

**County of Chippewa, Michigan**

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**BASIC FINANCIAL STATEMENTS**

**December 31, 2009**

CHIPPEWA COUNTY, MICHIGAN

ORGANIZATION

COUNTY BOARD OF COMMISSIONERS

CHAIRMAN	SCOTT SHACKLETON
VICE CHAIRMAN	RICHARD TIMMER
COMMISSIONER	DONALD COOPER
COMMISSIONER	DONALD MCLEAN
COMMISSIONER	JAMES MOORE
COMMISSIONER	JESSE KNOLL
COMMISSIONER	TED POSTULA

APPOINTED/ELECTED OFFICERS

COUNTY ADMINISTRATOR	JAMES GERMAN
COUNTY TREASURER	MARJORIE HANK
COUNTY CLERK	DIANE CORK
COUNTY REGISTER OF DEEDS	SHARON KENNEDY
COUNTY SHERIFF	JEFF MORAN
COUNTY SURVEYOR	WILLIAM KARR
COUNTY DRAIN COMMISSSIONER	ANTHONY BOSLEY

JUDICIARY

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

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

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
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ROBERT L. HASKE, 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 aggregate remaining fund information, of the County of Chippewa, Michigan, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chippewa, Michigan, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2010 on our consideration of the County of Chippewa, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, employee retirement and benefit systems, and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Chippewa, Michigan's basic financial statements. The combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The additional information regarding the Municipal Securities Disclosure Requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County of Chippewa, Michigan. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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

April 16, 2010

## **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, 2009.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$24,118,809. Of this amount, \$19,853,636 may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets for the County as a whole increased by \$1,402,146. Net assets of our governmental activities increased by \$274,092 and net assets of our business-type activities increased by \$1,128,054.
- During the year, the County had expenses for governmental funds that were \$23,320,859, and expenses for business-type activities that were \$110,682.
- The General Fund reported a net fund balance of \$6,369,759, an increase of \$930,286. At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$6,369,759, or 57.41% of total General Fund expenditures (including operating transfers.)

### Overview of the Financial Statements

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

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

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

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

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

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

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

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

The basic proprietary fund financial statements can be found on pages 15-17 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

**Notes to the financial statements.** The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-49 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found on pages 53-83 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of Chippewa County, assets exceeded liabilities by \$24,118,809 at the close of the most recent fiscal year.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current Assets	\$17,084,492	\$16,391,329	\$11,020,831	\$ 9,891,068	\$28,105,323	\$26,282,397
Capital Assets	13,879,665	12,906,010	-	-	13,879,665	12,906,010
<b>Total Assets</b>	<b>\$30,964,157</b>	<b>\$29,297,339</b>	<b>\$11,020,831</b>	<b>\$ 9,891,068</b>	<b>\$41,984,988</b>	<b>\$39,188,407</b>
Current Liabilities	\$ 5,195,804	\$ 5,108,204	\$ 189,199	\$ 187,490	\$ 5,385,003	\$ 5,295,694
Noncurrent Liabilities	12,481,176	11,176,050	-	-	12,481,176	11,176,050
<b>Total Liabilities</b>	<b>17,676,980</b>	<b>16,284,254</b>	<b>189,199</b>	<b>187,490</b>	<b>17,866,179</b>	<b>16,471,744</b>
<b>Net Assets</b>						
Invested in Capital Assets - Net of Debt	2,090,327	1,726,608	-	-	2,090,327	1,726,608
Unrestricted (Deficit)	9,022,004	8,182,666	10,831,632	9,703,578	19,853,636	17,886,244
Restricted	2,174,846	3,103,811	-	-	2,174,846	3,103,811
<b>Total Net Assets</b>	<b>\$13,287,177</b>	<b>\$13,013,085</b>	<b>\$10,831,632</b>	<b>\$ 9,703,578</b>	<b>\$24,118,809</b>	<b>\$22,716,663</b>

The current level of unrestricted net assets for our governmental activities stands at \$9,022,004, or about 41% of expenses. This is within the targeted range set by the County Board of Commissioners during its last budget process.

Net Assets of the governmental activities increased approximately 2.1%. Net Assets of the business-type activities increased approximately 11.6%.

The following table shows the activities of the County.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program Revenues						
Charges for Services	\$ 7,657,026	\$ 8,143,031	\$ 776,031	\$ 710,313	\$ 8,433,057	\$ 8,853,344
Operating Grants and Contributions	3,763,980	3,542,914	-	-	3,763,980	3,542,914
Capital Grants and Contributions	573,521	850,852	-	-	573,521	850,852
General Revenues:						
Property Taxes	7,880,524	7,574,888	-	-	7,880,524	7,574,888
Interest Income	286,278	712,400	52,588	37,514	338,866	749,914
Other Revenue	2,370,174	1,937,192	-	-	2,370,174	1,937,192
Total Revenues	<u>22,531,503</u>	<u>22,761,277</u>	<u>828,619</u>	<u>747,827</u>	<u>23,360,122</u>	<u>23,509,104</u>
Program Expenses						
Legislative	137,638	169,946	-	-	137,638	169,946
Judicial	2,493,330	2,271,807	-	-	2,493,330	2,271,807
General Government	3,153,511	2,568,837	-	-	3,153,511	2,568,837
Public Safety	5,053,138	4,179,193	-	-	5,053,138	4,179,193
Public Works	720,528	581,008	-	-	720,528	581,008
Health and Welfare	8,036,440	8,268,600	-	-	8,036,440	8,268,600
Community/Development	217,287	250,328	-	-	217,287	250,328
Interest Expense –						
Unallocated	477,696	542,506	-	-	477,696	542,506
Other Expenses	876,878	784,431	-	-	876,878	784,431
Tax Collection	-	-	15,016	20,565	15,016	20,565
Depreciation - Unallocated	680,848	581,787	-	-	680,848	581,787
Other Nonmajor	-	-	95,666	120,243	95,666	120,243
Total Expenses	<u>21,847,294</u>	<u>20,198,443</u>	<u>110,682</u>	<u>140,808</u>	<u>21,957,976</u>	<u>20,339,251</u>
Excess (Deficiency)						
Before Transfers	684,209	2,562,834	717,937	607,019	1,402,146	3,169,853
Transfers	(410,117)	738,078	410,117	(738,078)	-	-
Changes in Net Assets	274,092	3,300,912	1,128,054	(131,059)	1,402,146	3,169,853
Beginning Net Assets	<u>13,013,085</u>	<u>9,712,173</u>	<u>9,703,578</u>	<u>9,834,637</u>	<u>22,716,663</u>	<u>19,546,810</u>
Ending Net Assets	<u>\$ 13,287,177</u>	<u>\$ 13,013,085</u>	<u>\$ 10,831,632</u>	<u>\$ 9,703,578</u>	<u>\$ 24,118,809</u>	<u>\$ 22,716,663</u>

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

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

**The County's Funds**

Our analysis of the County's major funds begins on page 12 following the entity wide financial statements. The individual funds' financial statements provide detail information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The County's major funds for 2009 include the General Fund, Revenue Sharing Reserve, Health Department, Chippewa County Recycling, Office of Emergency Services, Emergency Telephone Service, Senior Nutrition, and Correctional Facility Maintenance Fund, and Delinquent Tax Fund.

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

The 9-1-1 Dispatch Fund was intended to be supported financially predominately from revenue generated from landline telephone surcharges and wireless proceeds received from the State. Similar to other counties, Chippewa County saw the landline revenue fall off though the population continued to grow. The perception is that cell phone usage is increasing and is replacing landline phones in many cases. The State changed its law regarding 9-1-1 revenue for the year. Chippewa County entered into two contracts for 9-1-1 Dispatch services, one with Mackinac County and one with Luce County.

**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 \$596,708 in appropriations. The largest increases were for an increase of \$246,985 for a purchase of equipment which is a safe boat for the marine department search and rescue and an increase of \$70,000 in legal fees for payment of attorney's and settlements.

During the year, general fund revenues were more than budgetary estimates, while general fund expenditures were less than budgetary estimates. The actual change in fund balance was an increase.

**Capital Assets**

The County's investment in capital assets for its governmental and business type activities as of December 31, 2009, amounted to \$13,879,665 (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 \$4,532,473.

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

- Buildings increased by \$2,741,329 in governmental type activities. The preponderance of the asset additions were for the completion of the renovations to the Correctional Facility. The Correctional Facility renovation is a 58 bed expansion of the current jail.
- Equipment also increased by \$246,985 for a safe boat. The boat was purchased by the marine department for water safety, search and rescue.
- Equipment increased by \$245,900 in the Stone Garden Fund. The equipment purchased was for homeland security operations. This was for state of the art marine and surveillance equipment used for homeland security.

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

**Debt Administration**

At the end of the current fiscal year, the County had total debt outstanding of \$12,481,176. Of this amount, \$11,500,500 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 \$918,500 in principal payments which included paying off the 1998 Debt Service for the County Annex Building and issued one new debt of \$1,635,000, which financed the correctional facility expansion.

Additional information on the County's long-term debt can be found in note 7 on pages 36-37 of this report.

**Economic Factors and Next Year's Budgets and Rates**

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

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

## 2010 Events

The County purchased the City County Building in April of 2010 from the City of Sault Ste. Marie. The cost of the building was \$750,000 and renovations are expected to begin in July of 2010 and be completed by July 2011. The County refinanced the 1995 Building Authority Avery Square Bonds and 1999 Building Authority Correctional Bonds in March of 2010. The refinancing will save the County approximately \$162,000 in principal and interest payments over the life of the loans. The County also guaranteed \$7,870,000 of bonds for the City of Sault Ste. Marie in February 2010.

## 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 Assets December 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>ASSETS:</b>				
Cash & Investments - Unrestricted	\$ 9,359,111	\$ 8,879,618	\$ 18,238,729	\$ 3,498,310
- Restricted	964,876	-	964,876	572,097
Receivables:				
Accounts	1,797,060	190	1,797,250	375,411
Taxes	2,716,973	1,887,006	4,603,979	720,889
Interest	45,121	270,503	315,624	3,891
Internal Loans	16,486	(16,486)	-	-
Due from Governmental Units	1,928,113	-	1,928,113	1,455,931
Inventories	37,001	-	37,001	1,109,672
Prepaid Expenses	219,751	-	219,751	122,232
Other Assets	-	-	-	172,032
Capital Assets (net of accumulated depreciation, including nondepreciable of \$1,359,103)	13,879,665	-	13,879,665	101,221,955
<b>TOTAL ASSETS</b>	<b>\$ 30,964,157</b>	<b>\$ 11,020,831</b>	<b>\$ 41,984,988</b>	<b>\$ 109,252,420</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Short Term Notes Payable	\$ -	\$ -	\$ -	\$ 444,880
Accounts Payable	526,528	-	526,528	214,488
Accrued Liabilities	489,886	628	490,514	401,003
Advances	-	-	-	879,366
Accrued Interest Payable	101,201	-	101,201	-
Due to Governmental Units	310,462	188,571	499,033	6,381
Deferred Revenue	2,540,156	-	2,540,156	720,889
Notes Payable	-	-	-	250,126
Bonds Payable	928,500	-	928,500	-
Capital Leases Payable	79,578	-	79,578	-
Compensated Absences	219,493	-	219,493	-
Non-current Liabilities:				
Notes Payable	-	-	-	558,388
Bonds Payable	10,572,000	-	10,572,000	-
Capital Leases Payable	108,059	-	108,059	-
Compensated Absences & OPEB Obligations	1,801,117	-	1,801,117	2,090,010
<b>TOTAL LIABILITIES</b>	<b>17,676,980</b>	<b>189,199</b>	<b>17,866,179</b>	<b>5,565,531</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets (net of related debt)	2,090,327	-	2,090,327	99,968,561
Restricted for County Road	-	-	-	1,630,504
Restricted for Transportation	-	-	-	614,423
Restricted for Debt Service	294,475	-	294,475	-
Restricted for Revenue Sharing	1,880,371	-	1,880,371	-
Unrestricted	9,022,004	10,831,632	19,853,636	1,473,401
<b>TOTAL NET ASSETS</b>	<b>\$ 13,287,177</b>	<b>\$ 10,831,632</b>	<b>\$ 24,118,809</b>	<b>\$ 103,686,889</b>

See accompanying notes to financial statements.

# County of Chippewa, Michigan

## Statement of Activities For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 137,638	\$ -	\$ -	\$ -	\$ (137,638)	\$ -	\$ (137,638)	\$ -
Judicial	2,493,330	457,966	721,112	-	(1,314,252)	-	(1,314,252)	-
General Government	3,153,511	426,650	660,354	-	(2,066,507)	-	(2,066,507)	-
Public Safety	5,053,138	1,608,969	950,732	496,903	(1,996,534)	-	(1,996,534)	-
Public Works	720,528	-	-	-	(720,528)	-	(720,528)	-
Health & Welfare	8,036,440	5,163,441	1,031,367	76,618	(1,765,014)	-	(1,765,014)	-
Community/Economic Development	217,287	-	400,415	-	183,128	-	183,128	-
Interest expense - Unallocated	477,696	-	-	-	(477,696)	-	(477,696)	-
Other	876,878	-	-	-	(876,878)	-	(876,878)	-
Depreciation - Unallocated	680,848	-	-	-	(680,848)	-	(680,848)	-
<b>Total Governmental Activities</b>	<b>21,847,294</b>	<b>7,657,026</b>	<b>3,763,980</b>	<b>573,521</b>	<b>(9,852,767)</b>	<b>-</b>	<b>(9,852,767)</b>	<b>-</b>
<b>Business-type activities:</b>								
Tax Collection	15,016	503,310	-	-	-	488,294	488,294	-
Other Nonmajor	95,666	272,721	-	-	-	177,055	177,055	-
<b>Total Business-type Activities</b>	<b>110,682</b>	<b>776,031</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>665,349</b>	<b>665,349</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 21,957,976</b>	<b>\$ 8,433,057</b>	<b>\$ 3,763,980</b>	<b>\$ 573,521</b>	<b>(9,852,767)</b>	<b>665,349</b>	<b>(9,187,418)</b>	<b>-</b>
<b>Component Units:</b>								
Road Commission	\$ 8,461,721	\$ 2,017,511	\$ 3,736,812	\$ 3,288,040				580,642
Economic Development Corporation	2,826,109	1,646,083	-	1,144,702				(35,324)
E.U.P. Transportation Authority	3,681,196	1,539,650	1,604,801	202,075				(334,670)
<b>Total Component Units</b>	<b>14,969,026</b>	<b>5,203,244</b>	<b>5,341,613</b>	<b>4,634,817</b>				<b>210,648</b>
<b>Total</b>	<b>\$ 36,927,002</b>	<b>\$ 13,636,301</b>	<b>\$ 9,105,593</b>	<b>\$ 5,208,338</b>				
<b>General Revenues and Transfers:</b>								
Taxes					7,880,524	-	7,880,524	702,575
Local Sources and Other					2,370,174	-	2,370,174	67,305
Interest Income					286,278	52,588	338,866	43,763
Transfers					(410,117)	410,117	-	-
<b>Total General Revenues and Transfers</b>					<b>10,126,859</b>	<b>462,705</b>	<b>10,589,564</b>	<b>813,643</b>
Changes in Net Assets					274,092	1,128,054	1,402,146	1,024,291
Net Assets - Beginning					13,013,085	9,703,578	22,716,663	102,662,598
<b>Net Assets - Ending</b>					<b>\$ 13,287,177</b>	<b>\$ 10,831,632</b>	<b>\$ 24,118,809</b>	<b>\$ 103,686,889</b>

See accompanying notes to financial statements.

