

**County of Chippewa, Michigan**

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**BASIC FINANCIAL STATEMENTS**

**December 31, 2012**

**CHIPPEWA COUNTY, MICHIGAN**

ORGANIZATION

**COUNTY BOARD OF COMMISSIONERS**

CHAIRMAN	SCOTT SHACKLETON
COMMISSIONER	DONALD COOPER
COMMISSIONER	DONALD MCLEAN
COMMISSIONER	TED POSTULA
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/JUVENILE COURT	HON. JAMES LAMBROS
DISTRICT COURT	HON. ELIZABETH CHURCH

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

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REBECCA A. REMONDINI, CPA

**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 the aggregate remaining fund information, of the County of Chippewa, Michigan, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 10, pages 52 through 54, and pages 55 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Chippewa's basic financial statements. The combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2013 on our consideration of the County of Chippewa'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* in considering the County of Chippewa's internal control over financial reporting and compliance.



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

May 7, 2013



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

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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, 2012.

**Financial Highlights**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$16,864,938. Of this amount, \$1,729,592 is restricted.
- Net position for the County as a whole decreased by \$461,999. Net position of our governmental activities decreased by \$1,325,781 and net position of our business-type activities increased by \$863,782.
- During the year, the County had expenses for governmental funds that were \$24,303,276, and expenses for business-type activities that were \$175,297.
- The General Fund reported a net fund balance of \$4,892,354, a decrease of \$280,765. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,629,034, or 29% 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 five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, and (5) other supplementary information.

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

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

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

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 11-12 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 13-14 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 16-18 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 19 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 22-51 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes funding progress and budget comparison schedules. Funding progress and budget comparison schedules can be found on pages 52-62 of this report.

**Other supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes the combining fund financial statements. Combining fund statements can be found on pages 63-84 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Chippewa County, assets exceeded liabilities by \$16,864,938 at the close of the most recent fiscal year.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current Assets	\$ 14,641,839	\$ 17,212,084	\$ 13,140,985	\$ 12,230,059	\$ 27,782,824	\$ 29,442,143
Capital Assets	15,051,677	12,942,106	-	-	15,051,677	12,942,106
<b>Total Assets</b>	<b>\$ 29,693,516</b>	<b>\$ 30,154,190</b>	<b>\$ 13,140,985</b>	<b>\$ 12,230,059</b>	<b>\$ 42,834,501</b>	<b>\$ 42,384,249</b>
<b>Liabilities</b>						
Current Liabilities	\$ 5,611,267	\$ 5,071,844	\$ 168,402	\$ 121,258	\$ 5,779,669	\$ 5,193,102
Noncurrent Liabilities	20,189,894	19,864,210	-	-	20,189,894	19,864,210
<b>Total Liabilities</b>	<b>25,801,161</b>	<b>24,936,054</b>	<b>168,402</b>	<b>121,258</b>	<b>25,969,563</b>	<b>25,057,312</b>
<b>Net Position</b>						
Net Investment in						
Capital Assets	(614,564)	658,660	-	-	(614,564)	658,660
Restricted	1,729,592	2,133,908	-	-	1,729,592	2,133,908
Unrestricted	2,777,327	2,425,568	12,972,583	12,108,801	15,749,910	14,534,369
<b>Total Net Position</b>	<b>\$ 3,892,355</b>	<b>\$ 5,218,136</b>	<b>\$ 12,972,583</b>	<b>\$ 12,108,801</b>	<b>\$ 16,864,938</b>	<b>\$ 17,326,937</b>

The current level of unrestricted net position for our governmental activities stands at \$2,777,327, or about 11% of expenses. This is within the targeted range set by the County Board of Commissioners during its last budget process.

Net Position of the governmental activities decreased approximately 26%. Net Position of the business-type activities increased approximately 7%.

The following table shows the activities of the County.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Program Revenues</b>						
Charges for Services	\$ 7,091,105	\$ 7,810,715	\$ 1,027,616	\$ 978,049	\$ 8,118,721	\$ 8,788,764
Operating Grants and Contributions	5,668,174	5,676,153	-	-	5,668,174	5,676,153
Capital Grants and Contributions	54,991	352,477	-	-	54,991	352,477
<b>General Revenues</b>						
Property Taxes	8,757,240	8,675,459	-	-	8,757,240	8,675,459
Interest income	86,937	55,706	62,867	76,296	149,804	132,002
Other Revenue (Expense)	1,317,644	1,112,614	-	-	1,317,644	1,112,614
<b>Total Revenues</b>	<b>22,976,091</b>	<b>23,683,124</b>	<b>1,090,483</b>	<b>1,054,345</b>	<b>24,066,574</b>	<b>24,737,469</b>
<b>Expenses</b>						
Legislative	127,406	140,748	-	-	127,406	140,748
Judicial	2,630,522	2,500,127	-	-	2,630,522	2,500,127
General Government	4,656,754	3,927,239	-	-	4,656,754	3,927,239
Public Safety	5,347,858	5,229,232	-	-	5,347,858	5,229,232
Public Works	732,901	601,201	-	-	732,901	601,201
Health and Welfare	8,422,337	8,049,191	-	-	8,422,337	8,049,191
Community and Economic Development	8,706	74,389	-	-	8,706	74,389
Interest Expense - Unallocated	690,203	950,181	-	-	690,203	950,181
Other	891,001	1,311,864	-	-	891,001	1,311,864
Tax Collection	-	-	3,922	23,295	3,922	23,295
Depreciation - Unallocated	795,588	840,016	-	-	795,588	840,016
Other Nonmajor	-	-	171,375	155,615	171,375	155,615
<b>Total Expenses</b>	<b>24,303,276</b>	<b>23,624,188</b>	<b>175,297</b>	<b>178,910</b>	<b>24,478,573</b>	<b>23,803,098</b>
Excess (Deficiency) Before Transfers	(1,327,185)	58,936	915,186	875,435	(411,999)	934,371
Transfers	1,404	152,188	(51,404)	(152,188)	(50,000)	-
<b>Changes in Net Position</b>	<b>(1,325,781)</b>	<b>211,124</b>	<b>863,782</b>	<b>723,247</b>	<b>(461,999)</b>	<b>934,371</b>
Net Position - Beginning	5,218,136	5,007,012	12,108,801	11,385,554	17,326,937	16,392,566
<b>Net Position - Ending</b>	<b>\$ 3,892,355</b>	<b>\$ 5,218,136</b>	<b>\$ 12,972,583</b>	<b>\$ 12,108,801</b>	<b>\$ 16,864,938</b>	<b>\$ 17,326,937</b>

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, unassigned 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 13 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 2012 include the General Fund, Health Department, Chippewa County Recycling, Senior Nutrition, Ambulance, 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, health, 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 \$1,436,290 in appropriations. The largest increases were within the judicial department.

During the year, general fund revenues were \$308,917 less than budgetary estimates, while general fund expenditures were \$751,827 less than budgetary estimates. The actual change in fund balance was a decrease.

### **Capital Assets**

The County's investment in capital assets for its governmental activities as of December 31, 2012, amounted to \$15,051,677 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was \$2,109,571.

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

- Purchase of imaging technology for \$133,382, court technology of \$55,509, sheriff department vehicles for \$78,439, and other county building renovations of \$2,130,087.

Additional information on the County's capital assets can be found in note 4 on page 33 of this report.

### **Debt Administration**

At the end of the current fiscal year, the County had total debt outstanding of \$21,817,598. Of this amount, \$15,654,958 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 \$1,364,000 in principal payments and issued no new debt.

Additional information on the County's long-term debt can be found in note 7 on pages 38-40 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. This fund closed during 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**

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# County of Chippewa, Michigan

## Statement of Net Position

December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>ASSETS:</b>				
Cash & Investments - Unrestricted	\$ 7,598,146	\$ 11,044,779	\$ 18,642,925	\$ 2,697,504
- Restricted	1,576,012	-	1,576,012	20,000
Receivables:				
Accounts	1,227,078	80	1,227,158	457,231
Taxes	2,793,861	1,834,829	4,628,690	758,013
Interest	7,100	261,297	268,397	2,824
Internal Loans	4,076	(4,076)	-	-
Due from Governmental Units	1,053,270	4,076	1,057,346	1,329,570
Inventories	19,735	-	19,735	805,451
Prepaid Expenses	362,561	-	362,561	118,106
Capital assets (nondepreciable)	2,788,516	-	2,788,516	50,321,720
Capital Assets (net of accumulated depreciation)	12,263,161	-	12,263,161	60,040,781
<b>TOTAL ASSETS</b>	<u>\$ 29,693,516</u>	<u>\$ 13,140,985</u>	<u>\$ 42,834,501</u>	<u>\$ 116,551,200</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Short Term Notes Payable	\$ -	\$ -	\$ -	\$ 305,867
Accounts Payable	663,355	-	663,355	354,338
Accrued Liabilities	621,187	2,640	623,827	246,433
Advances	-	-	-	481,068
Accrued Interest Payable	157,556	-	157,556	-
Due to Governmental Units	91,422	165,762	257,184	48,077
Deferred Revenue	2,450,043	-	2,450,043	758,839
Notes Payable	-	-	-	262,848
Bonds Payable	1,414,000	-	1,414,000	-
Capital Leases Payable	11,283	-	11,283	-
Compensated Absences	202,421	-	202,421	-
Non-current Liabilities:				
Notes Payable	-	-	-	249,411
Bonds Payable	14,240,958	-	14,240,958	-
Compensated Absences & OPEB Obligations	5,948,936	-	5,948,936	3,135,501
<b>TOTAL LIABILITIES</b>	<u>25,801,161</u>	<u>168,402</u>	<u>25,969,563</u>	<u>5,842,382</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	(614,564)	-	(614,564)	109,544,375
Restricted	1,729,592	-	1,729,592	468,482
Unrestricted	2,777,327	12,972,583	15,749,910	695,961
<b>TOTAL NET POSITION</b>	<u>\$ 3,892,355</u>	<u>\$ 12,972,583</u>	<u>\$ 16,864,938</u>	<u>\$ 110,708,818</u>

# County of Chippewa, Michigan

## Statement of Activities For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Totals	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 127,406	\$ -	\$ -	\$ -	\$ (127,406)	\$ -	\$ (127,406)	\$ -
Judicial	2,630,522	327,787	472,257	-	(1,830,478)	-	(1,830,478)	-
General Government	4,656,754	449,653	2,333,136	-	(1,873,965)	-	(1,873,965)	-
Public Safety	5,347,858	1,737,059	762,398	54,991	(2,793,410)	-	(2,793,410)	-
Public Works	732,901	80,409	13,505	-	(638,987)	-	(638,987)	-
Health & Welfare	8,422,337	4,496,197	2,078,172	-	(1,847,968)	-	(1,847,968)	-
Community/Economic Development	8,706	-	8,706	-	-	-	-	-
Interest Expense - Unallocated	690,203	-	-	-	(690,203)	-	(690,203)	-
Other	891,001	-	-	-	(891,001)	-	(891,001)	-
Depreciation - Unallocated	795,588	-	-	-	(795,588)	-	(795,588)	-
Total Governmental Activities	24,303,276	7,091,105	5,668,174	54,991	(11,489,006)	-	(11,489,006)	-
<b>Business-type activities:</b>								
Tax Collection	3,922	577,479	-	-	-	573,557	573,557	-
Other Nonmajor	171,375	450,137	-	-	-	278,762	278,762	-
Total Business-type Activities	175,297	1,027,616	-	-	-	852,319	852,319	-
Total Primary Government	\$ 24,478,573	\$ 8,118,721	\$ 5,668,174	\$ 54,991	(11,489,006)	852,319	(10,636,687)	-
<b>Component Units:</b>								
Road Commission	\$ 8,823,575	\$ 2,441,456	\$ 2,803,598	\$ 4,268,610				690,089
Economic Development Corporation	3,808,741	2,483,186	-	1,037,628				(287,927)
E.U.P. Transportation Authority	4,102,524	1,485,874	1,649,782	1,276,665				309,797
Total Component Units	16,734,840	6,410,516	4,453,380	6,582,903				711,959
Total	\$ 41,213,413	\$ 14,529,237	\$ 10,121,554	\$ 6,637,894				
<b>General Revenues and Transfers:</b>								
Taxes					8,757,240	-	8,757,240	612,832
State Revenue Sharing and Other					1,317,644	-	1,317,644	19,487
Interest Income					86,937	62,867	149,804	26,254
Transfers					1,404	(51,404)	(50,000)	50,000
<b>Total General Revenues and Transfers</b>					10,163,225	11,463	10,174,688	708,573
Changes in Net Position					(1,325,781)	863,782	(461,999)	1,420,532
Net Position - Beginning					5,218,136	12,108,801	17,326,937	109,288,286
<b>Net Position - Ending</b>					\$ 3,892,355	\$ 12,972,583	\$ 16,864,938	#REF!

See accompanying notes to financial statements.

