Chippewa</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Employed | 16,395 | 16,188 | 15,811 | 14,314 | 14,807 | 4,982 |
| Unemployed | <u>1,510</u> | <u>1,528</u> | <u>1,718</u> | <u>2,661</u> | <u>2,209</u> | <u>1,908</u> |
| Labor Force | <u>17,905</u> | <u>17,716</u> | <u>17,529</u> | <u>16,975</u> | <u>17,016</u> | <u>16,890</u> |
| Unemployed as % Of Labor Force (1) | 8.4% | 8.6% | 9.8% | 15.7% | 13.0% | 11.3% |

(1) Totals and percentages may differ due to rounding by the Michigan Unemployment Agency.

Source: Michigan Unemployment Agency