# County of Chippewa, Michigan

## Balance Sheet Governmental Funds December 31, 2009

	General	Revenue Sharing Reserve	Health Department	Chippewa County Recycling	Office of Emergency Services	Emergency Telephone Service	Senior Nutrition	Correctional Facility Maintenance	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>										
Cash & Investments - Unrestricted	\$ 4,595,203	\$ 1,860,763	\$ 411,125	\$ 174,711	\$ 28,200	\$ -	\$ -	\$ 512,563	\$ 1,350,503	\$ 8,933,068
- Restricted	-	-	964,876	-	-	-	-	-	-	964,876
Receivables:										
Accounts	6,606	-	1,458,331	-	-	84,663	-	-	14,443	1,564,043
Taxes	679,586	-	-	501,254	-	-	502,661	603,194	430,278	2,716,973
Interest	9,000	35,955	-	-	-	-	-	-	166	45,121
Inventory	-	-	1,962	-	-	-	-	-	-	1,962
Due from Other Funds	742,009	-	-	-	-	-	-	-	-	742,009
Due from Governmental Units	701,653	-	384,323	-	631,858	68,806	-	-	141,473	1,928,113
Prepaid Expenditures	14,980	-	43,131	161,200	-	240	-	-	200	219,751
<b>TOTAL ASSETS</b>	<b>\$ 6,749,037</b>	<b>\$ 1,896,718</b>	<b>\$ 3,263,748</b>	<b>\$ 837,165</b>	<b>\$ 660,058</b>	<b>\$ 153,709</b>	<b>\$ 502,661</b>	<b>\$ 1,115,757</b>	<b>\$ 1,937,063</b>	<b>\$ 17,115,916</b>
<b>LIABILITIES:</b>										
Due to Other Funds	\$ -	\$ 16,347	\$ -	\$ -	\$ 521,385	\$ 137,326	\$ -	\$ -	\$ 15,449	\$ 690,507
Accounts Payable	115,651	-	182,520	-	884	6,583	-	1,105	219,785	526,528
Accrued Liabilities	144,719	-	316,211	-	2,140	9,800	-	-	17,016	489,886
Due to Governmental Units	44,011	-	68,963	-	-	-	-	-	-	112,974
Deferred Revenue	74,897	-	422,936	501,254	-	-	502,661	603,194	435,214	2,540,156
Compensated Absences	-	-	219,493	-	-	-	-	-	-	219,493
<b>TOTAL LIABILITIES</b>	<b>379,278</b>	<b>16,347</b>	<b>1,210,123</b>	<b>501,254</b>	<b>524,409</b>	<b>153,709</b>	<b>502,661</b>	<b>604,299</b>	<b>687,464</b>	<b>4,579,544</b>
<b>FUND BALANCES:</b>										
Reserved	-	1,880,371	-	-	-	-	-	-	-	1,880,371
Unreserved:										
Designated	-	-	741,281	335,911	135,649	-	-	511,458	1,249,599	2,973,898
Undesignated	6,369,759	-	1,312,344	-	-	-	-	-	-	7,682,103
<b>TOTAL FUND BALANCES</b>	<b>6,369,759</b>	<b>1,880,371</b>	<b>2,053,625</b>	<b>335,911</b>	<b>135,649</b>	<b>-</b>	<b>-</b>	<b>511,458</b>	<b>1,249,599</b>	<b>12,536,372</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,749,037</b>	<b>\$ 1,896,718</b>	<b>\$ 3,263,748</b>	<b>\$ 837,165</b>	<b>\$ 660,058</b>	<b>\$ 153,709</b>	<b>\$ 502,661</b>	<b>\$ 1,115,757</b>	<b>\$ 1,937,063</b>	
<b>Reconciliation to amounts reported for governmental activities in the statement of net assets:</b>										
Capital assets used by governmental activities										13,879,665
Long-term notes & leases payable for governmental activities										(11,688,137)
Compensated absences and OPEB liabilities										(1,801,117)
Internal service funds included in governmental activities										461,595
Accrued interest expense recognized under full accrual accounting										(101,201)
<b>Net assets of governmental activities</b>										<b>\$ 13,287,177</b>

# County of Chippewa, Michigan

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2009

	General	Revenue Sharing Reserve	Health Department	Chippewa County Recycling	Office of Emergency Services	Emergency Telephone System	Senior Nutrition	Correctional Facility Maintenance	Non-Major Governmental Funds	Totals Governmental Funds
<b>REVENUES:</b>										
Taxes	\$ 6,388,249	\$ -	\$ -	\$ 487,512	\$ -	\$ -	\$ -	\$ 586,564	\$ 418,199	\$ 7,880,524
License and Permits	67,717	-	-	-	-	-	-	-	3,405	71,122
Federal Sources	476,258	-	-	-	64,912	357,984	-	-	998,532	1,897,686
State Sources	1,184,568	-	1,045,698	-	343	-	-	-	138,084	2,368,693
Local Sources	218,017	-	113,834	-	-	-	-	-	900,981	1,232,832
Charges for Services	1,878,263	-	5,163,441	-	-	401,532	-	-	131,139	7,574,375
Interest & Rentals	220,677	51,077	525	-	-	-	-	4,813	9,186	286,278
Fines and Forfeitures	82,651	-	-	-	-	-	-	-	-	82,651
Other Revenue	549,304	-	329,948	-	93,419	5,403	-	-	159,268	1,137,342
<b>TOTAL REVENUES</b>	<b>11,065,704</b>	<b>51,077</b>	<b>6,653,446</b>	<b>487,512</b>	<b>158,674</b>	<b>764,919</b>	<b>-</b>	<b>591,377</b>	<b>2,758,794</b>	<b>22,531,503</b>
<b>EXPENDITURES:</b>										
Legislative	137,638	-	-	-	-	-	-	-	-	137,638
Judicial	2,478,726	-	-	-	-	-	-	-	14,604	2,493,330
General Government	2,806,687	-	-	-	-	-	-	-	35,032	2,841,719
Public Safety	3,403,477	-	-	-	172,173	827,270	-	29,067	1,077,891	5,509,878
Public Works	-	-	-	556,000	-	-	-	-	164,528	720,528
Health & Welfare	282,195	-	6,919,813	-	-	-	-	-	639,401	7,841,409
Community/Economic Development	-	-	-	-	-	-	-	-	217,287	217,287
Capital Outlay	112,813	-	-	-	-	-	-	-	1,154,273	1,267,086
Debt Service	-	-	-	-	-	-	-	-	1,415,106	1,415,106
Other Expenditures	876,878	-	-	-	-	-	-	-	-	876,878
<b>TOTAL EXPENDITURES</b>	<b>10,098,414</b>	<b>-</b>	<b>6,919,813</b>	<b>556,000</b>	<b>172,173</b>	<b>827,270</b>	<b>-</b>	<b>29,067</b>	<b>4,718,122</b>	<b>23,320,859</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>967,290</b>	<b>51,077</b>	<b>(266,367)</b>	<b>(68,488)</b>	<b>(13,499)</b>	<b>(62,351)</b>	<b>-</b>	<b>562,310</b>	<b>(1,959,328)</b>	<b>(789,356)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Bond Proceeds	-	-	-	-	-	-	-	-	1,635,000	1,635,000
Operating Transfers In	960,025	-	-	-	111,090	62,351	-	-	1,207,372	2,340,838
Operating Transfers Out	(997,029)	(700,018)	-	-	-	-	-	(176,471)	(877,437)	(2,750,955)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>930,286</b>	<b>(648,941)</b>	<b>(266,367)</b>	<b>(68,488)</b>	<b>97,591</b>	<b>-</b>	<b>-</b>	<b>385,839</b>	<b>5,607</b>	<b>435,527</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>5,439,473</b>	<b>2,529,312</b>	<b>2,319,992</b>	<b>404,399</b>	<b>38,058</b>	<b>-</b>	<b>-</b>	<b>125,619</b>	<b>1,243,992</b>	<b>12,100,845</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 6,369,759</b>	<b>\$ 1,880,371</b>	<b>\$ 2,053,625</b>	<b>\$ 335,911</b>	<b>\$ 135,649</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 511,458</b>	<b>\$ 1,249,599</b>	<b>\$ 12,536,372</b>

**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, 2009**

Net Changes in fund balances - total governmental funds	\$ 435,527
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,840,607) exceeded depreciation (\$826,789) and loss on disposal (\$40,163) in the current period.	973,655
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	
Principal repayments:	
Bond & Notes Payable	918,500
Capital Lease	87,654
Bond proceeds recognized as other financing sources but not for full accrual basis	(1,635,000)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:	
Interest Payable Activity	18,910
Compensated Absences and OPEB Liabilities	(678,203)
Internal Service Fund Activity	<u>153,049</u>
Changes in net assets of governmental activities	<u>\$ 274,092</u>

**Statement of Net Assets  
Proprietary Funds  
December 31, 2009**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
<b>ASSETS:</b>				
Cash & Investments	\$ 8,651,930	\$ 227,688	\$ 8,879,618	\$ 426,043
Accounts Receivable	-	190	190	233,017
Taxes Receivable	1,887,006	-	1,887,006	-
Inventories	-	-	-	35,039
Accrued Interest Receivable	258,156	12,347	270,503	-
<b>TOTAL ASSETS</b>	<b><u>\$ 10,797,092</u></b>	<b><u>\$ 240,225</u></b>	<b><u>\$ 11,037,317</u></b>	<b><u>\$ 694,099</u></b>
<b>LIABILITIES:</b>				
Due to Other Funds	\$ -	\$ 16,486	\$ 16,486	\$ 35,016
Accrued Liabilities	628	-	628	197,488
Due to Other Governmental Units	188,571	-	188,571	-
<b>TOTAL LIABILITIES</b>	<b><u>189,199</u></b>	<b><u>16,486</u></b>	<b><u>205,685</u></b>	<b><u>232,504</u></b>
<b>NET ASSETS:</b>				
Unrestricted	<u>10,607,893</u>	<u>223,739</u>	<u>10,831,632</u>	<u>461,595</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 10,607,893</u></b>	<b><u>\$ 223,739</u></b>	<b><u>\$ 10,831,632</u></b>	<b><u>\$ 461,595</u></b>

# County of Chippewa, Michigan

## Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds For the Year Ended December 31, 2009

	Business-Type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 147,217	\$ 272,721	\$ 419,938	\$ 2,642,771
Penalties and Interest Charges	356,093	-	356,093	-
Total Operating Revenues	<u>503,310</u>	<u>272,721</u>	<u>776,031</u>	<u>2,642,771</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	13,150	4,704	17,854	-
Premium Reimbursements	-	-	-	2,476,184
Other Supplies and Expenses	1,866	90,962	92,828	13,538
Total Operating Expenses	<u>15,016</u>	<u>95,666</u>	<u>110,682</u>	<u>2,489,722</u>
<b>OPERATING INCOME (LOSS)</b>	<u>488,294</u>	<u>177,055</u>	<u>665,349</u>	<u>153,049</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest on Deposits	52,588	-	52,588	-
Total Non-operating Revenues (Expenses)	<u>52,588</u>	<u>-</u>	<u>52,588</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>540,882</u>	<u>177,055</u>	<u>717,937</u>	<u>153,049</u>
Operating Transfers In	4,092,204	-	4,092,204	-
Operating Transfers Out	(3,500,006)	(182,081)	(3,682,087)	-
<b>CHANGE IN NET ASSETS</b>	<u>1,133,080</u>	<u>(5,026)</u>	<u>1,128,054</u>	<u>153,049</u>
NET ASSETS, JANUARY 1	<u>9,474,813</u>	<u>228,765</u>	<u>9,703,578</u>	<u>308,546</u>
<b>NET ASSETS, DECEMBER 31</b>	<u>\$ 10,607,893</u>	<u>\$ 223,739</u>	<u>\$ 10,831,632</u>	<u>\$ 461,595</u>

**Statement of Cash Flows  
Proprietary Fund Types  
For the Year Ended December 31, 2009**

	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	\$ 28,151	\$ 276,047	\$ 304,198	\$ 2,414,167
Payments to Suppliers	(15,016)	(95,666)	(110,682)	(2,529,679)
Net Cash Provided (Used) by Operating Activities	13,135	180,381	193,516	(115,512)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating Transfers In	4,092,204	-	4,092,204	-
Operating Transfers Out	(3,500,006)	(182,081)	(3,682,087)	-
Net Cash Provided (Used) by Noncapital Financing Activities	592,198	(182,081)	410,117	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on Deposits	52,588	-	52,588	-
Net Cash Provided (Used) by Investing Activities	52,588	-	52,588	-
Net Increase (Decrease) in Cash and Cash Equivalents	657,921	(1,700)	656,221	(115,512)
Balances - Beginning of the Year	7,994,009	229,388	8,223,397	541,555
Balances - End of the Year	\$ 8,651,930	\$ 227,688	\$ 8,879,618	\$ 426,043
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 488,294	\$ 177,055	\$ 665,349	\$ 153,049
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	(452,654)	-	(452,654)	-
Accrued Interest Receivable	(24,806)	-	(24,806)	-
Inventory	-	-	-	4,413
Due from Other Governmental Units	-	3,918	3,918	(233,017)
Increase (Decrease) in Liabilities:				
Due to Other Governmental Units	181,562	-	181,562	-
Accrued Liabilities	(179,261)	(592)	(179,853)	(39,957)
Net Cash Provided (Used) by Operating Activities	\$ 13,135	\$ 180,381	\$ 193,516	\$ (115,512)

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash & Investments - Unrestricted	\$ 1,216,753
 TOTAL ASSETS	 <u>\$ 1,216,753</u>
 <b>LIABILITIES:</b>	
Due to Other Governmental Units	\$ 250,394
Other Liabilities	568,997
Undistributed Tax Collections	<u>397,362</u>
 TOTAL LIABILITIES	 <u>\$ 1,216,753</u>

## **Component Units**

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# County of Chippewa, Michigan

## Statement of Net Assets Component Units December 31, 2009

	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority	Totals
<b>ASSETS:</b>				
Current Assets:				
Cash & Investments - Unrestricted	\$ 1,858,328	\$ 746,279	\$ 893,703	\$ 3,498,310
- Restricted	-	552,097	20,000	572,097
Receivables:				
Interest	-	3,891	-	3,891
Accounts	168,830	116,058	90,523	375,411
Taxes	720,889	-	-	720,889
Due from Governmental Units	1,408,587	-	47,344	1,455,931
Inventory	1,076,042	33,630	-	1,109,672
Prepaid Expense	106,011	-	16,221	122,232
Other Assets	-	170,347	1,685	172,032
Noncurrent Assets:				
Capital Assets (Nondepreciable)	41,070,217	2,909,109	-	43,979,326
Capital Assets (Net of Accumulated Depreciation)	30,467,809	17,844,938	8,929,882	57,242,629
<b>TOTAL ASSETS</b>	<b>\$ 76,876,713</b>	<b>\$ 22,376,349</b>	<b>\$ 9,999,358</b>	<b>\$ 109,252,420</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Short Term Note Payable	\$ -	\$ 444,880	\$ -	\$ 444,880
Accounts Payable	149,711	15,504	49,273	214,488
Due to Governmental Units	5,289	-	1,092	6,381
Deferred Revenue	720,889	-	-	720,889
Accrued Liabilities	289,926	11,201	99,876	401,003
Advances	879,366	-	-	879,366
Notes Payable - Current	204,960	-	45,166	250,126
Non-Current Liabilities:				
Notes Payable	558,388	-	-	558,388
Compensated Absences & OPEB	1,663,002	122,196	304,812	2,090,010
<b>TOTAL LIABILITIES</b>	<b>4,471,531</b>	<b>593,781</b>	<b>500,219</b>	<b>5,565,531</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets, net of related debt	70,774,678	20,309,167	8,884,716	99,968,561
Restricted for County Road	1,630,504	-	-	1,630,504
Restricted for Transportation	-	-	614,423	614,423
Unrestricted	-	1,473,401	-	1,473,401
<b>TOTAL NET ASSETS</b>	<b>72,405,182</b>	<b>21,782,568</b>	<b>9,499,139</b>	<b>103,686,889</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 76,876,713</b>	<b>\$ 22,376,349</b>	<b>\$ 9,999,358</b>	<b>\$ 109,252,420</b>

# County of Chippewa, Michigan

## Statement of Activities Component Units For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority	Total
<b>Road Commission:</b>								
Public Works	\$ 8,461,721	\$ 2,017,511	\$ 3,736,812	\$ 3,288,040	\$ 580,642	\$ -	\$ -	\$ 580,642
<b>Economic Development Corporation:</b>								
Economic Development	2,826,109	1,646,083	-	1,144,702	-	(35,324)	-	(35,324)
<b>E.U.P. Transportation Authority:</b>								
Public Works	3,681,196	1,539,650	1,604,801	202,075	-	-	(334,670)	(334,670)
Total Component Units	<u>\$ 14,969,026</u>	<u>\$ 5,203,244</u>	<u>\$ 5,341,613</u>	<u>\$ 4,634,817</u>	<u>580,642</u>	<u>(35,324)</u>	<u>(334,670)</u>	<u>210,648</u>
<b>General Revenues:</b>								
Taxes					702,575	-	-	702,575
Interest Income					-	33,108	10,655	43,763
Other					400	57,875	9,030	67,305
<b>Total General Revenues</b>					<u>702,975</u>	<u>90,983</u>	<u>19,685</u>	<u>813,643</u>
Changes in Net Assets					1,283,617	55,659	(314,985)	1,024,291
Net Assets - Beginning					71,121,565	21,726,909	9,814,124	102,662,598
<b>Net Assets - Ending</b>					<u>\$ 72,405,182</u>	<u>\$ 21,782,568</u>	<u>\$ 9,499,139</u>	<u>\$ 103,686,889</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, and per diem rates, bonded debt must be approved by the County Commission.