# County of Chippewa, Michigan

## Balance Sheet Governmental Funds December 31, 2012

	General	Health Department	Chippewa County Recycling	Senior Nutrition	Ambulance	Correctional Facility Maintenance	Capital Project County Building	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>									
Cash & Investments - Unrestricted	\$ 4,162,723	\$ -	\$ 342,426	\$ 239,621	\$ 5,319	\$ 614,481	\$ 321,945	\$ 776,592	\$ 6,463,107
- Restricted	-	1,576,012	-	-	-	-	-	-	1,576,012
Receivables:									
Accounts - net	5,599	1,113,041	-	-	-	-	-	108,438	1,227,078
Taxes	670,827	-	523,715	523,086	447,776	628,457	-	-	2,793,861
Interest	7,100	-	-	-	-	-	-	-	7,100
Inventory	-	4,565	-	-	-	-	-	-	4,565
Due from Other Funds	260,892	-	-	-	-	-	-	-	260,892
Due from Governmental Units	329,379	470,985	-	-	-	-	-	252,906	1,053,270
Prepaid Expenditures	16,238	56,029	70,200	-	-	-	-	9,392	151,859
<b>TOTAL ASSETS</b>	<b>\$ 5,452,758</b>	<b>\$ 3,220,632</b>	<b>\$ 936,341</b>	<b>\$ 762,707</b>	<b>\$ 453,095</b>	<b>\$ 1,242,938</b>	<b>\$ 321,945</b>	<b>\$ 1,147,328</b>	<b>\$ 13,537,744</b>
<b>LIABILITIES:</b>									
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,413	\$ 243,413
Accounts Payable	238,834	190,710	-	-	-	2,964	157,160	73,687	663,355
Accrued Liabilities	244,074	173,880	-	-	-	-	-	32,284	450,238
Due to Governmental Units	-	91,422	-	-	-	-	-	-	91,422
Deferred Revenue	77,496	244,577	523,715	523,086	447,776	628,457	-	4,936	2,450,043
Compensated Absences	-	202,421	-	-	-	-	-	-	202,421
<b>TOTAL LIABILITIES</b>	<b>560,404</b>	<b>903,010</b>	<b>523,715</b>	<b>523,086</b>	<b>447,776</b>	<b>631,421</b>	<b>157,160</b>	<b>354,320</b>	<b>4,100,892</b>
<b>FUND BALANCES:</b>									
Nonspendable	16,238	60,594	70,200	-	-	-	-	9,392	156,424
Restricted	-	220,282	342,426	239,621	5,319	611,517	-	310,427	1,729,592
Committed	1,221,609	-	-	-	-	-	164,785	7,503	1,393,897
Assigned	25,473	988,856	-	-	-	-	-	468,869	1,483,198
Unassigned	3,629,034	1,047,890	-	-	-	-	-	(3,183)	4,673,741
<b>TOTAL FUND BALANCES</b>	<b>4,892,354</b>	<b>2,317,622</b>	<b>412,626</b>	<b>239,621</b>	<b>5,319</b>	<b>611,517</b>	<b>164,785</b>	<b>793,008</b>	<b>9,436,852</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,452,758</b>	<b>\$ 3,220,632</b>	<b>\$ 936,341</b>	<b>\$ 762,707</b>	<b>\$ 453,095</b>	<b>\$ 1,242,938</b>	<b>\$ 321,945</b>	<b>\$ 1,147,328</b>	

### Reconciliation to amounts reported for governmental activities in the statement of net position:

Capital assets used by governmental activities	15,051,677
Long-term notes & leases payable for governmental activities	(15,666,241)
Compensated absences and OPEB liabilities	(5,948,936)
Internal service funds included in governmental activities	1,176,559
Accrued interest expense recognized under full accrual accounting	(157,556)
<b>Net position of governmental activities</b>	<b>\$ 3,892,355</b>

# County of Chippewa, Michigan

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2012

							Capital Project		
	General	Health Department	Chippewa County Recycling	Senior Nutrition	Ambulance	Correctional Facility Maintenance	County Building	Non-Major Governmental Funds	Totals Governmental Funds
<b>REVENUES:</b>									
Taxes	\$ 6,628,134	\$ -	\$ 529,394	\$ 518,395	\$ 449,405	\$ 631,912	\$ -	\$ -	\$ 8,757,240
License and Permits	52,362	-	-	-	-	-	-	-	52,362
Federal Sources	479,887	1,249,953	-	-	-	-	-	439,303	2,169,143
State Sources	1,695,254	251,380	-	-	-	-	-	282,270	2,228,904
Local Sources	234,316	80,104	-	-	-	-	-	1,501,875	1,816,295
Charges for Services	1,841,757	4,479,185	-	-	-	-	-	637,135	6,958,077
Interest & Rentals	76,709	258	-	-	-	6,843	-	3,127	86,937
Fines and Forfeitures	80,666	-	-	-	-	-	-	-	80,666
Other Revenue	186,998	318,305	-	-	-	4,712	-	323,829	833,844
<b>TOTAL REVENUES</b>	<b>11,276,083</b>	<b>6,379,185</b>	<b>529,394</b>	<b>518,395</b>	<b>449,405</b>	<b>643,467</b>	<b>-</b>	<b>3,187,539</b>	<b>22,983,468</b>
<b>EXPENDITURES:</b>									
Legislative	127,406	-	-	-	-	-	-	-	127,406
Judicial	2,617,453	-	-	-	-	-	-	13,069	2,630,522
General Government	3,016,149	-	-	-	-	-	-	19,209	3,035,358
Public Safety	3,798,990	-	-	-	-	21,978	-	1,526,890	5,347,858
Public Works	-	-	538,600	-	-	-	-	194,301	732,901
Health & Welfare	265,746	6,093,581	-	564,800	289,869	-	-	498,669	7,712,665
Community/Economic Development	-	-	-	-	-	-	-	8,706	8,706
Capital Outlay	201,719	439,852	-	-	-	-	2,130,087	225,386	2,997,044
Debt Service	-	-	-	-	-	-	-	2,061,539	2,061,539
Other Expenditures	891,001	-	-	-	-	-	-	-	891,001
<b>TOTAL EXPENDITURES</b>	<b>10,918,464</b>	<b>6,533,433</b>	<b>538,600</b>	<b>564,800</b>	<b>289,869</b>	<b>21,978</b>	<b>2,130,087</b>	<b>4,547,769</b>	<b>25,545,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>357,619</b>	<b>(154,248)</b>	<b>(9,206)</b>	<b>(46,405)</b>	<b>159,536</b>	<b>621,489</b>	<b>(2,130,087)</b>	<b>(1,360,230)</b>	<b>(2,561,532)</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Operating Transfers In	846,422	150,000	-	-	-	-	400,000	1,592,951	2,989,373
Operating Transfers Out	(1,484,806)	-	-	-	(156,082)	(582,774)	-	(764,307)	(2,987,969)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(280,765)</b>	<b>(4,248)</b>	<b>(9,206)</b>	<b>(46,405)</b>	<b>3,454</b>	<b>38,715</b>	<b>(1,730,087)</b>	<b>(531,586)</b>	<b>(2,560,128)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>5,173,119</b>	<b>2,321,870</b>	<b>421,832</b>	<b>286,026</b>	<b>1,865</b>	<b>572,802</b>	<b>1,894,872</b>	<b>1,324,594</b>	<b>11,996,980</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 4,892,354</b>	<b>\$ 2,317,622</b>	<b>\$ 412,626</b>	<b>\$ 239,621</b>	<b>\$ 5,319</b>	<b>\$ 611,517</b>	<b>\$ 164,785</b>	<b>\$ 793,008</b>	<b>\$ 9,436,852</b>

See accompanying notes to financial statements.

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**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, 2012**

Net changes in fund balances - total governmental funds \$ (2,560,128)

The change in net position 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. 2,109,571

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

Principal repayments:

Bond & Notes Payable	1,364,000
Capital Lease Obligation	43,205

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	7,463
Compensated Absences and OPEB Liabilities	(1,750,967)

Internal Service Fund Activity	(538,925)
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Changes in net position of governmental activities	<u>\$ (1,325,781)</u>
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**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2012**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
<b>ASSETS:</b>				
Cash & Investments	\$ 10,611,927	\$ 432,852	\$ 11,044,779	\$ 1,135,039
Accounts Receivable	-	80	80	-
Taxes Receivable	1,834,829	-	1,834,829	-
Inventories	-	-	-	15,170
Accrued Interest Receivable	261,297	-	261,297	-
Due from Governmental Units	-	4,076	4,076	-
Prepaid Expenses	-	-	-	210,702
<b>TOTAL ASSETS</b>	<b>\$ 12,708,053</b>	<b>\$ 437,008</b>	<b>\$ 13,145,061</b>	<b>\$ 1,360,911</b>
<b>LIABILITIES:</b>				
Due to Other Funds	\$ -	\$ 4,076	\$ 4,076	\$ 13,403
Due to Governmental Units	165,762	-	165,762	-
Accrued Liabilities	2,640	-	2,640	170,949
<b>TOTAL LIABILITIES</b>	<b>168,402</b>	<b>4,076</b>	<b>172,478</b>	<b>184,352</b>
<b>NET POSITION:</b>				
Unrestricted	12,539,651	432,932	12,972,583	1,176,559
<b>TOTAL NET POSITION</b>	<b>\$ 12,539,651</b>	<b>\$ 432,932</b>	<b>\$ 12,972,583</b>	<b>\$ 1,176,559</b>

# County of Chippewa, Michigan

## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended December 31, 2012

	Business-Type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 195,481	\$ 450,137	\$ 645,618	\$ 2,822,905
Penalties and Interest Charges	381,998	-	381,998	-
Total Operating Revenues	577,479	450,137	1,027,616	2,822,905
<b>OPERATING EXPENSES:</b>				
Premium Reimbursements	-	-	-	3,350,455
Other Supplies and Expenses	3,922	171,375	175,297	11,375
Total Operating Expenses	3,922	171,375	175,297	3,361,830
<b>OPERATING INCOME (LOSS)</b>	573,557	278,762	852,319	(538,925)
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest on Deposits	62,867	-	62,867	-
Total Non-operating Revenues (Expenses)	62,867	-	62,867	-
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	636,424	278,762	915,186	(538,925)
Operating Transfers In	3,397,564	-	3,397,564	-
Operating Transfers Out	(3,397,564)	(51,404)	(3,448,968)	-
<b>CHANGES IN NET POSITION</b>	636,424	227,358	863,782	(538,925)
NET POSITION, JANUARY 1	11,903,227	205,574	12,108,801	1,715,484
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 12,539,651</u>	<u>\$ 432,932</u>	<u>\$ 12,972,583</u>	<u>\$ 1,176,559</u>



# County of Chippewa, Michigan

## Statement of Cash Flows Proprietary Fund Types For the Year Ended December 31, 2012

	Business-Type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 806,613	\$ 454,342	\$ 1,260,955	\$ 2,912,589
Payments to Suppliers	(118,382)	(175,070)	(293,452)	(3,292,076)
Net Cash Provided (Used) by Operating Activities	688,231	279,272	967,503	(379,487)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating Transfers In (Out) - net	-	(51,404)	(51,404)	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	(51,404)	(51,404)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on Deposits	62,867	-	62,867	-
Net Cash Provided (Used) by Investing Activities	62,867	-	62,867	-
Net Increase (Decrease) in Cash and Cash Equivalents	751,098	227,868	978,966	(379,487)
Balances - Beginning of the Year	9,860,829	204,984	10,065,813	1,514,526
Balances - End of the Year	\$ 10,611,927	\$ 432,852	\$ 11,044,779	\$ 1,135,039
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 573,557	\$ 278,762	\$ 852,319	\$ (538,925)
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	43,029	-	43,029	-
Accounts Receivable	-	510	510	89,684
Accrued Interest Receivable	24,501	-	24,501	-
Prepaid Expenses	-	-	-	23,209
Inventory	-	-	-	(242)
Due from Governmental Units	-	3,695	3,695	-
Increase (Decrease) in Liabilities:				
Due to Other Funds	161,604	(3,695)	157,909	-
Due to Governmental Units	(111,921)	-	(111,921)	-
Accrued Liabilities	(2,539)	-	(2,539)	46,787
Net Cash Provided (Used) by Operating Activities	\$ 688,231	\$ 279,272	\$ 967,503	\$ (379,487)

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**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2012**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash & Investments - Unrestricted	<u>\$    1,217,560</u>
 TOTAL ASSETS	 <u><u>\$    1,217,560</u></u>
 <b>LIABILITIES:</b>	
Due to Governmental Units	\$     265,791
Other Liabilities	205,585
Undistributed Tax Collections	<u>     746,184</u>
 TOTAL LIABILITIES	 <u><u>\$    1,217,560</u></u>

## **Component Units**

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# County of Chippewa, Michigan

## Statement of Net Position Component Units December 31, 2012

	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority	Totals
<b>ASSETS:</b>				
Current Assets:				
Cash & Investments - Unrestricted	\$ 617,642	\$ 1,245,022	\$ 834,840	\$ 2,697,504
- Restricted	-	-	20,000	20,000
Receivables:				
Interest	-	2,824	-	2,824
Accounts	-	114,067	343,164	457,231
Taxes	758,013	-	-	758,013
Due from Governmental Units	1,269,860	-	59,710	1,329,570
Inventory	761,637	43,814	-	805,451
Prepaid Expense	103,276	-	14,830	118,106
Noncurrent Assets:				
Capital Assets (Nondepreciable)	48,375,045	1,946,675	-	50,321,720
Capital Assets (Net of Accumulated Depreciation)	30,499,557	20,764,401	8,776,823	60,040,781
<b>TOTAL ASSETS</b>	<b>\$ 82,385,030</b>	<b>\$ 24,116,803</b>	<b>\$ 10,049,367</b>	<b>\$ 116,551,200</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Short Term Note Payable	\$ -	\$ 305,867	\$ -	\$ 305,867
Accounts Payable	245,026	17,511	91,801	354,338
Due to Governmental Units	42,350	-	5,727	48,077
Deferred Revenue	758,839	-	-	758,839
Accrued Liabilities	169,637	21,455	55,341	246,433
Advances	481,068	-	-	481,068
Installment Purchase Agreements Payable	262,848	-	-	262,848
Non-Current Liabilities:				
Installment Purchase Agreements Payable	249,411	-	-	249,411
Compensated Absences & OPEB	2,350,655	131,118	653,728	3,135,501
<b>TOTAL LIABILITIES</b>	<b>4,559,834</b>	<b>475,951</b>	<b>806,597</b>	<b>5,842,382</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	78,362,343	22,405,209	8,776,823	109,544,375
Restricted for Transportation	-	-	468,482	468,482
Unrestricted	(537,147)	1,235,643	(2,535)	695,961
<b>TOTAL NET POSITION</b>	<b>77,825,196</b>	<b>23,640,852</b>	<b>9,242,770</b>	<b>110,708,818</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 82,385,030</b>	<b>\$ 24,116,803</b>	<b>\$ 10,049,367</b>	<b>\$ 116,551,200</b>