Eastern Upper Peninsula Transportation Authority – The members of the governing board of the Transportation Authority are appointed as follows: Three members by Chippewa County and two members by Luce County. The County exercises oversight responsibility and has accountability of fiscal matters. The Transportation Authority has a September 30, 2009 year end.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Discretely Presented Component Units Administrative Offices:

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

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

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

**Multi-County Agency**

Hiawatha Behavioral Health Authority -The County participates jointly in the operation of the Hiawatha Behavioral Health Authority with Mackinac and Schoolcraft Counties. The funding formula requires the County to provide approximately 60% of the budget appropriation requirement, which amounted to \$171,334 for the year ended December 31, 2009.

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.

**Jointly Organized Property**

The County owns a building jointly with the City of Sault Ste. Marie, Michigan. The operations are governed by a five-member committee. During 2009, the County remitted payments to the City of \$97,132 for their share of the costs of operations.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B – Government-Wide and Fund Financial Statements**

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

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2009 ad valorem tax is levied and collectible on December 1, 2008, and 2009 ad valorem tax is levied and collectible on July 1, 2009, 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.

The December 1, 2008 taxable valuation of the County of Chippewa totaled \$976,118,163, on which ad valorem taxes levied consisted of 0.4280 mills for fire/ambulance services, 0.989 mills for roads, 0.4986 mills for recycling, and 0.7086 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, 2009 taxable valuation of the County of Chippewa totaled \$1,020,314,976, on which ad valorem taxes levied consisted of 6.1327 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.

**Revenue Sharing Reserve**

This fund accounts for restricted funds that are limited to amounts previously reported as state revenue sharing distributed annually, which can be used to fund governmental operations.

**Health Department**

This fund accounts for health services and related grant funds.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Chippewa County Recycling**

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

**Office of Emergency Services**

This fund accounts for emergency services within Chippewa County.

**Emergency Telephone Service**

This fund accounts for emergency phone and central dispatch services for public safety.

**Senior Nutrition**

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

**Correctional Maintenance Fund**

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

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**D - Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds is generally allocated to each fund based on the average cash balance. Deposits are recorded at cost.

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories and Prepaids Items – Inventories are valued at the lower of cost or market using the average cost method for proprietary fund types. Inventories of governmental funds 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

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

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

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Equity – In the fund financial statements governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

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

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

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

- a. The County Board of Commissioners reviews a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including formal public hearings conducted at the Courthouse to obtain taxpayer comment.
- c. Pursuant to statute, prior to December 31 of each year, the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.

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

- 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.
- 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 Governmental 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>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and Investments					
-Unrestricted	\$ 9,359,111	\$ 8,879,618	\$ 1,216,753	\$ 19,455,482	\$ 3,498,310
-Restricted	<u>964,876</u>	<u>-</u>	<u>-</u>	<u>964,876</u>	<u>572,097</u>
Total	<u>\$ 10,323,987</u>	<u>\$ 8,879,618</u>	<u>\$ 1,216,753</u>	<u>\$ 20,420,358</u>	<u>\$ 4,070,407</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)	\$ 18,705,673	\$ 3,460,130
Investments:		
Municipal Bonds	1,635,000	-
Repurchase Agreement	76,405	-
Public Money Market Funds	-	607,527
Petty Cash and Cash on Hand	<u>3,280</u>	<u>2,750</u>
Total	<u>\$ 20,420,358</u>	<u>\$ 4,070,407</u>

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

Investments:

<u>Description</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>Rating</u>
Municipal Bonds	\$ 1,635,000	\$ 165,000	\$ 865,000	\$ 605,000	AAA
Repurchase Agreements	<u>76,405</u>	<u>76,405</u>	<u>-</u>	<u>-</u>	Unavailable
Total Investments	<u>\$ 1,711,405</u>	<u>\$ 241,405</u>	<u>\$ 865,000</u>	<u>\$ 605,000</u>	

**Investment and Deposit Risk –Primary Government**

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

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

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

*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, \$8,410,537 of the County's bank balance of \$18,728,756 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, 2009, none of the County's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the County's name by the counter party.

Statutory Authority:

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

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

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the General County year ended December 31, 2009, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 2,691,866	\$ 1,127,293	\$ 2,691,866	\$ 1,127,293
Land	<u>231,810</u>	<u>-</u>	<u>-</u>	<u>231,810</u>
Subtotal	<u>2,923,676</u>	<u>1,127,293</u>	<u>2,691,866</u>	<u>1,359,103</u>
<i>Capital assets being depreciated:</i>				
Land improvements	209,400	-	-	209,400
Buildings & improvements	15,569,681	2,741,329	-	18,311,010
Furniture & equipment	3,255,310	566,264	71,569	3,750,005
Vehicles	<u>662,112</u>	<u>97,587</u>	<u>41,641</u>	<u>718,058</u>
Subtotal	<u>19,696,503</u>	<u>3,405,180</u>	<u>113,210</u>	<u>22,988,473</u>
<i>Less accumulated depreciation on:</i>				
Land improvements	104,670	4,260	-	108,930
Buildings & improvements	7,823,826	429,700	-	8,253,526
Furniture & equipment	1,389,006	309,833	31,406	1,667,433
Vehicles	<u>396,667</u>	<u>82,996</u>	<u>41,641</u>	<u>438,022</u>
Subtotal	<u>9,714,169</u>	<u>826,789</u>	<u>73,047</u>	<u>10,467,911</u>
Net Capital Assets Being Depreciated	<u>9,982,334</u>	<u>2,578,391</u>	<u>40,163</u>	<u>12,520,562</u>
Governmental Activity Capital Assets, Net of Depreciation	<u>\$ 12,906,010</u>	<u>\$ 3,705,684</u>	<u>\$ 2,732,029</u>	<u>\$ 13,879,665</u>

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

Governmental Activities	
Health & Welfare	\$ 145,941
Unallocated	<u>680,848</u>
Total Governmental Activities	<u>\$ 826,789</u>

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
<i>Capital Assets Not Being Depreciated</i>				
Land and Improvements	\$ 267,569	\$ 1,833	\$ -	\$ 269,402
Land/Improvements - Infrastructure	<u>39,254,743</u>	<u>1,546,072</u>	<u>-</u>	<u>40,800,815</u>
Subtotal	<u>39,522,312</u>	<u>1,547,905</u>	<u>-</u>	<u>41,070,217</u>

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

	Beginning Balances	Additions	Deductions	Ending Balances
<i>Capital Assets Being Depreciated</i>				
Buildings	4,215,525	88,660	-	4,304,185
Road Equipment	11,152,246	315,847	26,068	11,442,025
Shop Equipment	243,369	18,897	-	262,266
Office Equipment	62,506	1,934	3,285	61,155
Engineers' Equipment	58,952	2,806	-	61,758
Depletable Assets	1,121,822	-	-	1,121,822
Infrastructure – Roads	32,095,088	1,731,660	1,027,282	32,799,466
Infrastructure – Bridges	<u>13,195,134</u>	<u>10,308</u>	<u>300</u>	<u>13,205,142</u>
Subtotal	<u>62,144,642</u>	<u>2,170,112</u>	<u>1,056,935</u>	<u>63,257,819</u>
<i>Less Accumulated Depreciation</i>				
Buildings	1,726,076	121,094	-	1,847,170
Road Equipment	9,080,076	842,652	26,068	9,896,660
Shop Equipment	126,072	17,157	-	143,229
Office Equipment	60,131	1,266	3,285	58,112
Engineers' Equipment	48,860	7,982	-	56,842
Depletion	124,369	111,430	-	235,799
Infrastructure – Roads	13,125,649	1,739,791	1,027,282	13,838,158
Infrastructure – Bridges	<u>6,416,999</u>	<u>297,041</u>	<u>-</u>	<u>6,714,040</u>
Subtotal	<u>30,708,232</u>	<u>3,138,413</u>	<u>1,056,635</u>	<u>32,790,010</u>
Net Capital Assets Being Depreciated	<u>31,436,410</u>	<u>(968,301)</u>	<u>300</u>	<u>30,467,809</u>
Total Net Capital Assets	<u>\$ 70,958,722</u>	<u>\$ 579,604</u>	<u>\$ 300</u>	<u>\$ 71,538,026</u>

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

Total Depreciation Expense – Public Works \$ 3,138,413

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

	Beginning Balances	Additions	Deductions	Ending Balances
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 25,427	\$ 937,007	\$ -	\$ 962,434
Land	<u>1,946,675</u>	<u>-</u>	<u>-</u>	<u>1,946,675</u>
Subtotal	<u>1,972,102</u>	<u>937,007</u>	<u>-</u>	<u>2,909,109</u>
<i>Capital assets being depreciated:</i>				
Vehicles	1,395,486	-	6,499	1,388,987
Improvements	13,855,322	194,681	-	14,050,003
Buildings	10,102,153	-	286,430	9,815,723
Equipment	<u>3,530,753</u>	<u>249,509</u>	<u>36,771</u>	<u>3,743,491</u>
Subtotal	<u>28,883,714</u>	<u>444,190</u>	<u>329,700</u>	<u>28,998,204</u>

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

	Beginning Balances	Additions	Deductions	Ending Balances
<i>Less accumulated depreciation:</i>				
Vehicles	1,067,276	74,490	6,500	1,135,266
Improvements	3,229,049	639,859	(59,661)	3,928,569
Buildings	3,580,613	280,050	202,535	3,658,128
Equipment	2,168,472	299,602	36,771	2,431,303
Subtotal	<u>10,045,410</u>	<u>1,294,001</u>	<u>186,145</u>	<u>11,153,266</u>
Net Capital Assets Being Depreciated	<u>18,838,304</u>	<u>(849,811)</u>	<u>(143,555)</u>	<u>17,844,938</u>
Capital assets – Net of depreciation	<u>\$ 20,810,406</u>	<u>\$ 87,196</u>	<u>\$ (143,555)</u>	<u>\$ 20,754,047</u>

Depreciation expense was charged to business activities for economic development in the amount of \$1,294,001.

Capital Assets activity for the Eastern Upper Peninsula Transportation Authority as of September 30, 2009 was as follows:

	Beginning Balances	Additions	Deductions	Ending Balances
<i>Capital Assets Being Depreciated:</i>				
EUPTA Assets	\$ 1,805	\$ -	\$ -	\$ 1,805
Busing Assets	830,961	26,580	39,476	818,065
Ferry Assets	16,044,226	112,640	47,334	16,109,532
Administrative Assets	1,398	-	1,398	-
Subtotal	<u>16,878,390</u>	<u>139,220</u>	<u>88,208</u>	<u>16,929,402</u>
<i>Less Accumulated Depreciation for:</i>				
EUPTA Assets	1,787	18	-	1,805
Busing Assets	493,999	89,415	33,079	550,335
Ferry Assets	6,905,658	589,334	47,612	7,447,380
Administrative Assets	1,398	-	1,398	-
Subtotal	<u>7,402,842</u>	<u>678,767</u>	<u>82,089</u>	<u>7,999,520</u>
Net Capital Assets being Depreciated	<u>9,475,548</u>	<u>(539,547)</u>	<u>6,119</u>	<u>8,929,882</u>
Capital assets – Net of depreciation	<u>\$ 9,475,548</u>	<u>\$ (539,547)</u>	<u>\$ 6,119</u>	<u>\$ 8,929,882</u>

Depreciation expense was charged to Public Works Business-type activities.

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

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

		<b>DUE TO OTHER FUNDS</b>	
		<u>General Fund</u>	
<b>DUE FROM</b>	Revenue Sharing Reserve	\$	16,347
	Office of Emergency Services		521,385
	Emergency Telephone Service		137,326
	Nonmajor Governmental		15,449
	Nonmajor Proprietary		<u>51,502</u>
	Total	\$	<u>742,009</u>

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.

		<b>TRANSFERS TO</b>					
		<u>General Fund</u>	<u>Office of Emergency Services</u>	<u>Emergency Telephone Service</u>	<u>Nonmajor Governmental</u>	<u>Tax Collection</u>	<u>Total</u>
<b>TRANSFERS IN</b>	General Fund	\$ -	\$ -	\$ 27,500	\$ 969,529	\$ -	\$ 997,029
	Revenue Sharing Reserve	700,018	-	-	-	-	700,018
	Correctional Facility Maintenance	-	-	-	176,471	-	176,471
	Nonmajor Governmental Tax Collections	77,926	111,090	34,851	61,372	592,198	877,437
	Nonmajor Business-type	<u>182,081</u>	-	-	-	-	<u>182,081</u>
	Total	<u>\$ 960,025</u>	<u>\$ 111,090</u>	<u>\$ 62,351</u>	<u>\$ 1,207,372</u>	<u>\$ 4,092,204</u>	<u>\$ 6,433,042</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>
2010	\$ 91,838
2011	60,607
2012	46,109
2013	<u>11,544</u>
Total Minimum Lease Payments	210,098
Less: Amount Representing Interest	<u>(22,461)</u>
Present Value	<u>\$ 187,637</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>							
General Obligation Bonds, 1977							
Superior Twp. Water & Sewer Bonds	5.00%	2016	\$ 45,000	\$ -	\$ 5,000	\$ 40,000	\$ 5,000
2000 Chippewa Co. Water Supply System Bonds (Series A)	4.50%	2040	545,000	-	8,000	537,000	8,000
2000 Chippewa Co. Water Supply System Bonds (Series B)	4.50%	2040	24,000	-	500	23,500	500
1995 City of Sault Ste. Marie							
Water Supply and Sewage Disposal System Bonds	5.04%	2015	1,660,000	-	195,000	1,465,000	205,000
1995 Building Authority Bonds	5.47%	2015	955,000	-	115,000	840,000	120,000

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

	<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>							
1998 City of Sault Ste. Marie Water Supply and Sewage Disposal System Bonds	4.29%	2018	2,055,000	-	110,000	1,945,000	115,000
1999 Building Authority Bonds	4.30%	2018	3,100,000	-	215,000	2,885,000	235,000
2000 Building Authority Bonds	4.83%	2009	190,000	-	190,000	-	-
2001 Chippewa County Water Supply and Sewage Disposal System Bonds	3.50%	2022	2,210,000	-	80,000	2,130,000	75,000
2009 Chippewa County General Obligation Bonds	4.00%	2018	-	<u>1,635,000</u>	-	<u>1,635,000</u>	<u>165,000</u>
Total Governmental Activities			<u>\$10,784,000</u>	<u>\$ 1,635,000</u>	<u>\$ 918,500</u>	<u>\$11,500,500</u>	<u>\$ 928,500</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>
2010	\$ 928,500	\$ 505,496
2011	974,500	475,653
2012	1,019,500	431,017
2013	1,089,500	383,940
2014	1,145,500	333,352
2015-2019	5,108,500	898,333
2020-2024	852,500	172,358
2025-2029	92,000	75,983
2030-2034	115,000	52,766
2035-2039	142,500	23,976
2040	<u>32,500</u>	<u>731</u>
Total	<u>\$ 11,500,500</u>	<u>\$ 3,353,605</u>

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

Governmental Activities:	
Health & Welfare	\$ 19,033
Unallocated	<u>477,696</u>
Total	<u>\$ 496,729</u>

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

**Compensated Absences**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
Compensated Absences (1)	\$ 594,733	\$ 48,063	-	\$ 642,796

(1) Net Increase

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, 2009 is as follows:

Vacation	\$ 269,609
Sick Leave	335,693
Other	<u>37,494</u>
<b>TOTALS</b>	<b>\$ <u>642,796</u></b>

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>
State Infrastructure Bank loan, principal due in single installment of \$597,000, interest payments at rate of 3%, due 2010.	\$ 597,000	\$ -	\$ 597,000	\$ -	\$ -
Installment payable secured by real estate mortgage, payable in monthly installments of \$5,055 including interest of 3.90%.	286,206	-	50,408	235,798	52,394
Installment payable secured by equipment, payable in monthly installments of \$648 including interest of 4.5%.	5,074	-	5,074	-	-
Installment payable secured by Trucks, payable in monthly installments of \$14,029 including interest of 3.45%, due 2013.	675,700	-	148,150	527,550	152,566

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Within One Year</u>
Installment payable secured by vehicles, payable in monthly installments of \$11,239 including interest of 3.79%.	<u>222,394</u>	-	<u>222,394</u>	-	-
Subtotal	1,786,374	-	1,023,026	763,348	<u>\$ 204,960</u>
Compensated Absences (1)	<u>283,662</u>	<u>10,352</u>	-	<u>294,014</u>	
<b>TOTAL LONG-TERM DEBT</b>	<u>\$ 2,070,036</u>	<u>\$ 10,352</u>	<u>\$ 1,023,026</u>	<u>\$ 1,057,362</u>	

(1) Net increase.