# County of Chippewa, Michigan

## Statement of Activities Component Units For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority	
<b>Road Commission:</b>								
Public Works	\$ 8,823,575	\$ 2,441,456	\$ 2,803,598	\$ 4,268,610	\$ 690,089	\$ -	\$ -	\$ 690,089
<b>Economic Development Corporation:</b>								
Economic Development	3,808,741	2,483,186	-	1,037,628	-	(287,927)	-	(287,927)
<b>E.U.P. Transportation Authority:</b>								
Public Works	4,102,524	1,485,874	1,649,782	1,276,665	-	-	309,797	309,797
Total Component Units	<u>\$ 16,734,840</u>	<u>\$ 6,410,516</u>	<u>\$ 4,453,380</u>	<u>\$ 6,582,903</u>	<u>690,089</u>	<u>(287,927)</u>	<u>309,797</u>	<u>711,959</u>
<b>General Revenues and Transfers:</b>								
Taxes					612,832	-	-	612,832
Interest Income					9,718	9,211	7,325	26,254
Other					338	-	19,149	19,487
Transfers In					-	50,000	-	50,000
Total General Revenues and Transfers					<u>622,888</u>	<u>59,211</u>	<u>26,474</u>	<u>708,573</u>
Changes in Net Position					1,312,977	(228,716)	336,271	1,420,532
Net Position - Beginning					<u>76,512,219</u>	<u>23,869,568</u>	<u>8,906,499</u>	<u>109,288,286</u>
Net Position - Ending					<u>\$ 77,825,196</u>	<u>\$ 23,640,852</u>	<u>\$ 9,242,770</u>	<u>\$ 110,708,818</u>

## **Notes to Financial Statements**

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**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, per diem rates, and bonded debt must be approved by the County Commission.

**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.

**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, 2012 year end.

**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, 2012.

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 position 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 2012 ad valorem tax is levied and collectible on December 1, 2011, and 2012 ad valorem tax is levied and collectible on July 1, 2012, 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, 2011 taxable valuation of the County of Chippewa totaled \$1,054,021,915, 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, 2012 taxable valuation of the County of Chippewa totaled \$1,062,724,695, 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.

**Correctional Facility Maintenance Fund**

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

**County Building Fund**

This fund accounts for renovations to County Building.

**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.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

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 Position or Fund Balance**

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 1<sup>st</sup> and July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Expenses – 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 Accounting Standards Codification Section 710, 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 position.

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 May 7, 2013, 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	\$ 7,598,146	\$ 11,044,779	\$ 18,642,925	\$ 1,217,560	\$ 2,697,504
-Restricted	<u>1,576,012</u>	<u>-</u>	<u>1,576,012</u>	<u>-</u>	<u>20,000</u>
Total	<u>\$ 9,174,158</u>	<u>\$ 11,044,779</u>	<u>\$ 20,218,937</u>	<u>\$ 1,217,560</u>	<u>\$ 2,717,504</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)	\$ 20,202,937	\$ 2,287,602
Investments:		
Municipal Bonds	1,145,000	-
Repurchase Agreement	78,731	-
Public Money Market Funds	-	428,122
Petty Cash and Cash on Hand	<u>9,829</u>	<u>1,780</u>
Total	<u>\$ 21,436,497</u>	<u>\$ 2,717,504</u>

Cash is restricted in the amount of \$1,576,012 of the Health Department fund for health department operations.



**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

Investments:

Description	Fair Value	Less Than 1	1 – 5	6 – 10	Rating
Municipal Bonds	\$ 1,145,000	\$ 175,000	\$ 970,000	\$ -	AA-
Repurchase Agreements	78,731	78,731	-	-	Unavailable
Total Investments	\$ 1,223,731	\$ 253,731	\$ 970,000	\$ -	

**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, \$1,608,969 of the County’s bank balance of \$20,053,703 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, 2012, 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:

An act (PA 152) to amend 1943 PA 20, entitled “An act relative to the investment of funds of public corporations of the state; and to validate certain investments,” by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).

**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 subdivision (a).
- e. Bankers' acceptances 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, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
  - (i) The purchase of securities on a when-issued or delayed delivery basis.
  - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation 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, MCL 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, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 105,127	\$ 2,451,579	\$ -	\$ 2,556,706
Land	<u>231,810</u>	<u>-</u>	<u>-</u>	<u>231,810</u>
Subtotal	<u>336,937</u>	<u>2,451,579</u>	<u>-</u>	<u>2,788,516</u>
<i>Capital assets being depreciated:</i>				
Land improvements	209,400	-	-	209,400
Buildings & improvements	18,492,814	-	7,377	18,485,437
Furniture & equipment	4,463,264	379,615	63,383	4,779,496
Vehicles	<u>732,214</u>	<u>165,850</u>	<u>32,329</u>	<u>865,735</u>
Subtotal	<u>23,897,692</u>	<u>545,465</u>	<u>103,089</u>	<u>24,340,068</u>

**NOTE 4 - CAPITAL ASSETS (Continued)**

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Less accumulated depreciation on:</i>				
Land improvements	117,450	4,260	-	121,710
Buildings & improvements	8,205,529	439,532	(1,087)	8,646,148
Furniture & equipment	2,423,594	353,471	72,012	2,705,053
Vehicles	545,950	82,833	24,787	603,996
Subtotal	11,292,523	880,096	95,712	12,076,907
Net Capital Assets Being Depreciated	12,605,169	(334,631)	7,377	12,263,161
Governmental Activity Capital Assets, Net of Depreciation	\$ 12,942,106	\$ 2,116,948	\$ 7,377	\$ 15,051,677

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

Governmental Activities	
Health & Welfare	\$ 84,508
Unallocated	<u>795,588</u>
Total Governmental Activities	<u>\$ 880,096</u>

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	46,403,866	1,701,777	-	48,105,643
Subtotal	46,673,268	1,701,777	-	48,375,045
<i>Capital Assets Being Depreciated</i>				
Buildings	4,258,922	-	-	4,258,922
Road Equipment	12,369,707	166,388	29,118	12,506,977
Shop Equipment	262,999	2,800	-	265,799
Office Equipment	50,705	654	-	51,359
Engineers' Equipment	61,758	-	-	61,758
Depletable Assets	1,172,540	-	-	1,172,540
Infrastructure – Roads	35,276,995	2,566,833	1,155,745	36,688,083
Infrastructure – Bridges	13,205,142	-	-	13,205,142
Subtotal	66,658,768	2,736,675	1,184,863	68,210,580

**NOTE 4 - CAPITAL ASSETS (Continued)**

	Beginning Balances	Additions	Deductions	Ending Balances
<i>Less Accumulated Depreciation</i>				
Buildings	1,948,407	113,039	-	2,061,446
Road Equipment	11,176,281	586,774	29,073	11,733,982
Shop Equipment	172,098	15,749	-	187,847
Office Equipment	46,864	2,140	-	49,004
Engineers' Equipment	61,236	522	-	61,758
Depletable Assets	269,509	23,040	-	292,549
Infrastructure – Roads	14,942,021	1,951,998	1,155,745	15,738,274
Infrastructure – Bridges	7,296,122	290,041	-	7,586,163
Subtotal	35,912,538	2,983,303	1,184,818	37,711,023
Net Capital Assets Being Depreciated	30,746,230	(246,628)	(45)	30,499,557
Capital Assets – Net of Depreciation	<u>\$ 77,419,498</u>	<u>\$ 1,455,149</u>	<u>\$ (45)</u>	<u>\$ 78,874,602</u>

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

Total Depreciation Expense – Public Works \$ 2,983,303

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>				
Land	<u>\$ 1,946,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,946,675</u>
<i>Capital assets being depreciated:</i>				
Vehicles	1,401,487	20,305	-	1,421,792
Improvements	17,751,511	538,921	42,179	18,248,253
Buildings	11,266,371	889,304	-	12,155,675
Equipment	4,149,914	21,560	-	4,171,474
Subtotal	34,569,283	1,470,090	42,179	35,997,194
<i>Less accumulated depreciation:</i>				
Vehicles	1,226,868	38,111	-	1,264,979
Improvements	5,386,558	809,374	36,107	6,159,825
Buildings	4,028,638	364,840	-	4,393,478
Equipment	3,078,994	335,517	-	3,414,511
Subtotal	13,721,058	1,547,842	36,107	15,232,793
Net Capital Assets Being Depreciated	20,848,225	(77,752)	6,072	20,764,401
Capital Assets – Net of Depreciation	<u>\$ 22,794,900</u>	<u>\$ (77,752)</u>	<u>\$ 6,072</u>	<u>\$ 22,711,076</u>

Depreciation expense was charged to business activities for economic development in the amount of \$1,547,842.

**NOTE 4 - CAPITAL ASSETS (Continued)**

Capital assets activity for the Eastern Upper Peninsula Transportation Authority as of September 30, 2012 was as follows:

	Beginning Balances	Additions/ Adjustments	Deductions/ Adjustments	Ending Balances
<i>Capital assets not being depreciated:</i>				
Construction in Progress	\$ -	\$ 807,254	\$ -	\$ 807,254
<i>Capital Assets Being Depreciated:</i>				
EUPTA Assets	1,805	-	-	1,805
Busing Assets	932,424	137,384	37,817	1,031,991
Ferry Assets	<u>16,612,997</u>	<u>433,141</u>	<u>288,801</u>	<u>16,757,337</u>
Subtotal	<u>17,547,226</u>	<u>570,525</u>	<u>326,618</u>	<u>17,791,133</u>
<i>Less Accumulated Depreciation for:</i>				
EUPTA Assets	1,805	-	-	1,805
Busing Assets	586,811	104,514	30,606	660,719
Ferry Assets	<u>8,656,467</u>	<u>649,895</u>	<u>147,322</u>	<u>9,159,040</u>
Subtotal	<u>9,245,083</u>	<u>754,409</u>	<u>177,928</u>	<u>9,821,564</u>
Net Capital Assets being Depreciated	<u>8,302,143</u>	<u>(183,884)</u>	<u>148,690</u>	<u>7,969,569</u>
Capital assets – Net of depreciation	<u>\$ 8,302,143</u>	<u>\$ 623,370</u>	<u>\$ 148,690</u>	<u>\$ 8,776,823</u>

Depreciation expense was charged to business-type activities for public works in the amount of \$754,409.

**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 position/balance sheet for governmental funds, proprietary funds, and fiduciary funds. Interfund transactions resulting in interfund receivables and payables are as follows:

		DUE TO
DUE FROM	General Fund	
	Nonmajor Governmental	\$ 243,413
	Nonmajor Proprietary	4,076
	Internal Service	<u>13,403</u>
	Total	<u>\$ 260,892</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	Ambulance	Correctional	Nonmajor	Tax	Nonmajor	Total
	Fund		Facility	Governmental	Collection	Proprietary	
General Fund	\$ 256,618	\$ -	\$ -	\$ 538,400	\$ -	\$ 51,404	\$ 846,422
Health Department	150,000	-	-	-	-	-	150,000
County Building	400,000	-	-	-	-	-	400,000
Nonmajor Governmental	628,188	156,082	582,774	225,907	-	-	1,592,951
Tax Collections	-	-	-	-	3,397,564	-	3,397,564
Economic Development Corporation	50,000	-	-	-	-	-	50,000
Total	<u>\$ 1,484,806</u>	<u>\$ 156,082</u>	<u>\$ 582,774</u>	<u>\$ 764,307</u>	<u>\$ 3,397,564</u>	<u>\$ 51,404</u>	<u>\$ 6,436,937</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>
2013	<u>\$ 11,410</u>
Total Minimum Lease Payments	11,410
Less: Amount Representing Interest	<u>(127)</u>
Present Value	<u>\$ 11,283</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.