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 204,960	\$ 24,048	\$ 229,008
2011	212,366	16,642	229,008
2012	220,063	8,945	229,008
2013	112,551	2,117	114,668
2014	<u>13,408</u>	<u>71</u>	<u>13,479</u>
Total	<u>\$ 763,348</u>	<u>\$ 51,823</u>	<u>\$ 815,171</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 \$228,119 and is reported as an unrestricted net asset. The claims liability of \$197,488 reported in the Fund for 2009 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 2009 and 2008 were:

	<u>Beginning Balance</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2008	\$ 155,543	\$ 2,349,641	\$ (2,271,808)	\$ 233,376
2009	233,376	2,337,984	(2,373,872)	197,488

**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, 2009.

**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 2009, the Health Department contributed \$212,576 to the plan. The County contributed \$1,069,975 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:

	<u>County</u>	<u>Health Department</u>	<u>EDC</u>	<u>EUPTA</u>
Annual required contribution	\$ 729,259	\$ 391,381	\$ 37,293	\$ 254,042
Interest on net OPEB obligation	-	34,557	-	-
Annual OPEB cost (expense)	729,259	425,938	37,293	254,042
Contributions made	(316,076)	(212,576)	(14,973)	(173,321)
Increase in net OPEB obligation	413,183	213,362	22,320	80,721
Net OPEB obligation – beginning of year	498,107	253,162	27,392	95,331
Net OPEB obligation – end of year	\$ 911,290	\$ 466,524	\$ 49,172	\$ 176,052

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2008 and 2009 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
2008	\$737,772	\$243,102	\$397,163	\$ 37,596	32%	61%	36%	27%	\$498,107	\$ 95,331	\$253,162	\$ 27,392
2009	\$729,259	\$254,042	\$391,381	\$ 37,293	43%	68%	41%	40%	\$911,290	\$176,052	\$466,254	\$49,712

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

*Funded status and Funding Progress.* As of December 31, 2007, the actuarial accrued liability for benefits was \$10,569,337, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was unavailable, and the ratio of the unfunded actuarial accrued liability to the covered payroll was unavailable.

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

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

In the December 31, 2007, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 8.0% 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, and an annual healthcare cost trend rate of 10% 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.

The County Board has created a special revenue fund in the amount of \$500,000 for post employment benefits. The Health Department board has designated \$504,613 of its fund balance to assist in funding the post employment benefits.

***Road Commission***

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

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

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

*Funding Policy.* Contribution requirements also are negotiated between the Commission and employees. The Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2009, the Commission contributed \$458,641 to the plan. Total member contributions were \$30,122.

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

	Road Fund
Annual required contribution	\$ 1,143,135
Interest on net OPEB obligation	-
Annual OPEB cost (expense)	<u>1,143,135</u>
Contributions made	<u>(458,641)</u>
Increase in net OPEB obligation	684,494
Net OPEB obligation – beginning of year	<u>684,494</u>
Net OPEB obligation – end of year	<u>\$ 1,368,988</u>

The Commission’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2008 and 2009 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>
2008	\$ 1,093,909	37.43%	\$ 684,494
2009	1,143,135	40.12%	1,368,988

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

*Funded Status and Funding Progress.* As of December 31, 2008, (2009 unavailable), the actuarial accrued liability for benefits was \$16,347,444, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was unavailable, and the ratio of the unfunded actuarial accrued liability to the covered payroll was unavailable.

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

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

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

In the December 31, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.0% 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, and an annual healthcare cost trend rate of 10% 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, 2008.

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

Funding Policy

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

The contribution rate as a percentage of payroll at December 31, 2009 is as follows:

General – Other	12.80%
Sheriff	14.63%
Health Department	4.98%
Employment, Training	5.44%
General – Economic	4.17%
Economic Officials	0.00%
Non-Union	9.20%
Sheriff – Road	0.00%

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

Annual Pension Cost

During the fiscal year ended December 31, 2009, the County’s contributions totaling \$764,341 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2007. 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 30 years.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$ 664,979	100%	0
2007	694,476	100%	0
2008	698,004	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 19.35% and 7.61% for employees after February 2004.

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

**Annual Pension Costs**

For year ended 2009, the Chippewa County Road Commission’s annual pension cost of \$335,377 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, 2007, 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 30 years.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2006	\$ 331,307	100%	0
2007	306,080	100%	0
2008	354,107	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 2.25 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, 2008.

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

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Authority's competitive bargaining unit and personnel policy. The Authority is required to contribute at an actuarially determined rate. The contribution rate as a percentage of payroll at December 31, 2008 was 24.57%.

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

Annual Pension Cost

During the fiscal year ended September 30, 2009, the Authority's contributions totaling \$233,740 were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2007. 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 30 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>
2006	\$ 186,852	100%	0
2007	217,599	100%	0
2008	224,803	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 - FUND EQUITY DESIGNATIONS/RESERVATIONS**

Fund equity designations can be described as follows:

Health Department	\$ 741,281	Future Retirement Obligations
Debt Service	294,475	Designated for Debt Service
Other Special Revenue	1,937,185	Designated for Fund Purpose
Capital Projects	957	Designated for Capital Projects
Revenue Sharing Reserve	1,880,371	Reserved for Revenue Sharing

**NOTE 14 - SUBSEQUENT EVENTS**

During April 2010, the County remitted a one time payment of \$750,000 for purchase of the City ownership interest in the Joint City – County Building. Additionally, the County guaranteed \$7.9 million of City debt issues and refinanced the County’s 1995 series and 1999 series bonds after year end.

## **Required Supplementary Information**

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**Pension:**

***Primary Government***

Three year trend information as of December 31st follows:

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Actuarial Value of Assets	\$ 22,719,301	\$ 24,411,785	\$ 25,304,999
Actuarial Accrued Liability	25,841,406	27,878,398	30,517,882
Unfunded AAL	3,122,105	3,466,613	5,212,883
Funded Ratio	88%	88%	83%
Covered Payroll	7,049,299	7,167,183	7,585,550
UAAL as a Percentage of Covered Payroll	44%	48%	69%

***Road Commission***

Three year trend information as of December 31st follows:

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Actuarial Value of Assets	\$ 10,481,715	\$ 10,856,676	\$ 10,703,532
Actuarial Accrued Liability	13,793,265	14,655,311	15,102,480
Unfunded AAL	3,311,550	3,798,635	4,398,948
Funded Ratio	76%	74%	71%
Covered Payroll	2,364,544	2,214,216	2,363,722
UAAL as a Percentage of Covered Payroll	140%	172%	186%

***Eastern Upper Peninsula Transportation Authority***

Three year trend information as of December 31st follows:

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Actuarial Value of Assets	\$ 4,583,829	\$ 4,867,594	\$ 4,969,266
Actuarial Accrued Liability	7,025,848	7,517,599	7,744,166
Unfunded AAL	2,442,019	2,650,005	2,774,900
Funded Ratio	65 %	65%	64%
Covered Payroll	900,733	919,794	923,709
UAAL as a Percentage of Covered Payroll	271 %	288%	300%

**Pension: (Continued)**

*Chippewa County Health Department*

Three year trend information as of December 31st follows:

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Actuarial Value of Assets	\$ 4,872,306	\$ 5,327,297	\$ 2,960,783
Actuarial Accrued Liability	4,653,711	5,017,655	2,976,703
Unfunded (Over Funded) AAL	(218,595)	(309,642)	15,920
Funded Ratio	105%	106%	99%
Covered Payroll	1,635,573	1,560,593	748,419
UAAL as a Percentage of Covered Payroll	0%	0%	2%

*Chippewa County EDC*

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

	<b><u>GENERAL</u></b>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Actuarial Value of Assets	\$ 534,491	\$ 588,139	\$ 613,401
Actuarial Accrued Liability	487,689	527,143	550,298
Unfunded AAL	(46,802)	(60,996)	(63,103)
Funded Ratio	110%	112%	111%
Covered Payroll	198,831	201,279	220,382
UAAL as a Percentage of Covered Payroll	0%	0%	0%

	<b><u>OFFICIALS</u></b>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Actuarial Value of Assets	\$ 293,160	\$ 321,478	\$ 340,024
Actuarial Accrued Liability	284,484	294,058	317,154
Unfunded AAL	(8,676)	(27,420)	(22,870)
Funded Ratio	103%	109%	107%
Covered Payroll	54,725	55,845	59,724
UAAL as a Percentage of Covered Payroll	0%	0%	0%

**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)
<b><i>Primary Government</i></b>						
2007	\$ -	\$ 10,569,337	\$ 10,569,337	0.0%	Not Available	-
<b><i>Road Commission</i></b>						
2008	\$ -	\$ 16,347,444	\$ 16,347,444	0.0%	Not Available	-
<b><i>Eastern Upper Peninsula Transportation Authority</i></b>						
2007	\$ 1,162,090	\$ 4,605,971	\$ 3,443,881	25%	Not Available	-
<b><i>Chippewa County Health Department</i></b>						
2007	\$ -	\$ 3,589,013	\$ 3,589,013	0.0%	Not Available	-
<b><i>Chippewa County EDC</i></b>						
2007	\$ -	\$ 384,355	\$ 384,355	0.0%	Not Available	-

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 6,078,356	\$ 6,078,356	\$ 6,388,249	\$ 309,893
License & Permits	69,000	69,000	67,717	(1,283)
Federal Sources	557,241	557,241	476,258	(80,983)
State Sources	1,091,028	1,091,728	1,184,568	92,840
Local Sources	210,000	210,000	218,017	8,017
Charges for Services	1,840,472	1,840,472	1,878,263	37,791
Interest & Rentals	460,000	460,000	220,677	(239,323)
Fines & Forfeitures	57,000	57,000	82,651	25,651
Other Revenue	192,300	472,284	549,304	77,020
<b>TOTAL REVENUES</b>	<b>10,555,397</b>	<b>10,836,081</b>	<b>11,065,704</b>	<b>229,623</b>
<b>EXPENDITURES:</b>				
Legislative:				
Board of Commissioners	148,133	148,132	137,638	10,494
Judicial:				
Juvenile Court	288,007	288,007	258,365	29,642
Circuit Court	383,037	432,737	422,549	10,188
District Court	556,259	627,959	627,936	23
Friend of the Court	367,958	367,958	354,947	13,011
Jury Board	5,100	6,100	3,240	2,860
Probate Court	514,454	514,454	496,846	17,608
Public Defender	279,264	309,288	275,006	34,282
Bailiff	40,700	40,700	39,837	863
<b>Total Judicial</b>	<b>2,434,779</b>	<b>2,587,203</b>	<b>2,478,726</b>	<b>108,477</b>
General Government:				
Administrator	278,392	301,967	288,712	13,255
Information Systems	270,136	270,136	246,868	23,268
Elections	33,855	33,855	29,842	4,013
County Clerk	276,451	276,836	276,833	3
Equalization	203,746	203,746	193,513	10,233
Prosecuting Attorney	441,656	486,656	470,567	16,089
Support Coordinator	115,463	115,463	99,934	15,529
Crime Victim Advocate	66,460	67,660	66,582	1,078
Remonumentation	182,472	182,472	51,359	131,113
Register of Deeds	244,805	260,463	254,369	6,094
Treasurer	274,278	274,278	268,058	6,220
Cooperative Extension	102,644	102,644	98,498	4,146
Buildings & Grounds	464,919	477,919	404,365	73,554
Drain Commission	6,846	6,846	1,102	5,744
Soil Conservation District	24,000	24,000	24,000	-
Surveyor	31,345	33,345	32,085	1,260
<b>Total General Government</b>	<b>3,017,468</b>	<b>3,118,286</b>	<b>2,806,687</b>	<b>311,599</b>

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Public Safety:</b>				
Sheriff	976,964	961,544	944,416	17,128
Concealed Weapons Board	11,640	13,140	12,773	367
S.A.N.E	72,811	74,711	74,671	40
Marine	27,399	274,384	263,683	10,701
Correctional Facility	2,037,400	2,052,520	1,910,657	141,863
Regional Planning Commission	20,000	20,000	20,000	-
Snowmobile Patrol Grant	59,942	59,942	25,793	34,149
O.R.V. Grant	16,835	16,835	15,621	1,214
Animal Control	132,880	135,865	135,863	2
<b>Total Public Safety</b>	<b>3,355,871</b>	<b>3,608,941</b>	<b>3,403,477</b>	<b>205,464</b>
<b>Health &amp; Welfare:</b>				
Substance Abuse	106,318	106,318	99,708	6,610
Medical Examiner	85,000	85,000	54,245	30,755
Health Department Building & Tax	16,068	16,068	6,775	9,293
Veterans Affairs	75,656	76,471	76,467	4
Senior Citizen Nutrition Program	45,000	45,000	45,000	-
<b>Total Health &amp; Welfare</b>	<b>328,042</b>	<b>328,857</b>	<b>282,195</b>	<b>46,662</b>
<b>Other Expenditures:</b>				
Retirees Hospitalization	300,000	316,500	316,076	424
Insurance	200,000	200,000	199,269	731
Rural Bus Program	30,000	30,000	30,000	-
Legal Services	15,000	85,000	76,094	8,906
Audit	27,700	32,000	31,087	913
Telephone	7,200	7,440	7,438	2
Postage Meter	5,000	5,000	2,558	2,442
Record Copier	10,000	10,000	8,572	1,428
Cost Allocation Plan	4,450	4,450	4,450	-
Appropriations	201,334	201,334	201,334	-
<b>Total Other Expenditures</b>	<b>800,684</b>	<b>891,724</b>	<b>876,878</b>	<b>14,846</b>
<b>Capital Outlay:</b>				
Computer	73,720	73,720	54,291	19,429
Vehicle	65,000	65,000	58,522	6,478
<b>Total Capital Outlay</b>	<b>138,720</b>	<b>138,720</b>	<b>112,813</b>	<b>25,907</b>
<b>TOTAL EXPENDITURES</b>	<b>10,223,697</b>	<b>10,821,863</b>	<b>10,098,414</b>	<b>723,449</b>

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXCESS OF REVENUES OVER EXPENDITURES	331,700	14,218	967,290	953,072
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	906,655	926,971	960,025	33,054
Operating Transfers Out	(1,254,598)	(1,253,140)	(997,029)	256,111
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (16,243)</u>	<u>\$ (311,951)</u>	930,286	<u>\$ 1,242,237</u>
FUND BALANCE, JANUARY 1			<u>5,439,473</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 6,369,759</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Revenue Sharing Reserve Fund  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Interest & Rentals	\$ 83,975	\$ 96,045	\$ 51,077	\$ (44,968)
Total Revenues	83,975	96,045	51,077	(44,968)
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(699,207)	(700,018)	(700,018)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (615,232)	\$ (603,973)	(648,941)	\$ (44,968)
FUND BALANCE, JANUARY 1			2,529,312	
FUND BALANCE, DECEMBER 31			\$ 1,880,371	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Health Department  
For the Year Ended September 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
State Sources	\$ 1,467,681	\$ 1,462,233	\$ 1,045,698	\$ (416,535)
Local Sources	128,471	117,649	113,834	(3,815)
Charges for Services	5,878,390	5,298,537	5,163,441	(135,096)
Interest & Rentals	-	-	525	525
Other Revenue	341,131	328,507	329,948	1,441
<b>TOTAL REVENUES</b>	<b>7,815,673</b>	<b>7,206,926</b>	<b>6,653,446</b>	<b>(553,480)</b>
EXPENDITURES:				
Health and Welfare	7,815,673	7,470,071	6,919,813	550,258
<b>TOTAL EXPENDITURES</b>	<b>7,815,673</b>	<b>7,470,071</b>	<b>6,919,813</b>	<b>550,258</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ (263,145)</b>	<b>(266,367)</b>	<b>\$ (3,222)</b>
FUND BALANCE, OCTOBER 1			2,319,992	
FUND BALANCE, SEPTEMBER 30			<b>\$ 2,053,625</b>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Chippewa County Recycling  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 471,240	\$ 471,240	\$ 487,512	\$ 16,272
TOTAL REVENUES	471,240	471,240	487,512	16,272
EXPENDITURES:				
Public Works	420,000	556,000	556,000	-
TOTAL EXPENDITURES	420,000	556,000	556,000	-
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 51,240</u>	<u>\$ (84,760)</u>	(68,488)	<u>\$ 16,272</u>
FUND BALANCE, JANUARY 1			404,399	
FUND BALANCE, DECEMBER 31			<u>\$ 335,911</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Office of Emergency Services  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 133,000	\$ 133,000	\$ 64,912	\$ (68,088)
State Sources	-	-	343	343
Other Revenue	7,500	7,500	93,419	85,919
TOTAL REVENUES	<u>140,500</u>	<u>140,500</u>	<u>158,674</u>	<u>18,174</u>
EXPENDITURES:				
Public Safety	147,205	232,205	172,173	60,032
TOTAL EXPENDITURES	<u>147,205</u>	<u>232,205</u>	<u>172,173</u>	<u>60,032</u>
EXCESS OF REVENUES OVER EXPENDITURES	(6,705)	(91,705)	(13,499)	78,206
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	145,838	146,600	111,090	(35,510)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 139,133</u>	<u>\$ 54,895</u>	97,591	<u>\$ 42,696</u>
FUND BALANCE, JANUARY 1			<u>38,058</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 135,649</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Emergency Telephone Service  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State Sources	\$ 135,000	\$ 135,000	\$ 357,984	\$ 222,984
Charges for Services	460,153	460,153	401,532	(58,621)
Other Revenue	168,000	208,000	5,403	(202,597)
<b>TOTAL REVENUES</b>	<b>763,153</b>	<b>803,153</b>	<b>764,919</b>	<b>(38,234)</b>
<b>EXPENDITURES:</b>				
Public Safety	730,227	828,227	827,270	957
<b>TOTAL EXPENDITURES</b>	<b>730,227</b>	<b>828,227</b>	<b>827,270</b>	<b>957</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>32,926</b>	<b>(25,074)</b>	<b>(62,351)</b>	<b>(37,277)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	27,500	27,500	62,351	34,851
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 60,426</b>	<b>\$ 2,426</b>	<b>-</b>	<b>\$ (2,426)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>-</b>	
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ -</b>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Correctional Facility Maintenance  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 581,000	\$ 581,000	\$ 586,564	\$ 5,564
Interest & Rentals	-	-	4,813	4,813
TOTAL REVENUES	<u>581,000</u>	<u>581,000</u>	<u>591,377</u>	<u>10,377</u>
EXPENDITURES:				
Public Safety	321,300	31,300	29,067	2,233
TOTAL EXPENDITURES	<u>321,300</u>	<u>31,300</u>	<u>29,067</u>	<u>2,233</u>
EXCESS OF REVENUES OVER EXPENDITURES	259,700	549,700	562,310	12,610
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	-	(185,000)	(176,471)	8,529
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 259,700</u>	<u>\$ 364,700</u>	385,839	<u>\$ 21,139</u>
FUND BALANCE, JANUARY 1			<u>125,619</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 511,458</u>	

## **Other Supplementary Information**

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# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

	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	\$ 2,907	\$ 2,217	\$ 10,207	\$ 1,964	\$ 25	\$ 300	\$ 48,147	\$ 3,802
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	83,019	2,167
Prepaid Expenditures	-	200	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,907</b>	<b>\$ 2,417</b>	<b>\$ 10,207</b>	<b>\$ 1,964</b>	<b>\$ 25</b>	<b>\$ 300</b>	<b>\$ 131,166</b>	<b>\$ 5,969</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	623	114	-	-	-	-	129,322	-
Accrued Liabilities	-	2,303	-	-	-	-	1,844	-
Deferred Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>623</b>	<b>2,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,166</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Unreserved:								
Designated	2,284	-	10,207	1,964	25	300	-	5,969
<b>TOTAL FUND BALANCES</b>	<b>2,284</b>	<b>-</b>	<b>10,207</b>	<b>1,964</b>	<b>25</b>	<b>300</b>	<b>-</b>	<b>5,969</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,907</b>	<b>\$ 2,417</b>	<b>\$ 10,207</b>	<b>\$ 1,964</b>	<b>\$ 25</b>	<b>\$ 300</b>	<b>\$ 131,166</b>	<b>\$ 5,969</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

	Special Revenue Funds							
	FOC Child Support	Community Service	Superior Twp 2000 Improvements Maint	Office of Community Correction	Tax Exemption	Register of Deeds Automation	CCSD Salvage Vehicle	Secondary Road Patrol
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ 45,546	\$ 6,595	\$ 6,478	\$ 79,718	\$ 1,839	\$ 36,406	\$ 7,973	\$ -
Accounts Receivable	-	-	-	14,443	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	41,876
Prepaid Expenditures	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 45,546</b>	<b>\$ 6,595</b>	<b>\$ 6,478</b>	<b>\$ 94,161</b>	<b>\$ 1,839</b>	<b>\$ 36,406</b>	<b>\$ 7,973</b>	<b>\$ 41,876</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,449
Accounts Payable	790	-	-	2,340	-	1,420	-	-
Accrued Liabilities	7,930	-	-	867	1,839	-	-	1,783
Deferred Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>8,720</b>	<b>-</b>	<b>-</b>	<b>3,207</b>	<b>1,839</b>	<b>1,420</b>	<b>-</b>	<b>17,232</b>
<b>FUND BALANCES:</b>								
Unreserved:								
Designated	36,826	6,595	6,478	90,954	-	34,986	7,973	24,644
<b>TOTAL FUND BALANCES</b>	<b>36,826</b>	<b>6,595</b>	<b>6,478</b>	<b>90,954</b>	<b>-</b>	<b>34,986</b>	<b>7,973</b>	<b>24,644</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 45,546</b>	<b>\$ 6,595</b>	<b>\$ 6,478</b>	<b>\$ 94,161</b>	<b>\$ 1,839</b>	<b>\$ 36,406</b>	<b>\$ 7,973</b>	<b>\$ 41,876</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

	Special Revenue Funds							
	Sheriff Law Enforcement Training	Local Corrections Officer's Training	Sheriff Park Patrol	Road Patrol Overtime	Sheriff Special Projects	Law Library	Snowmobile Trail Marker	Livery Inspections
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ 4,884	\$ 9,141	\$ 13,347	\$ 24,994	\$ 16,651	\$ 6,333	\$ 245	\$ 404
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	3,786	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,884</b>	<b>\$ 9,141</b>	<b>\$ 13,347</b>	<b>\$ 28,780</b>	<b>\$ 16,651</b>	<b>\$ 6,333</b>	<b>\$ 245</b>	<b>\$ 404</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	303	-	-	5,000	292	-	-
Accrued Liabilities	-	-	-	14	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>303</b>	<b>-</b>	<b>14</b>	<b>5,000</b>	<b>292</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Unreserved:								
Designated	4,884	8,838	13,347	28,766	11,651	6,041	245	404
<b>TOTAL FUND BALANCES</b>	<b>4,884</b>	<b>8,838</b>	<b>13,347</b>	<b>28,766</b>	<b>11,651</b>	<b>6,041</b>	<b>245</b>	<b>404</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,884</b>	<b>\$ 9,141</b>	<b>\$ 13,347</b>	<b>\$ 28,780</b>	<b>\$ 16,651</b>	<b>\$ 6,333</b>	<b>\$ 245</b>	<b>\$ 404</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

	Special Revenue Funds							
	Animal Shelter Donations	Highway Safety	Juvenile Accountability Block Grant	Youth Alcohol	Chippewa County DHS Appropriation	DHS Child Care	Probate Child Care	Veteran's Trust
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ 19,027	\$ 4,524	\$ 1,251	\$ -	\$ 1,158	\$ 113,559	\$ 41,157	\$ 446
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	10,625	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 19,027</b>	<b>\$ 15,149</b>	<b>\$ 1,251</b>	<b>\$ -</b>	<b>\$ 1,158</b>	<b>\$ 113,559</b>	<b>\$ 41,157</b>	<b>\$ 446</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	207	4,739	-	-	-	33,478	41,157	-
Accrued Liabilities	-	419	17	-	-	-	-	-
Deferred Revenue	4,936	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>5,143</b>	<b>5,158</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>33,478</b>	<b>41,157</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Unreserved:								
Designated	13,884	9,991	1,234	-	1,158	80,081	-	446
<b>TOTAL FUND BALANCES</b>	<b>13,884</b>	<b>9,991</b>	<b>1,234</b>	<b>-</b>	<b>1,158</b>	<b>80,081</b>	<b>-</b>	<b>446</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,027</b>	<b>\$ 15,149</b>	<b>\$ 1,251</b>	<b>\$ -</b>	<b>\$ 1,158</b>	<b>\$ 113,559</b>	<b>\$ 41,157</b>	<b>\$ 446</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

	Special Revenue Funds				Debt Service Funds			
	Health Set Aside	Friends of the Courthouse	Hakola-Ross Drainage	Ambulance	2001 City of SSM Debt Retirement	Superior Township 2000 Improvement Bond Reserve	Superior Township Improvements Debt	1998 City of SSM Debt Retirement
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ 505,060	\$ 1,779	\$ 7,503	\$ 29,484	\$ -	\$ 32,670	\$ -	\$ -
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	430,278	-	-	-	-
Interest Receivable	166	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 505,226</b>	<b>\$ 1,779</b>	<b>\$ 7,503</b>	<b>\$ 459,762</b>	<b>\$ -</b>	<b>\$ 32,670</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-	-	-
Accrued Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	430,278	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,278</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Unreserved:								
Designated	505,226	1,779	7,503	29,484	-	32,670	-	-
<b>TOTAL FUND BALANCES</b>	<b>505,226</b>	<b>1,779</b>	<b>7,503</b>	<b>29,484</b>	<b>-</b>	<b>32,670</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 505,226</b>	<b>\$ 1,779</b>	<b>\$ 7,503</b>	<b>\$ 459,762</b>	<b>\$ -</b>	<b>\$ 32,670</b>	<b>\$ -</b>	<b>\$ -</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

	Debt Service Funds						Capital Projects Funds	
	1995 City of SSM Debt Retirement	Avery Square Bond Retirement	Correctional Bond Retirement	1988 Bldg. Authority Bond Retirement	Courthouse Annex Renovation	1977 Superior Twp. Debt Retirement	Correctional Building	Courthouse Annex Renovation
<b>ASSETS:</b>								
Cash & Investments - Unrestricted	\$ -	\$ 255,911	\$ 5,422	\$ 122	\$ 350	\$ -	\$ -	\$ 957
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 255,911</b>	<b>\$ 5,422</b>	<b>\$ 122</b>	<b>\$ 350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 957</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-	-	-
Accrued Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Unreserved:								
Designated	-	255,911	5,422	122	350	-	-	957
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>255,911</b>	<b>5,422</b>	<b>122</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>957</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 255,911</b>	<b>\$ 5,422</b>	<b>\$ 122</b>	<b>\$ 350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 957</b>

# County of Chippewa, Michigan

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2009**

	<u>Totals</u>
<b>ASSETS:</b>	
Cash & Investments - Unrestricted	\$ 1,350,503
Accounts Receivable	14,443
Taxes Receivable	430,278
Interest Receivable	166
Due from Governmental Units	141,473
Prepaid Expenditures	<u>200</u>
 TOTAL ASSETS	 <u>\$ 1,937,063</u>
<b>LIABILITIES:</b>	
Due to Other Funds	\$ 15,449
Accounts Payable	219,785
Accrued Liabilities	17,016
Deferred Revenue	<u>435,214</u>
 TOTAL LIABILITIES	 <u>687,464</u>
<b>FUND BALANCES:</b>	
Unreserved:	
Designated	<u>1,249,599</u>
 TOTAL FUND BALANCES	 <u>1,249,599</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,937,063</u>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2009

	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>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License & Permits	-	-	-	-	-	3,405	-	-
Federal Sources	-	-	201,000	-	-	-	751,273	-
State Sources	-	-	-	-	-	-	-	2,167
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	8,160	73,257	-	-	-	-	-	-
Interest & Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	14,900	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>8,160</b>	<b>73,257</b>	<b>215,900</b>	<b>-</b>	<b>-</b>	<b>3,405</b>	<b>751,273</b>	<b>2,167</b>
<b>EXPENDITURES:</b>								
Judicial	11,021	-	-	-	-	-	-	652
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	751,273	-
Public Works	-	142,528	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	3,285	-	-
Community/Economic Development	-	-	215,900	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>11,021</b>	<b>142,528</b>	<b>215,900</b>	<b>-</b>	<b>-</b>	<b>3,285</b>	<b>751,273</b>	<b>652</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,861)</b>	<b>(69,271)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>1,515</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond Proceeds								
Operating Transfers In	-	69,271	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(2,861)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>1,515</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>5,145</b>	<b>-</b>	<b>10,207</b>	<b>1,964</b>	<b>25</b>	<b>180</b>	<b>-</b>	<b>4,454</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 2,284</b>	<b>\$ -</b>	<b>\$ 10,207</b>	<b>\$ 1,964</b>	<b>\$ 25</b>	<b>\$ 300</b>	<b>\$ -</b>	<b>\$ 5,969</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2009

	Special Revenue Funds							
	FOC Child Support	Community Service	Superior Twp 2000 Improvements Maintenance	Office of Community Correction	Tax Exemption	Register of Deeds Automation	CCSD Salvage Vehicle	Secondary Road Patrol
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License & Permits	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	99,493
Local Sources	-	-	9,195	-	-	-	-	-
Charges for Services	-	-	-	-	-	39,147	3,400	-
Interest & Rentals	-	-	171	-	-	-	-	-
Other Revenue	-	245	-	125,432	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>245</b>	<b>9,366</b>	<b>125,432</b>	<b>-</b>	<b>39,147</b>	<b>3,400</b>	<b>99,493</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	35,032	-	-
Public Safety	-	-	-	106,371	-	-	10,080	141,689
Public Works	-	-	22,000	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>22,000</b>	<b>106,371</b>	<b>-</b>	<b>35,032</b>	<b>10,080</b>	<b>141,689</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>245</b>	<b>(12,634)</b>	<b>19,061</b>	<b>-</b>	<b>4,115</b>	<b>(6,680)</b>	<b>(42,196)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond Proceeds								
Operating Transfers In	-	-	-	3,500	-	-	-	42,196
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>245</b>	<b>(12,634)</b>	<b>22,561</b>	<b>-</b>	<b>4,115</b>	<b>(6,680)</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>36,826</b>	<b>6,350</b>	<b>19,112</b>	<b>68,393</b>	<b>-</b>	<b>30,871</b>	<b>14,653</b>	<b>24,644</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 36,826</b>	<b>\$ 6,595</b>	<b>\$ 6,478</b>	<b>\$ 90,954</b>	<b>\$ -</b>	<b>\$ 34,986</b>	<b>\$ 7,973</b>	<b>\$ 24,644</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2009