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>							
2000 Chippewa Co. Water Supply System Bonds (Series A)	4.50%	2036	\$ 383,958	\$ -	\$ 9,000	\$ 374,958	\$ 9,000
2010 City of Sault Ste. Marie Water Supply and Sewage Disposal System Bonds	1.40% to 6.35%	2029	7,595,000	-	280,000	7,315,000	290,000
2010 Chippewa County Refunding Bonds	2.0% to 4.0%	2018	2,940,000	-	435,000	2,505,000	455,000
2011 City of Sault Ste. Marie Refunding Bonds	2.0% to 3.63%	2022	4,790,000	-	475,000	4,315,000	175,000
2009 Chippewa County General Obligation Bonds	4.00%	2018	<u>1,310,000</u>	<u>-</u>	<u>165,000</u>	<u>1,145,000</u>	<u>485,000</u>
Total Governmental Activities			<u>\$17,018,958</u>	<u>\$ -</u>	<u>\$ 1,364,000</u>	<u>\$15,654,958</u>	<u>\$ 1,414,000</u>

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

<u>Year End December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
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	1,621,000	367,325
2018-2022	4,344,000	1,198,698
2023-2027	2,641,000	619,736
2028-2032	1,370,000	106,469
2033-2036	<u>78,958</u>	<u>4,269</u>
Total	<u>\$ 15,654,958</u>	<u>\$ 4,174,984</u>

**NOTE 7 - LONG-TERM DEBT (Continued)**

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

Governmental Activities:	
Health & Welfare	\$ 127
Unallocated	<u>690,203</u>
Total	<u>\$ 690,330</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>Net Deductions</u>	<u>Ending Balances</u>
Compensated Absences	<u>\$ 678,064</u>	<u>\$ -</u>	<u>\$ 64,088</u>	<u>\$ 613,976</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, 2012 is as follows:

Vacation	\$ 297,828
Sick Leave	313,096
Other	<u>3,052</u>
TOTALS	<u>\$ 613,976</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.	\$ 385,426	\$ -	\$ 115,251	\$ 270,175	\$ 119,106
Installment payable secured by real estate mortgage, payable in monthly installments of \$5,055 including interest of 3.90%, due 2014.	128,863	-	56,654	72,209	58,889



**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.	217,149	-	163,227	53,922	53,922
Installment payable secured by Trucks, payable in monthly installments of \$2,721 including interest of 1.69%, due 2016.	-	126,207	10,254	115,953	30,931
Subtotal	731,438	126,207	345,386	512,259	<u>\$ 262,848</u>
Compensated Absences (1)	200,720	-	75,914	124,806	
TOTAL LONG-TERM DEBT	<u>\$ 932,158</u>	<u>\$ 126,207</u>	<u>\$ 421,300</u>	<u>\$ 637,065</u>	

(1) Net decrease.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2013	\$ 262,848	\$ 10,659	\$ 273,507
2014	167,702	4,268	171,970
2015	60,139	779	60,918
2016	21,570	133	21,703
Total	<u>\$ 512,259</u>	<u>\$ 15,839</u>	<u>\$ 528,098</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 \$905,806 and is reported as an unrestricted net position. The claims liability of \$170,949 reported in the Fund for 2012 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 2011 and 2012 were:

	<u>Beginning Balance</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2011	\$ 126,313	\$ 2,446,224	\$ (2,448,153)	\$ 124,384
2012	124,384	3,241,427	(3,194,862)	170,949

**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, 2012.

**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 2012, the Health Department contributed \$285,825 to the plan. The County contributed \$394,217 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	\$ 1,420,094	\$ 879,161	\$ 75,145	\$ 283,108
Interest on net OPEB obligation	98,359	75,160	1,858	11,839
Annual OPEB cost (expense)	1,518,453	954,321	77,003	294,947
Contributions made	(394,217)	(285,825)	(73,604)	(76,909)
Increase (decrease) in net OPEB obligation	1,124,236	668,496	3,399	218,038
Net OPEB obligation – beginning of year	2,458,976	1,285,673	46,451	263,092
Net OPEB obligation – end of year	\$ 3,583,212	\$ 1,954,169	\$ 49,850	\$ 481,130

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010, 2011 and 2012 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
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%	109%	\$ 2,458,976	\$ 263,092	\$ 1,285,673	\$ 46,451
2012	\$ 1,518,453	\$ 294,947	\$954,321	\$ 77,003	26%	27%	31%	98%	\$ 3,583,212	\$ 481,130	\$ 1,954,169	\$ 49,850

**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 350%. 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 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 \$1,114,991 for post employment benefits. The Health Department board has designated \$868,856 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 2012, the Commission contributed \$1,269,684 to the plan. Total member contributions were \$38,873.

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:

	<u>Road Fund</u>
Annual required contribution	\$ 1,026,112
Interest on net OPEB obligation (4.5%)	<u>106,339</u>
Annual OPEB cost (expense)	1,132,451
Contributions made	<u>(1,269,684)</u>
Decrease in net OPEB obligation	(137,233)
Net OPEB obligation – beginning of year	<u>2,363,082</u>
Net OPEB obligation – end of year	<u>\$ 2,225,849</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 2010, 2011 and 2012 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>
2010	\$ 1,194,576	43.37%	\$ 2,107,074
2011	1,098,685	76.70%	2,363,082
2012	1,132,451	112.12%	2,225,849

*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 830%.

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.

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, 2011.

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 do not require employees to contribute to the plan. The County is required to contribute at an actuarially determined rate.

The contribution rate as a percentage of payroll or estimated monthly contributions at December 31, 2012 are as follows:

General – Other	16.94%
Sheriff	\$ 10,820
Health Department	15.86%
Employment, Training	9.71%
General – Economic	8.17%
Economic Officials	9.81%
Non-Union	12.41%
General – Non-Union	\$ 22,352
Sheriff – Road	19.84%
Sheriff – Road new hire	19.84%
Sheriff – Hired after 5/1/10	4.07%
General – Non-Union hired after 5/1/10	4.47%

**NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Annual Pension Cost

During the fiscal year ended December 31, 2012, the County's contributions totaling \$912,505 were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2011. 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>
2009	\$ 983,359	100%	0
2010	823,911	100%	0
2011	802,181	100%	0

***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.



**NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

**Annual Pension Costs**

For year ended 2012, the Chippewa County Road Commission's annual pension cost of \$404,407 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, 2010, 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>
2009	\$ 400,593	100%	0
2010	486,171	100%	0
2011	484,397	100%	0

***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, 2011.

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.

**NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

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 September 30, 2012 is as follows:

General Division	27.18%
Bus Union Division	48.32%

Annual Pension Cost

During the fiscal year ended September 30, 2012, the Authority's contributions totaling \$254,761 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.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 263,518	100%	0
2011	264,677	100%	0
2012	254,761	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.

**NOTE 13 - WATER FUND – RESTRICTED CASH**

	December 31, 2012	
	Required Balance	Actual Balance
<b>Bond Reserves</b>		
Water Supply System Revenue Bond Series 2000	\$ 34,600	\$ 34,600
<b>Repair, Replacement and Improvements</b>		
Water Supply System Revenue Bond Series 2000	\$ 15,685	\$ 15,685*

\*Repair and replacement funds have only been utilized for water supply system related maintenance.

**NOTE 14 - CHANGE IN PRESENTATION**

During 2012, the entity implemented Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that was included in Financial Accounting Standards Board and predecessor organization's pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. There were no significant changes to the financial statements as a result of adopting these Statements. The County did not adopt provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Effects on the financial statements as a result of adopting this standard are limited to financial presentation.

**NOTE 15 - SUBSEQUENT EVENTS**

For the period January 2013 through April 2013, the County approved and remitted payments on renovation and construction of the County Building in the amount of about \$140,000.

NOTE 16 - FUND BALANCES

	General	Health Department	Chippewa County Recycle	Senior Nutrition	Ambulance	Correctional Facility Maintenance	County Building	Nonmjo Governmental	Total
Nonspendable:									
Prepaid Expenditures and Inventory	\$ 16,238	\$ 60,594	\$ 70,200	\$ -	\$ -	\$ -	\$ -	\$ 9,392	\$ 156,424
Restricted for:									
Public Safety	-	-	-	-	-	611,517	-	-	611,517
Pubic Works	-	-	342,426	-	-	-	-	-	342,426
Health & Welfare	-	220,282	-	239,621	5,319	-	-	76,917	542,139
Bond Retirement	-	-	-	-	-	-	-	233,510	233,510
Committed:									
Informaton Technology	106,618	-	-	-	-	-	-	-	106,618
Health Benefits	1,114,991	-	-	-	-	-	-	-	1,114,991
Public Works	-	-	-	-	-	-	164,785	7,503	172,288
Assigned:									
Judicial	-	-	-	-	-	-	-	15,489	15,489
General Government	5,909	-	-	-	-	-	-	118,121	124,030
Public Safety	19,564	-	-	-	-	-	-	171,787	191,351
Health Benefits									
/Welfare	-	988,856	-	-	-	-	-	153,265	1,142,121
Economic Develoment	-	-	-	-	-	-	-	10,207	10,207

## **Required Supplementary Information**

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**Pension:*****Primary Government***

Three year trend information as of December 31st follows:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial Value of Assets	\$ 26,418,432	\$ 27,576,324	\$ 28,641,084
Actuarial Accrued Liability	32,521,364	34,793,371	36,543,151
Unfunded AAL	6,102,932	7,217,047	7,902,067
Funded Ratio	81%	79%	78%
Covered Payroll	8,096,189	8,304,324	7,838,437
UAAL as a Percentage of Covered Payroll	75%	87%	101%

***Road Commission***

Three year trend information as of December 31st follows:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial Value of Assets	\$ 10,507,551	\$ 10,499,225	\$ 10,422,470
Actuarial Accrued Liability	15,141,485	15,490,324	16,078,481
Unfunded AAL	4,633,934	4,991,099	5,656,011
Funded Ratio	69%	68%	65%
Covered Payroll	2,417,733	2,483,706	2,530,798
UAAL as a Percentage of Covered Payroll	192%	201%	223%

***Eastern Upper Peninsula Transportation Authority***

Three year trend information as of December 31st follows:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial Value of Assets	\$ 5,071,547	\$ 5,197,307	\$ 5,309,068
Actuarial Accrued Liability	7,932,096	8,229,199	8,442,399
Unfunded AAL	2,860,549	3,031,892	3,133,331
Funded Ratio	64%	63%	62%
Covered Payroll	949,210	974,853	942,143
UAAL as a Percentage of Covered Payroll	301%	311%	333%

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

Three year trend information as of December 31st follows:

	<b>UNION</b>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial Value of Assets	\$ 2,834,196	\$ 2,814,055	\$ 2,774,613
Actuarial Accrued Liability	2,920,043	3,094,896	3,214,236
Unfunded (Over Funded) AAL	85,847	280,841	439,623
Funded Ratio	97%	91%	86%
Covered Payroll	558,305	646,841	644,266
UAAL as a Percentage of Covered Payroll	15%	43%	68%
	<b>NON - UNION</b>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial Value of Assets	\$ 5,321,748	\$ 5,642,002	\$ 5,906,137
Actuarial Accrued Liability	6,009,552	6,620,926	6,928,130
Unfunded (Over Funded) AAL	687,804	978,924	1,021,993
Funded Ratio	89%	85%	85%
Covered Payroll	1,860,110	1,970,017	1,975,001
UAAL as a Percentage of Covered Payroll	37%	50%	52%

***Chippewa County EDC***

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

	<b>GENERAL</b>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial Value of Assets	\$ 654,129	\$ 709,871	\$ 765,948
Actuarial Accrued Liability	569,069	683,525	752,498
Unfunded AAL	(85,060)	(26,346)	(13,450)
Funded Ratio	115%	104%	102%
Covered Payroll	215,604	222,807	230,467
UAAL as a Percentage of Covered Payroll	0%	0%	0%

Employee Retirement and Benefit Systems  
Schedule of Funding Progress  
December 31, 2012

**Pension: (Continued)**

	<b>OFFICIALS</b>		
	2009	2010	2011
Actuarial Value of Assets	\$ 360,959	\$ 389,476	\$ 418,529
Actuarial Accrued Liability	326,524	440,734	462,630
Unfunded AAL	(34,435)	51,258	44,101
Funded Ratio	111%	88%	91%
Covered Payroll	60,462	62,341	64,813
UAAL as a Percentage of Covered Payroll	0%	82%	68%

**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)
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***Primary Government***

2007	\$	-	\$ 10,569,337	\$ 10,569,337	0.0%	Not Available	-
2010	\$	-	\$ 15,554,524	\$ 15,554,524	0.0%	\$ 4,447,849	350%

***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	830%

***Eastern Upper Peninsula Transportation Authority***

2010	\$	1,145,285	\$ 5,079,258	\$ 3,933,973	22.6%	Not Available	-
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***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	540%



# County of Chippewa, Michigan

## Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 6,600,515	\$ 6,600,515	\$ 6,628,134	\$ 27,619
License & Permits	43,000	53,000	52,362	(638)
Federal Sources	585,546	513,733	479,887	(33,846)
State Sources	1,435,840	1,575,514	1,695,254	119,740
Local Sources	225,500	225,500	234,316	8,816
Charges for Services	2,225,018	2,225,018	1,841,757	(383,261)
Interest & Rentals	80,000	80,000	76,709	(3,291)
Fines & Forfeitures	110,100	110,100	80,666	(29,434)
Other Revenue	201,620	201,620	186,998	(14,622)
TOTAL REVENUES	11,507,139	11,585,000	11,276,083	(308,917)
EXPENDITURES:				
Legislative:				
Board of Commissioners	133,883	133,883	127,406	6,477
Judicial:				
Juvenile Court	306,071	311,071	306,251	4,820
Circuit Court	401,515	588,515	550,152	38,363
District Court	659,905	787,181	723,108	64,073
Friend of the Court	366,504	389,504	375,053	14,451
Jury Board	5,580	5,580	3,784	1,796
Probate Court	497,364	497,364	365,730	131,634
Public Defender	250,654	270,154	254,230	15,924
Bailiff	40,600	40,600	39,145	1,455
Total Judicial	2,528,193	2,889,969	2,617,453	272,516
General Government:				
Administrator	296,185	330,185	312,667	17,518
Information Systems	309,114	309,114	292,128	16,986
Elections	31,908	43,908	43,420	488
County Clerk	299,140	299,140	287,259	11,881
Equalization	208,510	220,510	212,575	7,935
Prosecuting Attorney	589,890	577,890	541,106	36,784
Support Coordinator	58,884	85,684	83,020	2,664
Crime Victim Advocate	70,841	70,841	70,054	787
Reмонumentation	108,000	110,141	110,141	-
Register of Deeds	282,639	290,639	281,335	9,304
Treasurer	294,480	294,480	275,677	18,803
Cooperative Extension	106,716	111,716	108,296	3,420
Buildings & Grounds	307,981	349,981	341,794	8,187
Drain Commission	1,125	1,225	1,134	91
Soil Conservation District	26,000	26,000	26,000	-
Surveyor	31,280	31,480	29,543	1,937
Total General Government	3,022,693	3,152,934	3,016,149	136,785