	Special Revenue Funds							
	Sheriff Law Enforcement Training	Local Corrections Officer's Training	Sheriff Park Patrol	Road Patrol Overtime	Sheriff Special Projects	Law Library	Snowmobile Trail Marker	Livery Inspections
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License & Permits	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	46,259	-	-	-	-
State Sources	-	800	4,348	-	-	-	-	-
Local Sources	4,322	-	-	-	-	-	-	-
Charges for Services	-	6,771	-	-	-	-	-	404
Interest & Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	3,498	3,500	-	-
<b>TOTAL REVENUES</b>	<b>4,322</b>	<b>7,571</b>	<b>4,348</b>	<b>46,259</b>	<b>3,498</b>	<b>3,500</b>	<b>-</b>	<b>404</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	2,931	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	3,374	9,630	3,501	31,748	5,000	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	1,387	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,374</b>	<b>9,630</b>	<b>3,501</b>	<b>31,748</b>	<b>5,000</b>	<b>2,931</b>	<b>1,387</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>948</b>	<b>(2,059)</b>	<b>847</b>	<b>14,511</b>	<b>(1,502)</b>	<b>569</b>	<b>(1,387)</b>	<b>404</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond Proceeds								
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>948</b>	<b>(2,059)</b>	<b>847</b>	<b>14,511</b>	<b>(1,502)</b>	<b>569</b>	<b>(1,387)</b>	<b>404</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>3,936</b>	<b>10,897</b>	<b>12,500</b>	<b>14,255</b>	<b>13,153</b>	<b>5,472</b>	<b>1,632</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 4,884</b>	<b>\$ 8,838</b>	<b>\$ 13,347</b>	<b>\$ 28,766</b>	<b>\$ 11,651</b>	<b>\$ 6,041</b>	<b>\$ 245</b>	<b>\$ 404</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2009

	Special Revenue Funds							
	Animal Shelter Donations	Highway Safety	Juvenile Accountability Block Grant	Youth Alcohol	Chippewa County DHS Appropriations	DHS Child Care	Probate Child Care	Veteran's Trust
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License & Permits	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	25,216	-	-	-	-	2,566	3,494
Local Sources	6,108	-	-	7,410	-	-	7,500	-
Charges for Services	-	-	-	-	-	-	-	-
Interest & Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	11,693	-
<b>TOTAL REVENUES</b>	<b>6,108</b>	<b>25,216</b>	<b>-</b>	<b>7,410</b>	<b>-</b>	<b>-</b>	<b>21,759</b>	<b>3,494</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	15,225	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	4,554	-	-	7,410	20,110	73,352	256,223	2,209
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>4,554</b>	<b>15,225</b>	<b>-</b>	<b>7,410</b>	<b>20,110</b>	<b>73,352</b>	<b>256,223</b>	<b>2,209</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,554</b>	<b>9,991</b>	<b>-</b>	<b>-</b>	<b>(20,110)</b>	<b>(73,352)</b>	<b>(234,464)</b>	<b>1,285</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond Proceeds								
Operating Transfers In	-	-	-	-	20,110	73,352	372,622	-
Operating Transfers Out	-	-	-	-	-	-	(138,158)	(1,140)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>1,554</b>	<b>9,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>12,330</b>	<b>-</b>	<b>1,234</b>	<b>-</b>	<b>1,158</b>	<b>80,081</b>	<b>-</b>	<b>301</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 13,884</b>	<b>\$ 9,991</b>	<b>\$ 1,234</b>	<b>\$ -</b>	<b>\$ 1,158</b>	<b>\$ 80,081</b>	<b>\$ -</b>	<b>\$ 446</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2009

	Special Revenue Funds				Debt Service Funds			
	Health Set Aside	Friends of the Courthouse	Hakola-Ross Drainage	Ambulance	2001 City of SSM Debt Retirement	Superior Twp 2000 Improvement Bond Reserve	Superior Township Improvements Debt	1998 City of SSM Debt Retirement
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 418,199	\$ -	\$ -	\$ -	\$ -
License & Permits	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	-	-	-	183,649	3,460	33,914	195,968
Charges for Services	-	-	-	-	-	-	-	-
Interest & Rentals	5,226	-	-	-	-	246	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>5,226</b>	<b>-</b>	<b>-</b>	<b>418,199</b>	<b>183,649</b>	<b>3,706</b>	<b>33,914</b>	<b>195,968</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	272,258	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	183,649	-	33,914	195,968
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>272,258</b>	<b>183,649</b>	<b>-</b>	<b>33,914</b>	<b>195,968</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,226</b>	<b>-</b>	<b>-</b>	<b>145,941</b>	<b>-</b>	<b>3,706</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond Proceeds	-	-	-	-	-	-	-	-
Operating Transfers In	250,000	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	(145,941)	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>255,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,706</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>250,000</b>	<b>1,779</b>	<b>7,503</b>	<b>29,484</b>	<b>-</b>	<b>28,964</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 505,226</b>	<b>\$ 1,779</b>	<b>\$ 7,503</b>	<b>\$ 29,484</b>	<b>\$ -</b>	<b>\$ 32,670</b>	<b>\$ -</b>	<b>\$ -</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2009

	Debt Service Funds					Capital Project Funds		
	1995 City of SSM Debt Retirement	Avery Square Bond Retirement	Correctional Bond Retirement	1988 Bldg Authority Bond Retirement	Courthouse Annex Renovation	1977 Superior Twp Debt Retirement	Correctional Building	Courthouse Annex Renovation
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License & Permits	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	-
Local Sources	278,805	163,400	-	-	-	7,250	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest & Rentals	-	2,502	1,041	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>278,805</b>	<b>165,902</b>	<b>1,041</b>	<b>-</b>	<b>-</b>	<b>7,250</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	1,154,273	-
Debt Service	278,805	166,485	349,535	-	199,500	7,250	-	-
<b>TOTAL EXPENDITURES</b>	<b>278,805</b>	<b>166,485</b>	<b>349,535</b>	<b>-</b>	<b>199,500</b>	<b>7,250</b>	<b>1,154,273</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(583)</b>	<b>(348,494)</b>	<b>-</b>	<b>(199,500)</b>	<b>-</b>	<b>(1,154,273)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond Proceeds	-	-	-	-	-	-	1,635,000	-
Operating Transfers In	-	-	65,000	-	199,850	-	111,471	-
Operating Transfers Out	-	-	-	-	-	-	(592,198)	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>(583)</b>	<b>(283,494)</b>	<b>-</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>-</b>	<b>256,494</b>	<b>288,916</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>957</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ -</b>	<b>\$ 255,911</b>	<b>\$ 5,422</b>	<b>\$ 122</b>	<b>\$ 350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 957</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended December 31, 2009

	Totals
<b>REVENUES:</b>	
Taxes	\$ 418,199
License & Permits	3,405
Federal Sources	998,532
State Sources	138,084
Local Sources	900,981
Charges for Services	131,139
Interest & Rentals	9,186
Other Revenue	159,268
TOTAL REVENUES	2,758,794
<b>EXPENDITURES:</b>	
Judicial	14,604
General Government	35,032
Public Safety	1,077,891
Public Works	164,528
Health & Welfare	639,401
Community/Economic Development	217,287
Capital Outlay	1,154,273
Debt Service	1,415,106
TOTAL EXPENDITURES	4,718,122
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,959,328)
<b>OTHER FINANCING SOURCES (USES):</b>	
Bond Proceeds	1,635,000
Operating Transfers In	1,207,372
Operating Transfers Out	(877,437)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	5,607
FUND BALANCES, JANUARY 1	1,243,992
FUND BALANCES, DECEMBER 31	\$ 1,249,599

# County of Chippewa, Michigan

## Combining Statement of Net Assets Major Tax Collection Enterprise Fund December 31, 2009

	2008 Tax Revolving	2007 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
<b>ASSETS:</b>					
Cash & Investments - Unrestricted	\$ 2,104,488	\$ 3,307,974	\$ 3,128,212	\$ 111,256	\$ 8,651,930
Taxes Receivable	1,657,176	229,830	-	-	1,887,006
Accrued Interest	168,047	82,830	7,279	-	258,156
<b>TOTAL ASSETS</b>	<b>\$ 3,929,711</b>	<b>\$ 3,620,634</b>	<b>\$ 3,135,491</b>	<b>\$ 111,256</b>	<b>\$ 10,797,092</b>
<b>LIABILITIES:</b>					
Due to Other Governmental Units	\$ 98,187	\$ 57,706	\$ 32,678	\$ -	\$ 188,571
Accrued Liabilities	-	47	-	581	628
<b>TOTAL LIABILITIES</b>	<b>98,187</b>	<b>57,753</b>	<b>32,678</b>	<b>581</b>	<b>189,199</b>
<b>NET ASSETS:</b>					
Unrestricted	3,831,524	3,562,881	3,102,813	110,675	10,607,893
<b>TOTAL NET ASSETS</b>	<b>3,831,524</b>	<b>3,562,881</b>	<b>3,102,813</b>	<b>110,675</b>	<b>10,607,893</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,929,711</b>	<b>\$ 3,620,634</b>	<b>\$ 3,135,491</b>	<b>\$ 111,256</b>	<b>\$ 10,797,092</b>

**County of Chippewa, Michigan**

**Combining Statement of Revenues, Expenses, and  
Changes in Net Assets - Major Tax Collection Enterprise Fund  
For the Year Ended December 31, 2009**

	2008 Tax Revolving	2007 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 77,448	\$ 60,376	\$ 9,393	\$ -	\$ 147,217
Penalties and Interest Charges	251,741	102,685	1,667	-	356,093
<b>TOTAL OPERATING REVENUES</b>	<b>329,189</b>	<b>163,061</b>	<b>11,060</b>	<b>-</b>	<b>503,310</b>
<b>OPERATING EXPENSES:</b>					
Personal Services	-	-	5,000	8,150	13,150
Other Supplies and Expenses	-	-	-	1,866	1,866
<b>Total Operating Expenses</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>10,016</b>	<b>15,016</b>
<b>OPERATING INCOME (LOSS)</b>	<b>329,189</b>	<b>163,061</b>	<b>6,060</b>	<b>(10,016)</b>	<b>488,294</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest on Deposits	2,329	6,986	43,273	-	52,588
<b>Total Non-operating Revenues (Expenses)</b>	<b>2,329</b>	<b>6,986</b>	<b>43,273</b>	<b>-</b>	<b>52,588</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>331,518</b>	<b>170,047</b>	<b>49,333</b>	<b>(10,016)</b>	<b>540,882</b>
Operating Transfers In	3,500,006	-	592,198	-	4,092,204
Operating Transfers Out	-	-	(3,500,006)	-	(3,500,006)
<b>CHANGES IN NET ASSETS</b>	<b>3,831,524</b>	<b>170,047</b>	<b>(2,858,475)</b>	<b>(10,016)</b>	<b>1,133,080</b>
<b>NET ASSETS, JANUARY 1</b>	<b>-</b>	<b>3,392,834</b>	<b>5,961,288</b>	<b>120,691</b>	<b>9,474,813</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 3,831,524</b>	<b>\$ 3,562,881</b>	<b>\$ 3,102,813</b>	<b>\$ 110,675</b>	<b>\$ 10,607,893</b>

**County of Chippewa, Michigan**

**Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
December 31, 2009**

	State Education Tax Parcel Fee	2004 Tax Foreclosure	2005 Tax Foreclosure	2006 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>ASSETS:</b>							
Cash & Investments - Unrestricted	\$ 7,970	\$ 592	\$ 86,874	\$ 117,224	\$ 10,881	\$ 4,147	\$ 227,688
Accounts Receivable	-	-	-	190	-	-	190
Due from Other Governmental Units	-	-	-	-	-	12,347	12,347
<b>TOTAL ASSETS</b>	<u>\$ 7,970</u>	<u>\$ 592</u>	<u>\$ 86,874</u>	<u>\$ 117,414</u>	<u>\$ 10,881</u>	<u>\$ 16,494</u>	<u>\$ 240,225</u>
<b>LIABILITIES:</b>							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,486	\$ 16,486
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,486</u>	<u>16,486</u>
<b>NET ASSETS:</b>							
Unrestricted	<u>7,970</u>	<u>592</u>	<u>86,874</u>	<u>117,414</u>	<u>10,881</u>	<u>8</u>	<u>223,739</u>
<b>TOTAL NET ASSETS</b>	<u>7,970</u>	<u>592</u>	<u>86,874</u>	<u>117,414</u>	<u>10,881</u>	<u>8</u>	<u>223,739</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,970</u>	<u>\$ 592</u>	<u>\$ 86,874</u>	<u>\$ 117,414</u>	<u>\$ 10,881</u>	<u>\$ 16,494</u>	<u>\$ 240,225</u>

**County of Chippewa, Michigan**

**Combining Statement of Revenues, Expenses, and  
Changes in Net Assets - Nonmajor Enterprise Funds  
For the Year Ended December 31, 2009**

	State Education Tax Parcel Fee	2004 Tax Foreclosure	2005 Tax Foreclosure	2006 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>OPERATING REVENUES:</b>							
Charges for Services	\$ 3,945	\$ 592	\$ -	\$ 122,851	\$ 145,333	\$ -	\$ 272,721
<b>TOTAL OPERATING REVENUES</b>	<b>3,945</b>	<b>592</b>	<b>-</b>	<b>122,851</b>	<b>145,333</b>	<b>-</b>	<b>272,721</b>
<b>OPERATING EXPENSES:</b>							
Personal Services	-	-	-	4,704	-	-	4,704
Other Supplies and Expenses	521	-	-	733	89,708	-	90,962
<b>Total Operating Expenses</b>	<b>521</b>	<b>-</b>	<b>-</b>	<b>5,437</b>	<b>89,708</b>	<b>-</b>	<b>95,666</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,424</b>	<b>592</b>	<b>-</b>	<b>117,414</b>	<b>55,625</b>	<b>-</b>	<b>177,055</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>3,424</b>	<b>592</b>	<b>-</b>	<b>117,414</b>	<b>55,625</b>	<b>-</b>	<b>177,055</b>
Operating Transfers Out	-	(137,081)	-	-	(45,000)	-	(182,081)
<b>CHANGES IN NET ASSETS</b>	<b>3,424</b>	<b>(136,489)</b>	<b>-</b>	<b>117,414</b>	<b>10,625</b>	<b>-</b>	<b>(5,026)</b>
NET ASSETS, JANUARY 1	4,546	137,081	86,874	-	256	8	228,765
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 7,970</b>	<b>\$ 592</b>	<b>\$ 86,874</b>	<b>\$ 117,414</b>	<b>\$ 10,881</b>	<b>\$ 8</b>	<b>\$ 223,739</b>

# County of Chippewa, Michigan

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2009

	State Education Tax Parcel Fee	2004 Tax Foreclosure	2005 Tax Foreclosure	2006 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from Customers	\$ 3,945	\$ -	\$ -	\$ 122,661	\$ 145,333	\$ 4,108	\$ 276,047
Payments to Suppliers	(521)	-	-	(5,437)	(89,708)	-	(95,666)
Net Cash Provided (Used) by Operating Activities	<u>3,424</u>	<u>-</u>	<u>-</u>	<u>117,224</u>	<u>55,625</u>	<u>4,108</u>	<u>180,381</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Operating Transfers Out	-	(137,081)	-	-	(45,000)	-	(182,081)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(137,081)</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>	<u>(182,081)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,424	(137,081)	-	117,224	10,625	4,108	(1,700)
Balances - Beginning of the Year	<u>4,546</u>	<u>137,673</u>	<u>86,874</u>	<u>-</u>	<u>256</u>	<u>39</u>	<u>229,388</u>
Balances - End of the Year	<u>\$ 7,970</u>	<u>\$ 592</u>	<u>\$ 86,874</u>	<u>\$ 117,224</u>	<u>\$ 10,881</u>	<u>\$ 4,147</u>	<u>\$ 227,688</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Operating Income (Loss)	\$ 3,424	\$ 592	\$ -	\$ 117,414	\$ 55,625	\$ -	\$ 177,055
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Change in Assets and Liabilities:							
(Increase)Decrease in Assets:							
Due from Other Governmental Units	-	-	-	(190)	-	4,108	3,918
Increase(Decrease) in Liabilities:							
Accrued Liabilities	-	(592)	-	-	-	-	(592)
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,224</u>	<u>\$ 55,625</u>	<u>\$ 4,108</u>	<u>\$ 180,381</u>

**County of Chippewa, Michigan****Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2009**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
<b>ASSETS:</b>				
Cash	\$ 304,952	\$ 121,091	\$ -	\$ 426,043
Accounts Receivable	233,017	-	-	233,017
Inventories	-	-	35,039	35,039
<b>TOTAL ASSETS</b>	<b>\$ 537,969</b>	<b>\$ 121,091</b>	<b>\$ 35,039</b>	<b>\$ 694,099</b>
<b>LIABILITIES:</b>				
Due to Other Funds	\$ -	\$ -	\$ 35,016	\$ 35,016
INBR Payable	197,488	-	-	197,488
<b>TOTAL LIABILITIES</b>	<b>197,488</b>	<b>-</b>	<b>35,016</b>	<b>232,504</b>
<b>NET ASSETS:</b>				
Unrestricted	340,481	121,091	23	461,595
<b>TOTAL NET ASSETS</b>	<b>340,481</b>	<b>121,091</b>	<b>23</b>	<b>461,595</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 537,969</b>	<b>\$ 121,091</b>	<b>\$ 35,039</b>	<b>\$ 694,099</b>

**County of Chippewa, Michigan****Combining Statement of Revenues, Expenses, and  
Changes in Net Assets - Internal Service Funds  
For the Year Ended December 31, 2009**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 2,486,234	\$ 143,597	\$ 12,940	\$ 2,642,771
Total Operating Revenues	<u>2,486,234</u>	<u>143,597</u>	<u>12,940</u>	<u>2,642,771</u>
<b>OPERATING EXPENSES:</b>				
Premium Reimbursements	2,373,872	102,312	-	2,476,184
Supplies	<u>-</u>	<u>-</u>	<u>13,538</u>	<u>13,538</u>
Total Operating Expenses	<u>2,373,872</u>	<u>102,312</u>	<u>13,538</u>	<u>2,489,722</u>
<b>OPERATING INCOME (LOSS)</b>	112,362	41,285	(598)	153,049
<b>NET ASSETS, JANUARY 1</b>	<u>228,119</u>	<u>79,806</u>	<u>621</u>	<u>308,546</u>
<b>NET ASSETS, DECEMBER 31</b>	<u>\$ 340,481</u>	<u>\$ 121,091</u>	<u>\$ 23</u>	<u>\$ 461,595</u>

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 2,253,217	\$ 143,597	\$ 17,353	\$ 2,414,167
Payments to Suppliers	(2,409,760)	(102,312)	(17,607)	(2,529,679)
Net Cash Provided (Used) by Operating Activities	(156,543)	41,285	(254)	(115,512)
Net Increase (Decrease) in Cash and Cash Equivalents	(156,543)	41,285	(254)	(115,512)
Balances - Beginning of the Year	461,495	79,806	254	541,555
Balances - End of the Year	\$ 304,952	\$ 121,091	\$ -	\$ 426,043
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 112,362	\$ 41,285	\$ (598)	\$ 153,049
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	(233,017)	-	-	(233,017)
Inventory	-	-	4,413	4,413
Increase (Decrease) in Liabilities:				
Accrued Liabilities	(35,888)	-	(4,069)	(39,957)
Net Cash Provided (Used) by Operating Activities	\$ (156,543)	\$ 41,285	\$ (254)	\$ (115,512)

## **Reports on Compliance**

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

**KINROSS OFFICE**

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

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ROBERT L. HASKE, CPA

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

**MEMBER MACPA**

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the County of Chippewa, Michigan, as of and for the year ended December 31, 2009 which collectively comprise the County's basic financial statements and have issued our report thereon, dated April 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs and summary schedule of prior audit findings that we consider to be significant deficiencies in internal control over financial reporting, listed as 08-1, 09-2, 09-4 and 09-5. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Chippewa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 09-1 and 09-3.

We noted certain matters that we reported to management of the County of Chippewa, Michigan in a separate letter dated April 16, 2010.

Chippewa County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and summary schedule of prior audit findings. We did not audit Chippewa County's responses; and accordingly, we express no opinion on it.

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



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

April 16, 2010



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

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
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ROBERT L. HASKE, CPA

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

**MEMBER MACPA**

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the County of Chippewa, Michigan with the types of compliance requirements described in the (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County of Chippewa, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs and summary schedule of prior audit findings as items 08-1, 09-1, 09-2, 09-3, 09-4 and 09-5.

## Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 09-2, 09-4 and 09-5. *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.

Chippewa County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on it.

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



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

June 25, 2010

# County of Chippewa, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2009

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	10.557	XX4W1006	158,327
Subtotal			158,327
<i>Pass-through from the Michigan Department of Natural Resources:</i>			
Schools and Roads Grant	10.665	N/A	546,427
Schools and Roads Grant	10.665	N/A	47,812
Subtotal			594,239
Total U.S. Department of Agriculture			752,566
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
<i>Pass-through from the Michigan State Housing Development Authority:</i>			
CDBG Housing Program	14.228	MSC-2006-0731-HOA	34,578
CDBG Housing Program	14.228	MSC-2009-0731-HOA	166,422
Total U.S. Department of Housing and Urban Development			201,000
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
<i>Pass-through from Diane Pepler Resource Center:</i>			
STOP Grant	16.588	N/A	17,000
<i>Pass-through from Emmet County:</i>			
S.A.N.E.	16.579	70868-8K04	36,061
Total U.S. Department of Justice			53,061
<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>			
Preliminary Architectural Services	20.106	3-26-0139-2408	187,802
Snow Removal Equipment	20.106	3-26-0139-2509	202,369
Building Rehabilitation	20.106	3-26-0139-2609	661,324
Expand Snow Removal Equipment Building	20.106	3-26-0139-2709	39,759
Subtotal			1,091,254
<i>Pass-through Programs from the State of Michigan Department of Transportation (MDOT) - MDOT Administered:</i>			
Mackinac Trail	20.205	STP 0917(212)	314,166
North Shore Road	20.205	STP 0917(213)	155,477
Highway Planning	20.205	N/A	9,895
Tilson Road	20.205	HPSL 0717(015)	96,307
Subtotal			575,845
Section 5311 Operating Assistance	20.509	2007-0204 101906	69,678
Capital Grants - Section 5311 (100/0)	20.509	2007-0204 89906	4,125
Capital Grants - Section 5309 (100/0)	20.500	2002-0035 84729	528
Capital Grants - Section 5309 (80/20)	20.500	2002-0035 88029	1,297
Capital Grants - Marine (90/10)	20.500	2007-0204 103673	13,970
Capital Grants - Section 511 (100/0)	20.900	2002-0035 76694	21,109
Job Access and Reverse Commute Program (JARC)	20.516	2007-0204 101971	19,289
Subtotal			129,996

# County of Chippewa, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i> HEMP	20.503	N/A	46,259
Total U.S. Department of Transportation			1,843,354
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>			
<i>Pass-through from State of Michigan Department of Environmental Quality:</i> Noncommunity (Type II) - Operator Certification	66.471	N/A	430
Beaches Great Lakes	66.472	N/A	18,000
Subtotal			18,430
Total U.S. Environmental Protection Agency			18,430
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
Direct Award: ARRA Port Security Grant	97.116	2009-PU-RI-0370	246,985
<i>Pass-through from the State of Michigan Department of Natural Resources, Grants Management</i> 2009 Marine Safety Program	97.012	N/A	15,346
<i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i> Emergency Management Performance Grant	97.042	N/A	17,100
Operation Stonegarden Grant	97.067	N/A	751,273
Subtotal			768,373
<i>Pass-through from the County of Houghton:</i> Homeland Security Grant	97.067	N/A	57,672
Total U.S. Department of Homeland Security			1,088,376
<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 - Incentive	93.563	N/A	24,054
Prosecuting Attorney - Incentive	93.563	N/A	24,054
Friend of the Court - Cooperative Reimbursement	93.563	CS/FOC-09-17001	213,098
Friend of the Court - Cooperative Reimbursement	93.563	CS/FOC-10-17001	73,216
Prosecuting Attorney - Cooperative Reimbursement	93.563	CS/PA-09-17002	51,666
Prosecuting Attorney - Cooperative Reimbursement	93.563	CS/PA-10-17002	18,695
Friend of the Court PRO FC	93.658	PROFC-08-17001	3,068
Subtotal			407,851
<i>Pass-through from Pathways:</i> Substance Abuse Treatment Prevention	93.959	00 B1MISAPT05	54,500
Subtotal			54,500

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2009**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass-through Number</b>	<b>Federal Expenditures</b>
<i>Pass-through from the State of Michigan Department of Community Health:</i>			
Family Planning	93.217	05H000173	51,032
Immunizations - Handling	93.268	H23 CCH522556	7,063
Immunizations - IAP	93.268	H23 CCH522556	13,344
Vaccine Provided	93.268	N/A	105,767
Bioterrorism	93.283	CCU517018	143,754
Cancer-BCCCP Coordination	93.283	U57 CCU506738	31,126
Cancer-Family Planning Coordination	93.283	U57 CCU506738	3,000
Medical Assistance Program	93.778	5XX05MI5048	8,708
CSHCS Care Coordination	93.778	50705MI5078	270
Maternal and Child Health Block Grant - Local MCH	93.994	B1MIMCHS	25,696
Maternal and Child Health Block Grant - Case Management Services	93.994	B1MIMCHS	6,989
Subtotal			<u>396,749</u>
Total U.S. Department of Health & Human Services			<u>859,100</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 4,815,887</u>

**NOTE A - BASIS OF PRESENTATION:**

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

**NOTE B - SUBRECIPIENT GRANTEE:**

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

<u>Program Title</u>	<u>Subrecipient</u>	<u>Federal CFDA Number</u>	<u>Amount Provided To Subrecipients</u>
CDBG-Housing Grant	Community Action Human Resource Authority	14.228	\$ <u>201,000</u>

**NOTE C - MDOT ADMINISTRATION:**

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

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

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

Total Federal per Financial Statements	
Revenues – Primary Government	\$ 1,897,686
Federal Grants of Component Units	2,425,101
Federal Grants in Trust & Agency	546,427
Grant Adjustments	<u>(53,327)</u>
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	\$ <u>4,815,887</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?	Yes
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?	Yes
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>
10.665	Schools and Roads Grant
97.067	Operation Stonegarden Grant/Homeland Security Grants
97.116	Port Security Grant (ARRA)
Dollar threshold used to distinguish between types A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

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NONE.

Section III – Federal Award Findings and Questioned Costs

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*Significant Deficiencies – Noncompliance with Federal Regulations*

**Subrecipient Monitoring**

*Finding 09-1*

Program Award: U.S. Department of Homeland Security – Operation Stonegarden Grant – CFDA No. 97.067, period ended December 31, 2009, pass-through from the Michigan Department of State Police.

Criteria: OMB Circular A-133 requires that a unit of government that passes federal funds to another governmental unit must implement, document and monitor compliance of that organization with the provisions of the OMB circulars and other federal regulations.

Condition: Subrecipient monitoring policies have not been implemented and documented for the federal program including monitoring through site visits, assuring regular audits have been performed and that reported payroll is certified and accurate.

Effect: Without adequate review documentation of subrecipient audit reports, single audit compliance reports, certification of payroll and other monitoring procedures, compliance with requirements of OMB Circular A-133 and other regulations cannot be assured.

Cause: Audit reports of the subrecipient were not requested or were not available by the participating organization, payroll information does not contain certification disclosures signed by participants and monitoring is not documented due to insufficient reporting procedures and practices.

Recommendation: Program personnel should implement the procedures contained in the County subrecipient monitoring policy and implement the appropriate review and documentation procedures to assure compliance with federal regulations.

Planned Corrective Action: The County has implemented monitoring and documentation examination procedures as of June 2010.

- Contact Person(s) Responsible for Correction:  
Tim McKee, OES Director
  
- Anticipated Completion Date:  
Immediately

Section III – Federal Award Findings and Questioned Costs (Continued)

*Significant Deficiencies – Noncompliance with Federal Regulations*

**Payroll Records**

*Finding 09-2*

Program Award: U.S. Department of Homeland Security – Operation Stonegarden Grant – CFDA No. 97.067, period ended December 31, 2009, pass-through from the Michigan Department of State Police.

Criteria: OMB Circular A-87 “Cost principles for State, Local, and Indian Tribal Governments,” requires time salaries spent working on federal programs be documented and supported by continuous time records, wage rate authorizations and verification of fringe rate charges. Additionally, personnel must certify the federal payroll.

Condition: Subrecipients did not provide detail support of wage and fringe rates reported on the payroll reimbursement and did not report the appropriate hours worked as indicated on individual time keeping records. Additionally, personnel did not verify the information resulting in unpaid or inaccurate payment of wages. The grantee did not obtain proper wage certifications for personnel charged to federal programs.

Effect: The department did not accurately calculate records for personnel charged to the grant program resulting in inaccurate payroll and fringes costs reported to the grantor. Additionally, some personnel were not paid for hours worked thereby undercharging the grant for eligible costs.

Cause: Hours and rates reported on the payroll were not compared to the individual time records in some cases. Certifications were not obtained.

Recommendation: The preparer should review and verify all hours, wages and fringe rates, and reports for accuracy prior to submission. Additionally, all reports should be reviewed by a second individual to provide further assurance that data is accurate. Certification should be obtained from all personnel.

Planned Corrective Action: In June 2010, the County documented and corrected payroll reports and certifications are in the process of being obtained.

- Contact Person(s) Responsible for Correction:  
Tim McKee, OES Director
  
- Anticipated Completion Date:  
Immediately

Section III – Federal Award Findings and Questioned Costs (Continued)

*Significant Deficiencies – Noncompliance with Federal Regulations*

**Procurement and Purchasing**

*Finding 09-3*

Program Awards: U.S. Department of Homeland Security-Operation Stonegarden Grant – CFDA No. 97.067, period ended December 31, 2009, pass-through from the Michigan Department of State Police. Direct Award: Port Security Grant; CFDA No. 97.116, period ended December 31, 2009.

Criteria: A-102 Common Rule requires all nonfederal entities to use procurement and purchasing procedures adopted by the local unit of government which conform to applicable federal and state laws. In this case, the Chippewa County purchasing policy number 320 should be utilized which requires the department to solicit bids for purchases.

Condition: Bid solicitations were not obtained for two equipment purchases in accordance with the purchasing policy adopted by the Board of Commissioners effective August 31, 2001, nor were vendors reviewed for federal suspension or debarment for purchases over \$25,000.

Effect: The effect of this condition violates provisions of A-102 Common Rule as applicable to local units of government resulting in potential excess charges to the grant program, conflicts of interest or unauthorized purchases which could result in disallowed costs.

Cause: Verbal quotes were utilized in lieu of sealed bids.

Recommendation: Grantee personnel should review and implement provisions of the purchasing policy immediately to comply with the Board of Commissioner’s adopted policy and procedures. This would also comply with various federal regulations and avoid costs which may be repaid to the federal agency in the event of disallowance.

Planned Corrective Action: The County will comply with the bid process in the future, in accordance with County policy. The County will review all required vendors for debarment.

- Contact Person(s) Responsible for Correction:  
Tim McKee, OES Director
- Anticipated Completion Date:  
Immediately

Section III – Federal Award Findings and Questioned Costs (Continued)

*Significant Deficiencies – Noncompliance with Federal Regulations*

**General ledger Reconciliation**

*Finding 09-4*

Program Award: U.S. Department of Homeland Security-Operation Stonegarden Grant – CFDA No. 97.067, period ended December 31, 2009, pass-through from the Michigan Department of State Police.

Criteria: 44, Code of Federal Regulations, part 13.20 requires effective control over and accountability of all contracts and or grant funds. A strong system of internal controls mandates that general ledger account balances are properly reconciled to a subsidiary ledger or other adequate supportive documentation on a periodic basis, particularly at fiscal year end.

Condition: The grant recipient typically prepares detailed reconciliations for all funds which includes a review of balance sheet accounts and statement of revenues, expenditures and changes in fund balance accounts. This did not appear to occur as thoroughly as it had in past years, specifically with identifying which grants should be posted to which County funds.

Effect: The Funds did not appear to report all grant transactions reported and expensed under the reporting requirements as listed in the grant documents. Some expenditures were not clearly identified as to funding source or were posted in another fund.

Cause: Grants are not reported to the finance department in written form for reference. Therefore documentation as to exact funding source is not concise and verifiable at the time of data entry.

Recommendation: All grant information, requests, and support should be provided to the finance department for proper posting. Timely reconciliations are essential to the fair and accurate presentation of financial information based on accounting records. We strongly recommend that personnel review their procedures and make appropriate alterations to those procedures to ensure that all general ledger account balances are properly documented in written form to the finance department for these grants.