# County of Chippewa, Michigan

## Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	1,150,615	1,175,615	1,129,479	46,136
Concealed Weapons Board	16,000	17,200	16,892	308
S.A.N.E	74,599	76,599	75,914	685
Marine	40,000	40,000	20,450	19,550
Correctional Facility	2,325,790	2,384,790	2,309,313	75,477
Regional Planning Commission	25,400	25,400	25,400	-
Snowmobile Patrol Grant	40,000	46,585	42,664	3,921
O.R.V. Grant	33,210	33,210	11,941	21,269
Animal Control	180,389	180,389	166,937	13,452
Total Public Safety	3,886,003	3,979,788	3,798,990	180,798
Health & Welfare:				
Substance Abuse	113,837	129,837	129,487	350
Livery Inspections	400	400	-	400
Medical Examiner	60,000	80,000	62,527	17,473
Health Department Tax	-	1,500	1,439	61
Veterans Affairs	82,050	82,050	72,293	9,757
Total Health & Welfare	256,287	293,787	265,746	28,041
Other Expenditures:				
Retirees Hospitalization	384,000	400,000	394,217	5,783
Insurance	210,000	210,000	208,179	1,821
Rural Bus Program	30,000	30,000	30,000	-
Legal Services	15,000	15,000	5,020	9,980
Audit	27,775	27,775	27,775	-
Telephone	7,000	11,261	11,018	243
Postage Meter	2,600	3,100	2,744	356
Record Copier	7,500	7,500	6,714	786
Cost Allocation Plan	4,000	4,000	4,000	-
Appropriations	201,334	201,334	201,334	-
Total Other Expenditures	889,209	909,970	891,001	18,969
Capital Outlay:				
Computer & Building	116,960	256,960	148,730	108,230
Vehicle	53,000	53,000	52,989	11
Total Capital Outlay	169,960	309,960	201,719	108,241
TOTAL EXPENDITURES	10,886,228	11,670,291	10,918,464	751,827

# County of Chippewa, Michigan

## Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXCESS OF REVENUES OVER EXPENDITURES	620,911	(85,291)	357,619	442,910
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	596,875	1,012,832	846,422	(166,410)
Operating Transfers Out	(1,021,769)	(1,673,996)	(1,484,806)	189,190
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 196,017</u>	<u>\$ (746,455)</u>	(280,765)	<u>\$ 465,690</u>
FUND BALANCE, JANUARY 1			5,173,119	
FUND BALANCE, DECEMBER 31			<u>\$ 4,892,354</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Health Department  
For the Year Ended September 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 525,000	\$ 1,132,577	\$ 1,249,953	\$ 117,376
State Sources	855,954	838,792	251,380	(587,412)
Local Sources	66,190	63,392	80,104	16,712
Charges for Services	4,670,213	4,613,341	4,479,185	(134,156)
Interest & Rentals	-	-	258	258
Other Revenue	367,807	325,819	318,305	(7,514)
TOTAL REVENUES	6,485,164	6,973,921	6,379,185	(594,736)
EXPENDITURES:				
Health and Welfare	6,773,826	7,144,375	6,533,433	610,942
TOTAL EXPENDITURES	6,773,826	7,144,375	6,533,433	610,942
EXCESS OF REVENUES OVER EXPENDITURES	(288,662)	(170,454)	(154,248)	16,206
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	288,662	150,000	150,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (20,454)	(4,248)	\$ 16,206
FUND BALANCE, OCTOBER 1			2,321,870	
FUND BALANCE, SEPTEMBER 30			\$ 2,317,622	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Chippewa County Recycling  
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 524,432	\$ 524,432	\$ 529,394	\$ 4,962
TOTAL REVENUES	524,432	524,432	529,394	4,962
EXPENDITURES:				
Public Works	642,785	642,785	538,600	104,185
TOTAL EXPENDITURES	642,785	642,785	538,600	104,185
EXCESS OF REVENUES OVER EXPENDITURES	\$ (118,353)	\$ (118,353)	(9,206)	\$ 109,147
FUND BALANCE, JANUARY 1			421,832	
FUND BALANCE, DECEMBER 31			\$ 412,626	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Ambulance  
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 448,412	\$ 448,412	\$ 449,405	\$ 993
TOTAL REVENUES	448,412	448,412	449,405	993
EXPENDITURES:				
Health & Welfare	291,468	291,468	289,869	1,599
TOTAL EXPENDITURES	291,468	291,468	289,869	1,599
EXCESS OF REVENUES OVER EXPENDITURES	156,944	156,944	159,536	2,592
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(156,944)	(156,944)	(156,082)	862
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	3,454	\$ 3,454
FUND BALANCE, JANUARY 1			1,865	
FUND BALANCE, DECEMBER 31			\$ 5,319	

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Senior Nutrition Program**  
**For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 506,000	\$ 506,000	\$ 518,395	\$ 12,395
TOTAL REVENUES	506,000	506,000	518,395	12,395
EXPENDITURES:				
Health & Welfare	766,403	766,403	564,800	201,603
TOTAL EXPENDITURES	766,403	766,403	564,800	201,603
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (260,403)</u>	<u>\$ (260,403)</u>	(46,405)	<u>\$ 213,998</u>
FUND BALANCE, JANUARY 1			<u>286,026</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 239,621</u>	

# County of Chippewa, Michigan

## Required Supplementary Information Budgetary Comparison Schedule Correctional Facility Maintenance For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 633,964	\$ 629,464	\$ 631,912	\$ 2,448
Interest & Rentals	-	4,500	6,843	2,343
Other Revenue	-	-	4,712	4,712
TOTAL REVENUES	633,964	633,964	643,467	9,503
EXPENDITURES:				
Public Safety	49,950	50,000	21,978	28,022
TOTAL EXPENDITURES	49,950	50,000	21,978	28,022
EXCESS OF REVENUES OVER EXPENDITURES	584,014	583,964	621,489	37,525
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(582,775)	(582,775)	(582,774)	1
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 1,239	\$ 1,189	38,715	\$ 37,526
FUND BALANCE, JANUARY 1			572,802	
FUND BALANCE, DECEMBER 31			\$ 611,517	



## **Other Supplementary Information**

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# County of Chippewa, Michigan

## Combining Balance Sheet General Funds December 31, 2012

	General	Tax Exemption	Sheriff Special Projects	Snowmobile Trail Marker	Livery Inspections	Image Software	Health Set Aside	Totals
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ 2,920,125	\$ 8,525	\$ 18,637	\$ 6	\$ 921	\$ 106,618	\$ 1,107,891	\$ 4,162,723
Receivables:								
Accounts - net	5,599	-	-	-	-	-	-	5,599
Taxes	670,827	-	-	-	-	-	-	670,827
Interest	-	-	-	-	-	-	7,100	7,100
Due from Other Funds	260,892	-	-	-	-	-	-	260,892
Due from Governmental Units	329,379	-	-	-	-	-	-	329,379
Prepaid Expenditures	16,238	-	-	-	-	-	-	16,238
<b>TOTAL ASSETS</b>	<b>\$ 4,203,060</b>	<b>\$ 8,525</b>	<b>\$ 18,637</b>	<b>\$ 6</b>	<b>\$ 921</b>	<b>\$ 106,618</b>	<b>\$ 1,114,991</b>	<b>\$ 5,452,758</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 238,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,834
Accrued Liabilities	241,458	2,616	-	-	-	-	-	244,074
Deferred Revenue	77,496	-	-	-	-	-	-	77,496
<b>TOTAL LIABILITIES</b>	<b>557,788</b>	<b>2,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>560,404</b>
<b>FUND BALANCES:</b>								
Nonspendable	16,238	-	-	-	-	-	-	16,238
Committed	-	-	-	-	-	106,618	1,114,991	1,221,609
Assigned	-	5,909	18,637	6	921	-	-	25,473
Unassigned	3,629,034	-	-	-	-	-	-	3,629,034
<b>TOTAL FUND BALANCES</b>	<b>3,645,272</b>	<b>5,909</b>	<b>18,637</b>	<b>6</b>	<b>921</b>	<b>106,618</b>	<b>1,114,991</b>	<b>4,892,354</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,203,060</b>	<b>\$ 8,525</b>	<b>\$ 18,637</b>	<b>\$ 6</b>	<b>\$ 921</b>	<b>\$ 106,618</b>	<b>\$ 1,114,991</b>	<b>\$ 5,452,758</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Funds For the Year Ended December 31, 2012

	General	Tax Exemption	Sheriff Special Projects	Snowmobile Trail Marker	Livery Inspections	Image Software	Health Set Aside	Totals
<b>REVENUES:</b>								
Taxes	\$ 6,628,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,628,134
Licenses & Permits	52,362	-	-	-	-	-	-	52,362
Federal Sources	479,887	-	-	-	-	-	-	479,887
State Sources	1,695,254	-	-	-	-	-	-	1,695,254
Local Sources	232,816	-	1,500	-	-	-	-	234,316
Charges for Services	1,841,373	-	-	-	384	-	-	1,841,757
Interest & Rentals	66,543	2,803	-	-	-	-	7,363	76,709
Fines & Forfeitures	80,666	-	-	-	-	-	-	80,666
Other Revenue	185,826	1,172	-	-	-	-	-	186,998
<b>TOTAL REVENUES</b>	<b>11,262,861</b>	<b>3,975</b>	<b>1,500</b>	<b>-</b>	<b>384</b>	<b>-</b>	<b>7,363</b>	<b>11,276,083</b>
<b>EXPENDITURES:</b>								
Legislative	127,406	-	-	-	-	-	-	127,406
Judicial	2,617,453	-	-	-	-	-	-	2,617,453
General Government	3,016,149	-	-	-	-	-	-	3,016,149
Public Safety	3,798,515	-	475	-	-	-	-	3,798,990
Health & Welfare	265,746	-	-	-	-	-	-	265,746
Capital Outlay	201,719	-	-	-	-	-	-	201,719
Other Expenditures	891,001	-	-	-	-	-	-	891,001
<b>TOTAL EXPENDITURES</b>	<b>10,917,989</b>	<b>-</b>	<b>475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,918,464</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>344,872</b>	<b>3,975</b>	<b>1,025</b>	<b>-</b>	<b>384</b>	<b>-</b>	<b>7,363</b>	<b>357,619</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	589,804	-	-	-	-	106,618	150,000	846,422
Operating Transfers Out	(1,484,806)	-	-	-	-	-	-	(1,484,806)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(550,130)</b>	<b>3,975</b>	<b>1,025</b>	<b>-</b>	<b>384</b>	<b>106,618</b>	<b>157,363</b>	<b>(280,765)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>4,195,402</b>	<b>1,934</b>	<b>17,612</b>	<b>6</b>	<b>537</b>	<b>-</b>	<b>957,628</b>	<b>5,173,119</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 3,645,272</b>	<b>\$ 5,909</b>	<b>\$ 18,637</b>	<b>\$ 6</b>	<b>\$ 921</b>	<b>\$ 106,618</b>	<b>\$ 1,114,991</b>	<b>\$ 4,892,354</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2012

	Special Revenue Funds							
	50th Circuit Court	Construction Code	HUD Grant	Victim's Compensation	D.A.R.E.	Family Counseling	Operation Stonegarden	Bench Warrant
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ 3,398	\$ 3,345	\$ 10,207	\$ -	\$ -	\$ 30	\$ 1,073	\$ 7,096
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
Prepaid Expenditures	-	266	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,398</b>	<b>\$ 3,611</b>	<b>\$ 10,207</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30</b>	<b>\$ 1,073</b>	<b>\$ 7,096</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	480	109	-	-	-	-	-	-
Accrued Liabilities	-	3,502	-	-	-	-	1,073	-
Deferred Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>480</b>	<b>3,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,073</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Nonspendable	-	266	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	2,918	-	10,207	-	-	30	-	7,096
Unassigned	-	(266)	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,918</b>	<b>-</b>	<b>10,207</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>7,096</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,398</b>	<b>\$ 3,611</b>	<b>\$ 10,207</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30</b>	<b>\$ 1,073</b>	<b>\$ 7,096</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2012

	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	\$ 70,504	\$ 3,295	\$ 15,685	\$ 77,166	\$ 75,518	\$ 6,225	\$ 7,999	\$ -
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	46,764
Prepaid Expenditures	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 70,504	\$ 3,295	\$ 15,685	\$ 77,166	\$ 75,518	\$ 6,225	\$ 7,999	\$ 46,764
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,691
Accounts Payable	2,099	80	-	3,662	14,410	-	-	-
Accrued Liabilities	-	373	-	1,304	-	-	-	5,073
Deferred Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	2,099	453	-	4,966	14,410	-	-	46,764
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	68,405	2,842	15,685	72,200	61,108	6,225	7,999	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	68,405	2,842	15,685	72,200	61,108	6,225	7,999	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 70,504	\$ 3,295	\$ 15,685	\$ 77,166	\$ 75,518	\$ 6,225	\$ 7,999	\$ 46,764