Planned Corrective Action: Grant requests and support documentation will be provided to the finance department. The general ledger will be expanded to clarify grant transactions.

- Contact Person(s) Responsible for Correction:  
Tim McKee, OES Director
  
- Anticipated Completion Date:  
Immediately

Section III – Federal Award Findings and Questioned Costs (Continued)

*Significant Deficiencies – Noncompliance with Federal Regulations*

**Property Management**

*Finding 09-5*

Program Award: U.S. Department of Homeland Security – Operation Stonegarden Grant – CFDA No. 97.067; Pass-through from the State of Michigan Department of State Police. Direct Award: Port Security Grant; CFDA No. 97.116, period ended December 31, 2009.

Criteria: Internal controls should be in place to provide reasonable assurance to the County that equipment purchased with federal grants is inventoried within the last two years and that capital asset records contain date of acquisition, cost, percentage of federal participation and location.

Condition: A physical inventory of equipment was not performed at least biennially and records do not contain the above information for items purchased with federal grant monies.

Effect: The effect of this condition violates provisions of A-102 Common Rule as applicable to local units of government result in potential weakness in the property management system of internal controls.

Cause: Departments do not report federal acquisition information to capital asset management personnel.

Recommendation: The County should consider amending its property management system to include information required above, and develop a system for reporting federal purchases by departments procuring equipment with federal award funds.

Planned Corrective Action: The County will amend the reporting process to separately identify and inventory federal equipment purchases and initiate biennially inventory.

- Contact Person(s) Responsible for Correction:  
Tim McKee, OES Director
  
- Anticipated Completion Date:  
Immediately

Section II – Financial Statement Findings

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NONE.

Section III – Federal Award Findings and Questioned Costs

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Noncompliance - U.S. Department of Commerce

*Finding 08-1*

Program Award: Public Safety Interoperable Grant; CFDA No. 11.555; Pass-through from the State of Michigan Department of State Police, Emergency Management Division.

Criteria: Internal controls should be in place to provide reasonable assurance to the County that equipment purchased with federal grants is inventoried within the last two years and that capital asset records contain date of acquisition, cost, percentage of federal participation and location.

Condition: A physical inventory of equipment was not performed at least biennially and records do not contain the above information for items purchased with federal grant monies.

Effect: The effect of this condition violates provisions of A-102 Common Rule as applicable to local units of government result in potential weakness in the property management system of internal controls.

Cause: Departments do not report federal acquisition information to capital asset management personnel.

Recommendation: The County should consider amending its property management system to include information required above, and develop a system for reporting federal purchases by departments procuring equipment with federal award funds.

Planned Corrective Action: The County will amend the reporting process to identify and inventory federal equipment purchases and provide for department reporting of capital asset purchases.

- Contact Person(s) Responsible for Correction:  
Tim McKee, OES Director
- Anticipated Completion Date:  
June 2010

Status: Uncorrected.

## **Additional Information**

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**CHIPPEWA COUNTY, MICHIGAN**

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

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**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**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, 2009, 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 & Co. PLC*

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

April 16, 2010

**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, 2008, the County has the following debt issues which apply to SEC Rule 15c2-12.

1. \$3,040,000 County of Chippewa Water Supply and Sewage Disposal System Limited Tax General Obligation Bonds (City of Sault Ste. Marie), Series 1995.
2. \$2,715,000 County of Chippewa Water Supply and Sewage Disposal System Limited Tax General Obligation Bonds (City of Sault Ste. Marie), Series 1998.
3. \$4,500,000 County of Chippewa Building Authority Bonds, Series 2000.
4. \$1,575,000 Chippewa County Building Authority Bonds, Series 2001.
5. \$1,635,000 Chippewa County General Obligation Bonds, Series 2010.

**NOTE 2 - TABLES:**

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

**A. Population:**

1960 U.S. Census.....	32,655	1980 U.S. Census .....	29,029
1970 U.S. Census.....	32,412	1990 U.S. Census .....	34,604
		2000 U.S. Census .....	38,543
		2009 estimate .....	38,700

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

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

Use	2008		2009	
	Amount	Percent of Total	Amount	Percent of Total
Agricultural	\$ 30,317,642	3.11%	\$ 32,500,787	3.19%
Commercial	162,453,852	16.64%	164,768,950	16.15%
Industrial	24,412,454	2.50%	27,540,797	2.70%
Residential	733,823,615	75.18%	769,352,542	75.40%
Utility	25,110,600	2.57%	26,151,900	2.56%
Total	<u>\$ 976,118,163</u>	<u>100.00%</u>	<u>\$ 1,020,314,976</u>	<u>100.00%</u>

NOTE 2 – TABLES: (Continued)

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

Class	2008		2009	
	Amount	Percent of Total	Amount	Percent of Total
Real Property	\$ 919,007,021	94.15%	\$ 961,722,970	94.26%
Personal Property	57,111,142	5.85%	58,592,006	5.74%
Total	\$ 976,118,163	100.00%	\$ 1,020,314,976	100.00%

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
2001	2002	2003	\$ 723,710,277	\$ 7,101,150	\$ 730,811,427	4.33%
2002	2003	2004	759,489,117	6,721,750	766,210,867	4.84%
2003	2004	2005	802,649,760	6,328,550	808,978,310	5.58%
2004	2005	2006	850,751,607	6,328,550	857,080,157	5.95%
2005	2006	2007	897,212,364	4,264,000	901,476,364	5.18%
2006	2007	2008	945,255,956	4,428,200	949,684,156	5.35%
2007	2008	2009	976,118,163	4,428,200	980,546,363	3.35%
2008	2009	2010	1,020,314,976	3,777,300	1,024,092,276	4.44%

Per Capita Total taxable value for the fiscal year ending December 31, 2009 \$26,365.

(1) Based on the County's 2009 population estimate of 38,700.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

D. SEV by Use and Class:

Use	Fiscal Year Ended or Ending December 31				
	2005	2006	2007	2008	2009
Agriculture	\$ 103,601,050	\$ 48,141,800	\$ 51,172,100	\$ 54,648,700	\$ 55,489,900
Commercial	165,701,913	174,780,232	176,609,794	176,124,589	177,607,470
Industrial	23,390,300	23,459,550	24,569,200	25,920,700	29,101,100
Residential	917,115,556	977,061,879	1,032,125,880	1,076,007,514	1,079,965,600
Utility	<u>23,227,200</u>	<u>24,571,100</u>	<u>25,175,700</u>	<u>25,110,600</u>	<u>26,151,900</u>
Total	<u>\$ 1,233,036,019</u>	<u>\$ 1,248,014,561</u>	<u>\$ 1,309,652,674</u>	<u>\$ 1,357,812,103</u>	<u>\$ 1,368,315,970</u>
Class					
Real Property	\$ 1,181,367,905	\$ 1,192,976,161	\$ 1,251,991,094	\$ 1,300,698,423	\$ 1,309,611,550
Personal Property	<u>51,668,114</u>	<u>55,038,400</u>	<u>57,661,580</u>	<u>57,113,680</u>	<u>58,704,420</u>
Total	<u>\$ 1,233,036,019</u>	<u>\$ 1,248,014,561</u>	<u>\$ 1,309,652,674</u>	<u>\$ 1,357,812,103</u>	<u>\$ 1,368,315,970</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	6.1426
Fire/Ambulance (2)	0.4293	1.0000	.4280
Roads (2)	1.0000	1.0000	.9906
Recycling (2)	0.5000	1.0000	.4994
Jail Renovation (3)	0.7500	1.0000	.7098
Senior Programs (4)	0.5000	1.0000	.5000

(1) Cumulative.

(2) Voted.

(3) Voted. Final levy will be December 31, 2018.

(4) Voted and levied first time in 2009.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

F. Property Tax Rates:

Levy December 1	Fiscal Years Ended or Ending December 31	Allocated	Fire/ Ambulance (1)	Road Improvements (1)	Recycling (1)	Jail (1)	Total
2003	2004	6.0897	0.4250	0.9864	0.4951	0.6000	8.5962
2004	2005	6.0373	0.4213	0.9779	0.4908	0.6000	8.5273
2005	2006	5.9805	0.4173	0.9687	0.4861	0.7166	8.5692
2006	2007	5.9314	0.4293	0.9607	0.5000	0.7107	8.5321
2007	2008	6.1426	0.4280	0.9906	0.4994	0.7098	8.7704
2008	2009	6.1327	0.4280	0.9890	0.4986	0.7086	8.7569
2009	2010	6.1327	0.4284	0.9890	0.4986	0.7086	8.7573

(1) Voted.

Note – Senior Programs Millage .5000 (voted and levied first time in 2009)

Source: County of Chippewa

G. 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, 2009:

Property Classification	Highest Tax Rate		Lowest Tax Rate	
	Municipality	Tax Rate	Municipality	Tax Rate
Special Exemption*	Sault Ste. Marie	38.9555 mils	Soo Township	19.1283 mils
Other	Sault Ste. Marie	56.9159 mils	Soo Township	37.0887 mils

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

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

H. Property Tax Collections:

July 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
2003	2004	\$ 6,433,285	\$ 5,748,854	89.36%
2004	2005	6,515,275	5,896,835	90.51%
2005	2006	6,779,257	6,223,099	91.80%
2006	2007	7,192,915	6,648,532	92.43%
2007	2008	7,473,870	6,869,311	91.91%
2008	2009	8,420,585	7,170,416	85.15%

(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

I. Ten Largest Taxpayers:

Taxpayer	Principal Productor Service	December 31, 2009	
		Taxable Value (1)	Percent of of Total (2)
Edison Sault Electric Co.	Utility	\$ 17,676,045	1.73%
State of Michigan	Pilt Roll	12,712,660	1.25%
Cloverland Electric Co.	Utility	11,008,494	1.08%
DDR Michigan II LLC	Shopping Mall	7,787,500	.76%
American Transmission	Utility	5,029,447	.49%
Pointe West I LP	Apartment Complex	4,901,600	.48%
Continental Teves, Inc.	Auto Testing Service	4,622,255	.45%
Precision Edge/12 <sup>th</sup> Ave Rlty	Manufacturing	3,985,000	.39%
Michigan Consolidated Gas	Utility	2,802,280	.27%
Drummond Dolomite	Dolomite Quarry	2,617,400	.26%
Key Plastics LLC	Manufacturer	2,537,300	.25%
Sault Ste. Marie Tribe	Various	2,516,209	.25%
		<u>\$ 78,196,190</u>	<u>\$ 7.66%</u>

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

(2) Based on \$1,020,314,976 which is the County's Total Taxable Value for the fiscal year ending December 31, 2009. Includes the Equivalent Taxable Value of property granted tax abatement under Act 198.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

**J. 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 as of December 31, 2009.

Debt Limit (1)	\$ 136,831,597
Debt Outstanding (2)	<u>(12,523,526)</u>
Legal Debt Margin	<u>\$ 124,308,071</u>

(1) 10% of \$1,368,315,970 which is the County's Total SEV for its fiscal year ending December 31, 2009. 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

**K. Debt Schedule:**

The following table reflects a summary of the County's direct and underlying debt as of December 31, 2009:

County Direct Debt	Gross	Self-Supporting	Net
Building Authority Bonds:			
Dated February 1, 1999 (LT)	\$ 2,885,000	\$ -	\$ 2,885,000
Dated June 1, 1995 (LT)	<u>840,000</u>	<u>-</u>	<u>840,000</u>
Subtotal	<u>3,725,000</u>	<u>-</u>	<u>3,725,000</u>
Water and Sewer Bonds:			
Dated December 11, 2001	2,130,000	2,130,000	-
Dated November 4, 1998	1,945,000	1,945,000	-
Dated November 30, 1995	1,465,000	1,465,000	-
Dated 1977	40,000	40,000	-
Dated June 1, 2000	537,000	537,000	-
Dated June 1, 2000	23,500	25,500	-
Dated December 2009	<u>1,635,000</u>	<u>1,635,000</u>	<u>-</u>
Subtotal	<u>7,775,500</u>	<u>7,775,500</u>	<u>-</u>
Installment Obligations	<u>1,023,026</u>	<u>-</u>	<u>1,023,026</u>
Total	<u>\$ 12,523,526</u>	<u>\$ 7,775,500</u>	<u>\$ 4,748,026</u>
Per Capita Net County Direct Debt			\$ 122.69
Percent of Net Direct Debt to Total SEV			0.35%

NOTE 2 - TABLES: (Continued)

K. Debt Schedule: (Continued)

<u>Underlying Debt of County (5)</u>	<u>Total</u>
City	\$ 7,675,000
Townships	1,007,575
Village	90,000
School Districts	<u>27,576,914</u>
 Total Underlying Debt	 <u>\$ 36,349,489</u>
 Per Capita Underlying Debt (3)	 \$ 939.26
Percent of Underlying Debt to Total SEV (4)	2.66%
 Total Direct and Underlying Debt	 <u>\$ 41,097,515</u>
 Per Capita Net Direct and Underlying Debt (3)	 \$ 1,061.95
Percent of Net Direct and Underlying Debt to Total SEV (4)	3.0%

- (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 2009 population estimate of 38,700.
- (4) Based on \$1,368,315,970 which is the County's Total SEV for its fiscal year ending December 31, 2009. 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.

L. Debt History:

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

M. Installment Purchase and Lease Obligations:

See Notes to Financial Statements.

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

**N. Short Term Borrowings:**

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

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

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

Source: County of Chippewa

**O. Future Financing:**

Not Anticipated.

**P. 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, 2009, the accumulated unpaid compensated absences amount to \$642,796.

NOTE 2 - TABLES: (Continued)

**Q. Pension Plan:**

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

<u>December 31 Valuation Date</u>	<u>Net Assets Available for Benefits</u>	<u>Actuarial Accrued Liability</u>	<u>Assets as a Percent of Actuarial Accrued Liability</u>
1997	\$ 10,177,361	\$ 12,187,923	84
1998	11,739,213	12,245,489	96
1999	13,685,739	13,633,684	100
2000	15,206,302	16,022,011	95
2001	16,467,208	18,117,222	91
2002	17,113,545	19,641,138	87
2003	18,576,288	21,329,406	87
2004	19,907,076	22,727,407	88
2005	21,105,600	24,098,670	88
2006	22,719,301	25,841,406	88
2007	24,411,785	27,878,398	88
2008	25,304,999	30,517,882	83

Source: County of Chippewa

**R. Labor Contracts:**

The County courthouse has 142 full and part-time employees. Approximately 47% of the County's permanent employees are represented by labor organizations. The following table illustrates the various labor organizations which represent County employees, the number of members and the expiration date of the present contracts.

<u>Employee Group</u>	<u>Membership</u>	<u>Current Expiration Date</u>
American Federation of State, County and Municipal Employees	34	December 31, 2011
Police Officers Labor Council	32	December 31, 2009
Non-Union Employees	<u>76</u>	Not applicable
Total Permanent County Employees	<u>142</u>	

Source: County of Chippewa

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

**S. 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>
SSM Tribe of Chippewa	Indians Various Tribal Enterprises/ Casino	1,459
State of Michigan	State Prisons / State Government	2,533
Bay Mills Indian Community	Indians Various Tribal Enterprises/ Casino	753
War Memorial Hospital	Hospital	664
Lake Superior State University	Education	360
Sault Area Public Schools	Education	299
Wal-Mart	Department Store	380
U.S. Coast Guard	Federal Government	200
C.L.M. Community Action	Child Daycare Services / Senior Services	190
Precision Edge Surgical Products	Manufacturing	185

Source: County of Chippewa

**T. Employment:**

Reflected below are the unemployment statistics for the County for the calendar years 2004 through 2009:

<u>County of Chippewa</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Employed	16,425	16,500	16,395	16,188	15,811	14,314
Unemployed	<u>1,375</u>	<u>1,509</u>	<u>1,510</u>	<u>1,528</u>	<u>1,718</u>	<u>2,661</u>
Labor Force	<u>17,800</u>	<u>18,009</u>	<u>17,905</u>	<u>17,716</u>	<u>17,529</u>	<u>16,975</u>
Unemployed as % Of Labor Force (1)	7.7%	8.4%	8.4%	8.6%	9.8%	15.7%

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

Source: Michigan Unemployment Agency