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2012

	Special Revenue Funds							
	Sheriff Law Enforcement Training	Local Corrections Officer's Training	Sheriff Park Patrol	War Memorial Agreement	Road Patrol Overtime	Law Library	Animal Shelter Donations	Highway Safety
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ 3,205	\$ 13,067	\$ 13,915	\$ -	\$ 45,489	\$ 5,816	\$ 45,012	\$ -
Accounts Receivable	-	-	-	26,504	-	-	1,252	-
Due from Governmental Units	-	-	-	-	6,862	-	-	-
Prepaid Expenditures	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,205</b>	<b>\$ 13,067</b>	<b>\$ 13,915</b>	<b>\$ 26,504</b>	<b>\$ 52,351</b>	<b>\$ 5,816</b>	<b>\$ 46,264</b>	<b>\$ -</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ 22,377	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	171	341	-	-
Accrued Liabilities	-	-	-	958	173	-	-	-
Deferred Revenue	-	-	-	-	-	-	4,936	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,335</b>	<b>344</b>	<b>341</b>	<b>4,936</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	3,205	13,067	13,915	3,169	52,007	5,475	41,328	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>3,205</b>	<b>13,067</b>	<b>13,915</b>	<b>3,169</b>	<b>52,007</b>	<b>5,475</b>	<b>41,328</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,205</b>	<b>\$ 13,067</b>	<b>\$ 13,915</b>	<b>\$ 26,504</b>	<b>\$ 52,351</b>	<b>\$ 5,816</b>	<b>\$ 46,264</b>	<b>\$ -</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2012

	Special Revenue Funds							
	Juvenile Accountability Block Grant	Youth Alcohol	Chippewa County DHS Appropriation	DHS Child Care	Probate Child Care	Veteran's Trust	Revenue Sharing Reserve	Emergency Telephone Service
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ -	\$ -	\$ 1,158	\$ 112,715	\$ 12,506	\$ 1,155	\$ -	\$ -
Accounts Receivable	-	-	-	-	-	-	-	80,413
Due from Governmental Units	-	-	-	-	-	-	-	69,769
Prepaid Expenditures	-	-	-	-	-	-	-	2,917
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,158</b>	<b>\$ 112,715</b>	<b>\$ 12,506</b>	<b>\$ 1,155</b>	<b>\$ -</b>	<b>\$ 153,099</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,635
Accounts Payable	-	-	-	32,634	12,506	406	-	5,313
Accrued Liabilities	-	-	-	-	-	-	-	18,151
Deferred Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,634</b>	<b>12,506</b>	<b>406</b>	<b>-</b>	<b>153,099</b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	2,917
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	1,158	80,081	-	749	-	-
Unassigned	-	-	-	-	-	-	-	(2,917)
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>1,158</b>	<b>80,081</b>	<b>-</b>	<b>749</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,158</b>	<b>\$ 112,715</b>	<b>\$ 12,506</b>	<b>\$ 1,155</b>	<b>\$ -</b>	<b>\$ 153,099</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2012

	Special Revenue Fund	Debt Service Funds						
	Office of Emergency Service	2011 Refunding Debt	2010 Bond Debt	2010 City Water & Sewer	Superior Township 2000 Improvement Bond Reserve	Superior Township Improvements Debt	New Jail Debt	Avery Square Bond Retirement
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 34,600	\$ -	\$ -	\$ 198,910
Accounts Receivable	269	-	-	-	-	-	-	-
Due from Governmental Units	129,511	-	-	-	-	-	-	-
Prepaid Expenditures	6,209	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 135,989</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 198,910</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ 49,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	1,476	-	-	-	-	-	-	-
Accrued Liabilities	1,677	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>52,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Nonspendable	6,209	-	-	-	-	-	-	-
Restricted	76,917	-	-	-	34,600	-	-	198,910
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>83,126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,600</b>	<b>-</b>	<b>-</b>	<b>198,910</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 135,989</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 198,910</b>



# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2012

	Capital Project Funds			
	Friends of the Courthouse	Hakola-Ross Drainage	Courthouse Annex Renovation	Totals
<b>ASSETS:</b>				
Cash & Investments - Unrestricted	\$ -	\$ 7,503	\$ -	\$ 776,592
Accounts Receivable	-	-	-	108,438
Due from Governmental Units	-	-	-	252,906
Prepaid Expenditures	-	-	-	9,392
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 7,503</b>	<b>\$ -</b>	<b>\$ 1,147,328</b>
<b>LIABILITIES:</b>				
Due to Other Funds	\$ -	\$ -	\$ -	\$ 243,413
Accounts Payable	-	-	-	73,687
Accrued Liabilities	-	-	-	32,284
Deferred Revenue	-	-	-	4,936
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354,320</b>
<b>FUND BALANCES:</b>				
Nonspendable	-	-	-	9,392
Restricted	-	-	-	310,427
Committed	-	7,503	-	7,503
Assigned	-	-	-	468,869
Unassigned	-	-	-	(3,183)
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>7,503</b>	<b>-</b>	<b>793,008</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 7,503</b>	<b>\$ -</b>	<b>\$ 1,147,328</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2012

	Special Revenue Funds							
	50th Circuit Court	Construction Code	HUD Grant	Victim's Compensation	D.A.R.E.	Family Counseling	Operation Stonegarden	Bench Warrant
<b>REVENUES:</b>								
Federal Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,606	\$ -
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	-	8,706	-	-	-	-	-
Charges for Services	8,744	80,409	-	-	-	3,240	-	-
Interest & Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>8,744</b>	<b>80,409</b>	<b>8,706</b>	<b>-</b>	<b>-</b>	<b>3,240</b>	<b>194,606</b>	<b>-</b>
<b>EXPENDITURES:</b>								
Judicial	9,077	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	116,668	-
Public Works	-	153,255	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	3,210	-	-
Community/Economic Development	-	-	8,706	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	77,938	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>9,077</b>	<b>153,255</b>	<b>8,706</b>	<b>-</b>	<b>-</b>	<b>3,210</b>	<b>194,606</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(333)</b>	<b>(72,846)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	72,846	-	-	-	-	-	-
Operating Transfers Out	-	-	-	(1,964)	(25)	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(333)</b>	<b>-</b>	<b>-</b>	<b>(1,964)</b>	<b>(25)</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>3,251</b>	<b>-</b>	<b>10,207</b>	<b>1,964</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>7,096</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 2,918</b>	<b>\$ -</b>	<b>\$ 10,207</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30</b>	<b>\$ -</b>	<b>\$ 7,096</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2012

	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	20,120	-	-	-	-	-	-	71,107
Local Sources	1,600	850	12,655	-	-	-	-	-
Charges for Services	-	-	-	94,220	37,755	-	1,400	-
Interest & Rentals	-	-	113	-	-	-	-	-
Other Revenue	-	22,128	-	-	-	2,683	-	-
TOTAL REVENUES	21,720	22,978	12,768	94,220	37,755	2,683	1,400	71,107
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	19,209	-	-	-
Public Safety	-	-	-	113,462	-	-	-	158,284
Public Works	-	28,046	13,000	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	5,314	-	-	21,297	19,936	8,200	2,440	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	5,314	28,046	13,000	134,759	39,145	8,200	2,440	158,284
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,406	(5,068)	(232)	(40,539)	(1,390)	(5,517)	(1,040)	(87,177)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	3,500	-	-	-	87,177
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	16,406	(5,068)	(232)	(37,039)	(1,390)	(5,517)	(1,040)	-
FUND BALANCES, JANUARY 1	51,999	7,910	15,917	109,239	62,498	11,742	9,039	-
FUND BALANCES, DECEMBER 31	\$ 68,405	\$ 2,842	\$ 15,685	\$ 72,200	\$ 61,108	\$ 6,225	\$ 7,999	\$ -

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2012

	Special Revenue Funds							
	Sheriff Law Enforcement Training	Local Corrections Officer's Training	Sheriff Park Patrol	War Memorial Agreement	Road Patrol Overtime	Law Library	Animal Shelter Donations	Highway Safety
REVENUES:								
Federal Sources	\$ -	\$ -	\$ -	\$ -	\$ 61,027	\$ -	\$ -	\$ -
State Sources	3,390	-	1,575	-	-	-	-	9,830
Local Sources	-	-	-	-	-	-	8,000	-
Charges for Services	-	12,448	-	33,458	-	3,500	-	-
Interest & Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	12,795	-
TOTAL REVENUES	3,390	12,448	1,575	33,458	61,027	3,500	20,795	9,830
EXPENDITURES:								
Judicial	-	-	-	-	-	3,992	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	3,903	3,262	1,743	30,289	51,014	-	-	9,830
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	26,880	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	25,449	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,903	3,262	1,743	30,289	76,463	3,992	26,880	9,830
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(513)	9,186	(168)	3,169	(15,436)	(492)	(6,085)	-
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(513)	9,186	(168)	3,169	(15,436)	(492)	(6,085)	-
FUND BALANCES, JANUARY 1	3,718	3,881	14,083	-	67,443	5,967	47,413	-
FUND BALANCES, DECEMBER 31	\$ 3,205	\$ 13,067	\$ 13,915	\$ 3,169	\$ 52,007	\$ 5,475	\$ 41,328	\$ -

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2012

	Special Revenue Funds							
	Juvenile Accountability Block Grant	Youth Alcohol	Chippewa County DHS Appropriation	DHS Child Care	Probate Child Care	Veteran's Trust	Revenue Sharing Reserve	Emergency Telephone System
<b>REVENUES:</b>								
Federal Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	4,748	-	-	-	6,796	-	164,704
Local Sources	-	-	-	-	7,500	-	-	-
Charges for Services	-	-	-	-	13,772	-	-	348,189
Interest & Rentals	-	-	-	-	-	-	1,837	-
Other Revenue	-	-	-	-	-	-	-	249,474
<b>TOTAL REVENUES</b>	-	4,748	-	-	21,272	6,796	1,837	762,367
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	801,720
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	4,748	20,110	71,098	367,026	5,597	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	4,748	20,110	71,098	367,026	5,597	-	801,720
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	(20,110)	(71,098)	(345,754)	1,199	1,837	(39,353)
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	-	20,110	71,098	433,563	-	-	39,353
Operating Transfers Out	(1,234)	-	-	-	(87,809)	(1,140)	(503,599)	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,234)	-	-	-	-	59	(501,762)	-
<b>FUND BALANCES, JANUARY 1</b>	1,234	-	1,158	80,081	-	690	501,762	-
<b>FUND BALANCES, DECEMBER 31</b>	\$ -	\$ -	\$ 1,158	\$ 80,081	\$ -	\$ 749	\$ -	\$ -

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2012

	Special Revenue Fund	Debt Service Funds						
	Office of Emergency Services	2011 Refunding Debt	2010 Bond Debt	2010 City Water & Sewer	Superior Twp 2000 Improvement Bond Reserve	Superior Township Improvements Debt	New Jail Debt	Avery Square Bond Retirement
<b>REVENUES:</b>								
Federal Sources	\$ 183,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	611,250	-	675,638	-	26,076	-	149,600
Charges for Services	-	-	-	-	-	-	-	-
Interest & Rentals	-	-	-	-	-	-	-	1,177
Other Revenue	36,749	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>220,419</b>	<b>611,250</b>	<b>-</b>	<b>675,638</b>	<b>-</b>	<b>26,076</b>	<b>-</b>	<b>150,777</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	236,715	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	64,812	-	-	-	-	-	-	-
Debt Service	-	611,250	531,175	675,638	-	26,076	217,400	-
<b>TOTAL EXPENDITURES</b>	<b>301,527</b>	<b>611,250</b>	<b>531,175</b>	<b>675,638</b>	<b>-</b>	<b>26,076</b>	<b>217,400</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(81,108)</b>	<b>-</b>	<b>(531,175)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(217,400)</b>	<b>150,777</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	116,729	-	531,175	-	-	-	217,400	-
Operating Transfers Out	-	-	-	-	-	-	-	(165,800)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>35,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,023)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>47,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,600</b>	<b>-</b>	<b>-</b>	<b>213,933</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 83,126</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 198,910</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2012

	Capital Project Funds			
	Friends of the Courthouse	Hakola-Ross Drainage	Courthouse Annex Renovation	Totals
<b>REVENUES:</b>				
Federal Sources	\$ -	\$ -	\$ -	\$ 439,303
State Sources	-	-	-	282,270
Local Sources	-	-	-	1,501,875
Charges for Services	-	-	-	637,135
Interest & Rentals	-	-	-	3,127
Other Revenue	-	-	-	323,829
<b>TOTAL REVENUES</b>	-	-	-	3,187,539
<b>EXPENDITURES:</b>				
Judicial	-	-	-	13,069
General Government	-	-	-	19,209
Public Safety	-	-	-	1,526,890
Public Works	-	-	-	194,301
Health & Welfare	-	-	-	498,669
Community/Economic Development	-	-	-	8,706
Capital Outlay	-	-	-	225,386
Debt Service	-	-	-	2,061,539
<b>TOTAL EXPENDITURES</b>	-	-	-	4,547,769
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	(1,360,230)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	-	-	-	1,592,951
Operating Transfers Out	(1,779)	-	(957)	(764,307)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,779)	-	(957)	(531,586)
<b>FUND BALANCES, JANUARY 1</b>	1,779	7,503	957	1,324,594
<b>FUND BALANCES, DECEMBER 31</b>	\$ -	\$ 7,503	\$ -	\$ 793,008

# County of Chippewa, Michigan

## Combining Statement of Net Position Major Tax Collection Enterprise Fund December 31, 2012

	2011 Tax Revolving	2010 Tax Revolving	2009 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
<b>ASSETS:</b>						
Cash & Investments - Unrestricted	\$ 2,117,723	\$ 3,693,961	\$ 47,498	\$ 4,689,517	\$ 63,228	\$10,611,927
Taxes Receivable	1,450,555	307,537	34,084	42,653	-	1,834,829
Accrued Interest Receivable	147,474	101,700	-	12,123	-	261,297
<b>TOTAL ASSETS</b>	<u>\$ 3,715,752</u>	<u>\$ 4,103,198</u>	<u>\$ 81,582</u>	<u>\$ 4,744,293</u>	<u>\$ 63,228</u>	<u>\$12,708,053</u>
<b>LIABILITIES:</b>						
Due to Governmental Units	\$ -	\$ 15,212	\$ 49,141	\$ 101,409	\$ -	\$ 165,762
Accrued Liabilities	-	-	-	2,640	-	2,640
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>15,212</u>	<u>49,141</u>	<u>104,049</u>	<u>-</u>	<u>168,402</u>
<b>NET POSITION:</b>						
Unrestricted	<u>3,715,752</u>	<u>4,087,986</u>	<u>32,441</u>	<u>4,640,244</u>	<u>63,228</u>	<u>12,539,651</u>
<b>TOTAL NET POSITION</b>	<u>3,715,752</u>	<u>4,087,986</u>	<u>32,441</u>	<u>4,640,244</u>	<u>63,228</u>	<u>12,539,651</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 3,715,752</u>	<u>\$ 4,103,198</u>	<u>\$ 81,582</u>	<u>\$ 4,744,293</u>	<u>\$ 63,228</u>	<u>\$12,708,053</u>



**Combining Statement of Revenues, Expenses, and  
Changes in Net Position - Major Tax Collection Enterprise Fund  
For the Year Ended December 31, 2012**

	2010 Tax Revolving	2010 Tax Revolving	2009 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
<b>OPERATING REVENUES:</b>						
Charges for Services	\$ 83,202	\$ 66,947	\$ 10,656	\$ 34,676	\$ -	\$ 195,481
Penalties and Interest Charges	234,986	137,382	-	9,630	-	381,998
<b>TOTAL OPERATING REVENUES</b>	<b>318,188</b>	<b>204,329</b>	<b>10,656</b>	<b>44,306</b>	<b>-</b>	<b>577,479</b>
<b>OPERATING EXPENSES:</b>						
Other Supplies and Expenses	-	-	-	17	3,905	3,922
<b>Total Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>3,905</b>	<b>3,922</b>
<b>OPERATING INCOME (LOSS)</b>	<b>318,188</b>	<b>204,329</b>	<b>10,656</b>	<b>44,289</b>	<b>(3,905)</b>	<b>573,557</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Interest on Deposits	-	-	6,155	56,712	-	62,867
<b>Total Non-operating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>6,155</b>	<b>56,712</b>	<b>-</b>	<b>62,867</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>318,188</b>	<b>204,329</b>	<b>16,811</b>	<b>101,001</b>	<b>(3,905)</b>	<b>636,424</b>
Operating Transfers In	3,397,564	-	-	-	-	3,397,564
Operating Transfers Out	-	-	(2,700,000)	(697,564)	-	(3,397,564)
<b>CHANGES IN NET POSITION</b>	<b>3,715,752</b>	<b>204,329</b>	<b>(2,683,189)</b>	<b>(596,563)</b>	<b>(3,905)</b>	<b>636,424</b>
<b>NET POSITION, JANUARY 1</b>	<b>-</b>	<b>3,883,657</b>	<b>2,715,630</b>	<b>5,236,807</b>	<b>67,133</b>	<b>11,903,227</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 3,715,752</b>	<b>\$ 4,087,986</b>	<b>\$ 32,441</b>	<b>\$ 4,640,244</b>	<b>\$ 63,228</b>	<b>\$ 12,539,651</b>

# County of Chippewa, Michigan

## Combining Statement of Net Position

### Nonmajor Enterprise Funds

December 31, 2012

	State Education Tax Parcel Fee	2007 Tax Foreclosure	2008 Tax Foreclosure	2009 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>ASSETS:</b>							
Cash & Investments - Unrestricted	\$ 3,430	\$ -	\$ 120,369	\$ 208,758	\$ 100,295	\$ -	\$ 432,852
Accounts Receivable	-	-	-	80	-	-	80
Due from Other Governmental Units	-	-	-	-	-	4,076	4,076
<b>TOTAL ASSETS</b>	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ 120,369</u>	<u>\$ 208,838</u>	<u>\$ 100,295</u>	<u>\$ 4,076</u>	<u>\$ 437,008</u>
<b>LIABILITIES:</b>							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,076	\$ 4,076
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,076</u>	<u>4,076</u>
<b>NET POSITION :</b>							
Unrestricted	<u>3,430</u>	<u>-</u>	<u>120,369</u>	<u>208,838</u>	<u>100,295</u>	<u>-</u>	<u>432,932</u>
<b>TOTAL NET POSITION</b>	<u>3,430</u>	<u>-</u>	<u>120,369</u>	<u>208,838</u>	<u>100,295</u>	<u>-</u>	<u>432,932</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ 120,369</u>	<u>\$ 208,838</u>	<u>\$ 100,295</u>	<u>\$ 4,076</u>	<u>\$ 437,008</u>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds For the Year Ended December 31, 2012

	State Education Tax Parcel Fee	2007 Tax Foreclosure	2008 Tax Foreclosure	2009 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>OPERATING REVENUES:</b>							
Charges for Services	\$ 3,970	\$ -	\$ -	\$ 243,763	\$ 202,404	\$ -	\$ 450,137
<b>TOTAL OPERATING REVENUES</b>	<b>3,970</b>	<b>-</b>	<b>-</b>	<b>243,763</b>	<b>202,404</b>	<b>-</b>	<b>450,137</b>
<b>OPERATING EXPENSES:</b>							
Other Supplies and Expenses	540	590	-	34,925	135,320	-	171,375
<b>Total Operating Expenses</b>	<b>540</b>	<b>590</b>	<b>-</b>	<b>34,925</b>	<b>135,320</b>	<b>-</b>	<b>171,375</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,430</b>	<b>(590)</b>	<b>-</b>	<b>208,838</b>	<b>67,084</b>	<b>-</b>	<b>278,762</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>3,430</b>	<b>(590)</b>	<b>-</b>	<b>208,838</b>	<b>67,084</b>	<b>-</b>	<b>278,762</b>
Operating Transfers Out	(14,370)	(7,034)	-	-	(30,000)	-	(51,404)
<b>CHANGES IN NET POSITION</b>	<b>(10,940)</b>	<b>(7,624)</b>	<b>-</b>	<b>208,838</b>	<b>37,084</b>	<b>-</b>	<b>227,358</b>
<b>NET POSITION, JANUARY 1</b>	<b>14,370</b>	<b>7,624</b>	<b>120,369</b>	<b>-</b>	<b>63,211</b>	<b>-</b>	<b>205,574</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 3,430</b>	<b>\$ -</b>	<b>\$ 120,369</b>	<b>\$ 208,838</b>	<b>\$ 100,295</b>	<b>\$ -</b>	<b>\$ 432,932</b>

# County of Chippewa, Michigan

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2012

	State Education Tax Parcel Fee	2007 Tax Foreclosure	2008 Tax Foreclosure	2009 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from Customers	\$ 3,970	\$ 590	\$ -	\$ 243,683	\$ 202,404	\$ 3,695	\$ 454,342
Payments to Suppliers	(540)	(590)	-	(34,925)	(135,320)	(3,695)	(175,070)
Net Cash Provided (Used) by Operating Activities	3,430	-	-	208,758	67,084	-	279,272
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Operating Transfers Out	(14,370)	(7,034)	-	-	(30,000)	-	(51,404)
Net Cash Provided (Used) by Noncapital Financing Activities	(14,370)	(7,034)	-	-	(30,000)	-	(51,404)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,940)	(7,034)	-	208,758	37,084	-	227,868
Balances - Beginning of the Year	14,370	7,034	120,369	-	63,211	-	204,984
Balances - End of the Year	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ 120,369</u>	<u>\$ 208,758</u>	<u>\$ 100,295</u>	<u>\$ -</u>	<u>\$ 432,852</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Operating Income (Loss)	\$ 3,430	\$ (590)	\$ -	\$ 208,838	\$ 67,084	\$ -	\$ 278,762
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	-	590	-	(80)	-	-	510
Due from Governmental Units	-	-	-	-	-	3,695	3,695
Increase(Decrease) in Liabilities:							
Due to Other Funds	-	-	-	-	-	(3,695)	(3,695)
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,758</u>	<u>\$ 67,084</u>	<u>\$ -</u>	<u>\$ 279,272</u>

**County of Chippewa, Michigan****Combining Statement of Net Position  
Internal Service Funds  
December 31, 2012**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
<b>ASSETS:</b>				
Cash	\$ 866,053	\$ 268,986	\$ -	\$ 1,135,039
Inventories	-	-	15,170	15,170
Prepaid Expenses	210,702	-	-	210,702
 TOTAL ASSETS	 <u>\$ 1,076,755</u>	 <u>\$ 268,986</u>	 <u>\$ 15,170</u>	 <u>\$ 1,360,911</u>
<b>LIABILITIES:</b>				
Due to Other Funds	\$ -	\$ -	\$ 13,403	\$ 13,403
IBNR Payable	170,949	-	-	170,949
 TOTAL LIABILITIES	 <u>170,949</u>	 <u>-</u>	 <u>13,403</u>	 <u>184,352</u>
<b>NET POSITION:</b>				
Unrestricted	<u>905,806</u>	<u>268,986</u>	<u>1,767</u>	<u>1,176,559</u>
 TOTAL NET POSITION	 <u>905,806</u>	 <u>268,986</u>	 <u>1,767</u>	 <u>1,176,559</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 1,076,755</u>	 <u>\$ 268,986</u>	 <u>\$ 15,170</u>	 <u>\$ 1,360,911</u>

**County of Chippewa, Michigan****Combining Statement of Revenues, Expenses, and  
Changes in Net Position - Internal Service Funds  
For the Year Ended December 31, 2012**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 2,636,098	\$ 175,412	\$ 11,395	\$ 2,822,905
Total Operating Revenues	2,636,098	175,412	11,395	2,822,905
<b>OPERATING EXPENSES:</b>				
Premium Payments	3,241,427	109,028	-	3,350,455
Supplies	-	-	11,375	11,375
Total Operating Expenses	3,241,427	109,028	11,375	3,361,830
<b>OPERATING INCOME (LOSS)</b>	(605,329)	66,384	20	(538,925)
<b>NET POSITION, JANUARY 1</b>	1,511,135	202,602	1,747	1,715,484
<b>NET POSITION, DECEMBER 31</b>	\$ 905,806	\$ 268,986	\$ 1,767	\$ 1,176,559

# County of Chippewa, Michigan

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2012

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 2,680,781	\$ 220,413	\$ 11,395	\$ 2,912,589
Payments to Suppliers	(3,171,653)	(109,028)	(11,395)	(3,292,076)
Net Cash Provided (Used) by Operating Activities	(490,872)	111,385	-	(379,487)
Net Increase (Decrease) in Cash and Cash Equivalents	(490,872)	111,385	-	(379,487)
Balances - Beginning of the Year	1,356,925	157,601	-	1,514,526
Balances - End of the Year	\$ 866,053	\$ 268,986	\$ -	\$ 1,135,039
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (605,329)	\$ 66,384	\$ 20	\$ (538,925)
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	44,683	45,001	-	89,684
Inventories	-	-	(242)	(242)
Prepaid Expenses	23,209	-	-	23,209
Increase (Decrease) in Liabilities:				
Accrued Liabilities	46,565	-	222	46,787
Net Cash Provided (Used) by Operating Activities	\$ (490,872)	\$ 111,385	\$ -	\$ (379,487)

## **Reports on Compliance**

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

**KINROSS OFFICE**

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**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chippewa, Michigan as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County of Chippewa's basic financial statements and have issued our report thereon dated May 7, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Chippewa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Chippewa's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Chippewa's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Chippewa's financial statements are free from 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 are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

May 7, 2013



**ANDERSON, TACKMAN & COMPANY, PLC**  
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**MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the County of Chippewa'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 each of the County of Chippewa's major federal programs for the year ended December 31, 2012. The County of Chippewa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the County of Chippewa's major federal programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 of Chippewa'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Chippewa's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the County of Chippewa complied, in all material respects, with the types of 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, 2012.

### **Report on Internal Control Over Compliance**

Management of the County of Chippewa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Chippewa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 of Chippewa'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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

May 7, 2013

# County of Chippewa, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Pass-through from the Michigan Department of Community Health:</i>			
Women, Infant and Children - Resident Services	10.557	IW100342	\$ 208,660
Women, Infant and Children - Breastfeeding	10.557	IW100342	5,336
Women, Infant and Children - Breastfeeding	10.557	W500342	26,680
Subtotal			240,676
<i>Pass-through from the Michigan Department of Natural Resources:</i>			
Schools and Roads Grant	10.665	N/A	408,017
Schools and Roads Grant	10.665	N/A	33,080
Subtotal			441,097
Total U.S. Department of Agriculture			681,773
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
<i>Pass-through from Diane Peppler Resource Center:</i>			
STOP Grant	16.588	N/A	17,000
<i>Pass-through from Emmet County:</i>			
S.A.N.E.	16.579	70868-5-13-13	28,339
Total U.S. Department of Justice			45,339
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
<i>Pass-through from the State of Michigan Department of Transportation:</i>			
<i>Airport Improvement Program - MDOT Administered:</i>			
Rehabilitate Runway and Taxi	20.106	3-26-0139-3212	300,200
Expand Snow Removal Equipment Building/SRE	20.106	3-26-0139-3010	729,528
Subtotal			1,029,728
<i>Pass-through Programs from the State of Michigan Department of Transportation - MDOT Administered:</i>			
Docks Project Grant (ARRA)	20.205	2009-0722 107822	665,460
Shunk Road from 3 Mile	20.205	STP 1217(007)	325,000
Sault Point Shoulder Paving	20.205	STP 1217(003)	134,859
Mackinac Trail 9 Mile to 12 Mile	20.205	STP 1117(011)	2,521
North Caribou Lake Road to Spring Bay	20.205	STP 1017(028)	3,612
North Caribou Lake Road from M-48	20.205	STP 1017(030)	2,511
Subtotal			1,133,963
Section 5311 Operating Assistance	20.509	2007-0204 109905	91,169
Capital Grants - Section 5311 (100/0)	20.509	2007-0204 87644	3,105
Capital Grants - Section 5311 (100/0)	20.509	2007-0204 89936	1,200
Capital Grants - Section 5311 (80/20)	20.509	2007-0204 48373	32,768
Capital Grants - Section 5311 (80/20)	20.509	2007-0204 113886	7,090
Rural Transit Assistance Program	20.509	N/A	4,000
Capital Grants - Section 5309 (80/20)	20.500	2007-0204 107313	56,430
Capital Grants - Section 5309 (80/20)	20.500	2007-0204 113205	99,858
Capital Grants - Marine (90/10)	20.500	2007-0204 103673	147,624
Job Access and Reverse Commute Program (JARC)	20.516	2007-0204 107394	12,588
Subtotal			455,832
<i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i>			
HEMP	20.503	N/A	61,027
Total U.S. Department of Transportation			2,680,550

# County of Chippewa, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>			
<i>Pass -through from State of Michigan Department of Environmental Quality:</i>			
Great Lakes Restoration Initiative	66.469	GL00E00685-0	101,794
Operator Certification Expense Reimbursement	66.471	CT975861	235
Monitoring and Notification Program	66.472	CU00E259-01	7,252
Total U.S. Environmental Protection Agency			109,281
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
<i>Pass-through from the State of Michigan Department of Natural Resources, Grants Management</i>			
2012 Marine Safety Program	97.012	N/A	16,500
<i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i>			
Operation Stonegarden Grant	97.067	N/A	194,606
<i>Pass-through from the County of Houghton:</i>			
Emergency Management Performance Grant	97.042	N/A	18,381
Homeland Security Grant	97.067	N/A	132,209
Subtotal			150,590
Total U.S. Department of Homeland Security			361,696
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>			
<i>Pass-through from the State of Michigan Department of Human Services (DHS):</i>			
Friend of the Court/PA - Incentive	93.563	N/A	40,472
Friend of the Court - Cooperative Reimbursement	93.563	CS/FOC-10-17001-03	297,882
Prosecuting Attorney - Cooperative Reimbursement	93.563	CS/PA-10-17002-03	74,509
Friend of the Court PRO FC	93.658	PROFC-11-17001	5,185
Subtotal			418,048
<i>Pass-through from Pathways:</i>			
Substance Abuse Treatment Prevention	93.959	00 B1MISAPT05	24,000
<i>Pass-through from the Sault Ste. Marie Tribe of Chippewa Indians:</i>			
Strategic Grant	93.283	N/A	7,972
<i>Pass-through from the State of Michigan Department of Community Health:</i>			
Bioterrorism 10/1/11 to 7/31/12	93.069	CCU517018	86,218
Bioterrorism 8/1/11 to 9/30/12	93.069	U90TP000528	29,295
EWIDS Travel	93.069	CCU517018	3,000
Family Planning	93.217	GFPHPA05017341	50,582
Youth Suicide Prevention	93.243	U79SM057838	45,000
Immunizations - IAP	93.268	H23 CCH522556	20,063
Immunizations - Fixed Fees	93.268	H23 CCH522556	4,000
Vaccine Provided	93.268	N/A	113,922
Family Planning/BCCCP	93.283	U58DP000812	1,705
Cancer-BCCCP Coordination	93.283	U58DP000812	22,407
SHACC Dental Building	93.501	N/A	403,569
Medicaid Outreach	93.778	05 U05M15ADM	41,000
Medicaid Administration	93.778	05 U05M15ADM	9,561
Other - MCH	93.994	B1MIMCHS	25,024
Family Planning - Title V	93.994	B1MIMCHS	2,800
Maternal and Child Health Block Grant - Title V	93.994	B1MIMCHS	9,878
Subtotal			868,024
Total U.S. Department of Health & Human Services			1,318,044
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 5,196,683</b>

**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 - MDOT ADMINISTRATION:**

The Highway Planning and Construction Grants (Chippewa County Road Commission), Capital Grants – Section 5311 (EUP Transportation Authority) 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 C - 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	\$ 2,169,143
Federal Grants of Component Units	2,619,523
Federal Grants in Trust & Agency	<u>408,017</u>
 Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	 \$ <u><u>5,196,683</u></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**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Docks Project Grant
66.469	Great Lakes Restoration Initiative
93.501	SHACC Dental Building
Dollar threshold used to distinguish between types A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes



**Section II – Financial Statement Findings**

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**NONE.**

**Section III – Federal Award Findings and Questioned Costs**

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**NONE.**

**Section III – Federal Award Findings and Questioned Costs**

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**NONE.**

## **Additional Information**

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## **CHIPPEWA COUNTY, MICHIGAN**

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**MICHIGAN & WISCONSIN**

**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, 2012, 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**  
**Kincheloe, Michigan**

May 7, 2013

**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, 2012, 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:**

1970 U.S. Census.....	32,412	2000 U.S. Census .....	38,543
1980 U.S. Census.....	29,029	2010 U.S. Census .....	38,520
1990 U.S. Census.....	34,604		
		2012 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	2012		2011	
	Amount	Percent of Total	Amount	Percent of Total
Agricultural	\$ 34,065,582	3.20%	\$ 33,755,891	3.20%
Commercial (R&P)	166,340,575	15.65%	172,132,991	16.33%
Industrial (R&P)	28,254,463	2.66%	26,004,309	2.47%
Residential	801,679,472	75.45%	790,523,524	75.00%
Utility	32,227,900	3.04%	31,605,200	3.00%
Total	<u>\$ 1,062,567,992</u>	<u>100.00%</u>	<u>\$ 1,054,021,915</u>	<u>100.00%</u>

**NOTE 2 – TABLES: (Continued)**

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

Class	2011		2011	
	Amount	Percent of Total	Amount	Percent of Total
Real Property	\$ 998,995,392	94.02%	\$ 992,048,790	94.12%
Personal Property	63,572,600	5.98%	61,973,125	5.88%
Total	<u>\$ 1,062,567,992</u>	<u>100.00%</u>	<u>\$ 1,054,021,915</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
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	1,062,567,992	2,294,400	1,064,862,392	.81%
2011	2012	2013	Unavailable			

Per Capita Total taxable value for the fiscal year ending December 31, 2012 \$28,022.69.

(1) Based on the County's 2012 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							
	2009	%	2010	%	2011	%	2012	%
Agriculture	\$ 54,648,700	5%	\$ 56,099,300	5%	\$ 56,136,700	5%	\$ 54,664,500	5%
Commercial	176,124,589	13%	183,177,750	13%	183,237,057	13%	175,155,351	13%
Industrial	25,920,700	2%	28,789,300	2%	27,450,800	2%	29,629,500	2%
Residential	1,076,007,514	78%	1,076,445,849	78%	1,066,857,987	78%	1,035,487,270	78%
Utility	25,110,600	2%	29,744,800	2%	31,605,200	2%	32,227,900	2%
Total	<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>	<u>\$ 1,327,164,521</u>	<u>100%</u>
Class								
Real Property	\$ 1,300,698,423	96%	\$ 1,310,896,399	95%	\$ 1,303,314,619	95%	\$ 1,263,591,921	95%
Personal Property	<u>57,113,680</u>	<u>4%</u>	<u>63,360,600</u>	<u>5%</u>	<u>61,973,125</u>	<u>5%</u>	<u>63,572,600</u>	<u>5%</u>
Total	<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>	<u>\$ 1,327,164,521</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, 2012.

(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, 2009	-
December 31, 2010	-
December 31, 2011	-
December 31, 2012	\$491,178

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
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
2012	2013	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, 2012:

<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	40.4313 mills	Soo Township	19.6458 mills
Other	Sault Ste. Marie	58.4313 mills	Soo Township	37.6458 mills

(\*) 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 of 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
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%
2012	2013	9,212,618	8,555,370	92.86%

(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, 2012	
		Taxable Value (1)	Percent of of Total (2)
Cloverland Electric Co.	Utility	\$ 29,721,436	38%
American Transmission	Utility	10,512,681	13%
Wal-Mart Real Estate	Shopping Center	7,875,300	10%
DDR Michigan II LLC	Shopping Mall	6,724,100	9%
Precision Edge	Manufacturing	4,734,700	6%
Continental Teves, Inc.	Auto Testing Service	4,402,100	6%
USA-In Trust for SSM Tribe	Properties	4,392,065	5%
Pointe West I LP	Apartment Complex	4,084,200	5%
Sault Ste. Marie Tribe	Properties	3,359,114	4%
Drummond Dolomite Inc.	Dolomite Quarry	2,903,433	4%
		<u>\$ 78,709,129</u>	<u>\$ 100%</u>

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

(2) Based on \$1,062,567,992 which is the County's Total Taxable Value for the fiscal year ending December 31, 2012. 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)	\$ 132,716,645
Debt Outstanding (2)	<u>(16,167,217)</u>
Legal Debt Margin	<u>\$ 116,549,428</u>

- (1) 10% of \$1,327,164,521 which is the County's Total SEV for its fiscal year ending December 31, 2012. 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, 2012:

<u>County Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Building Authority Bonds:			
Dated July 12, 2011 (LT)	\$ 4,315,000	\$ -	\$ 4,315,000
Dated April 1, 2010 (LT)	<u>2,505,000</u>	<u>-</u>	<u>2,505,000</u>
Subtotal	<u>6,820,000</u>	<u>-</u>	<u>6,820,000</u>
Water and Sewer Bonds:			
Dated February 3, 2010	7,315,000	7,315,000	-
Dated June 26, 2000	<u>374,958</u>	<u>374,958</u>	<u>-</u>
Subtotal	<u>7,689,958</u>	<u>7,689,958</u>	<u>-</u>
General Obligation Bonds:			
Dated December 10, 2009	<u>1,145,000</u>	<u>-</u>	<u>1,145,000</u>
Installment Obligations	<u>512,259</u>	<u>-</u>	<u>512,259</u>
Total	<u>\$ 16,167,217</u>	<u>\$ 7,689,958</u>	<u>\$ 8,477,259</u>
Per Capita Net County Direct Debt			\$ 223.09
Percent of Net Direct Debt to Total SEV			0.64%

**NOTE 2 - TABLES: (Continued)**

**L. Debt Schedule: (Continued)**

<u>Underlying Debt of County (5)</u>	<u>Total</u>
City	\$ 20,640,000
Townships	820,000
School Districts	<u>25,123,747</u>
Total Underlying Debt	<u>\$ 46,583,747</u>
Per Capita Underlying Debt (3)	\$ 1,225.89
Percent of Underlying Debt to Total SEV (4)	3.51%
Total Direct and Underlying Debt	<u>\$ 62,750,964</u>
Per Capita Net Direct and Underlying Debt (3)	\$ 1,651.34
Percent of Net Direct and Underlying Debt to Total SEV (4)	4.73%

- (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 2012 population estimate of 38,000.
- (4) Based on \$1,327,164,521 which is the County's Total SEV for its fiscal year ending December 31, 2012. 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 1995 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, 2012, the accumulated unpaid compensated absences amount to \$613,976.

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.

December 31 Valuation Date	Net Position Available for Benefits	Actuarial Accrued Liability	Assets as a Percent of Actuarial Accrued Liability
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
2011	28,641,084	36,543,151	78

Source: County of Chippewa

**S. Labor Contracts:**

The County courthouse has 150 full and part-time employees. Approximately 46% 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.

Employee Group	Membership	Current Expiration Date
American Federation of State, County and Municipal Employees	32	December 31, 2014
Police Officers Labor Council	16	December 31, 2014
Non-Union Employees	82	Not applicable
Fraternal Order of Police Labor Council:		
Senior Dispatchers	2	March 31, 2014
Dispatchers	6	December 31, 2013
Road Patrol	<u>12</u>	December 31, 2013
Total Permanent County Employees	<u>150</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: Eastern Upper Peninsula Regional Planning

**U. Employment:**

Reflected below are the unemployment statistics for the County for the calendar years 2007 through 2012:

<u>County of Chippewa</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Employed	16,188	15,811	14,314	14,807	14,982	14,565
Unemployed	<u>1,528</u>	<u>1,718</u>	<u>2,661</u>	<u>2,209</u>	<u>1,908</u>	<u>1,717</u>
Labor Force	<u>17,716</u>	<u>17,529</u>	<u>16,975</u>	<u>17,016</u>	<u>16,890</u>	<u>16,282</u>
Unemployed as % Of Labor Force (1)	8.6%	9.8%	15.7%	13.0%	11.3%	10.5%

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

Source: Michigan Unemployment Agency