Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type	Local Unit Name	County
☐County ☐City ☐Twp ☐Village ☒Other	Copper Country Comm. Mental Health Ser.	Houghton

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
9/30/06	12/15/06	3-24-07

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

	YES	NO	**Check each applicable box below**. (See instructions for further detail.)
1.	☒	☐	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2.	☒	☐	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3.	☒	☐	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.	☒	☐	The local unit has adopted a budget for all required funds.
5.	☐	☐	A public hearing on the budget was held in accordance with State statute.
6.	☒	☐	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7.	☒	☐	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.	☒	☐	The local unit only holds deposits/investments that comply with statutory requirements.
9.	☒	☐	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan,* as revised (see Appendix H of Bulletin).
10.	☒	☐	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11.	☒	☐	The local unit is free of repeated comments from previous years.
12.	☒	☐	The audit opinion is UNQUALIFIED.
13.	☒	☐	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.	☒	☐	The board or council approves all invoices prior to payment as required by charter or statute.
15.	☒	☐	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☐	NO COMMENTS
Other (Describe)	☐	

Certified Public Accountant (Firm Name)	Telephone Number		
Anderson, Tackman, & Company, PLC	906-225-1166		
Street Address	**City**	**State**	**Zip**
102 W. Washington St., Suite 109	Marquette	MI	49855
Authorizing CPA Signature	**Printed Name**	**License Number**	
John Blemberg CPA	John Blemberg	1101010180	

COPPER COUNTRY COMMUNITY MENTAL HEALTH SERVICES BOARD

FINANCIAL STATEMENTS AS OF September 30, 2006

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ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA ROBERT J. DOWNS, CPA, CVA DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Members of the Board
Copper Country Community Mental Health
Services Board
Houghton, Michigan 49931

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Copper Country Community Mental Health Services Board as of and for the year ended September 30, 2006 which collectively comprise the Board's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Copper Country Community Mental Health Services Board'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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Copper Country Community Mental Health Services Board as of September 30, 2006, and respective changes in financial position and cash flows, where applicable, thereof and 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 a separate report to management dated December 15, 2006 on our consideration of Copper Country Community Mental Health Services Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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. This report can be found on page 54.

102 W. WASHINGTON STREET, SUITE 109 MARQUETTE, MICHIGAN 49855 (906)225-1166 FAX: (906) 225-1714

Members of the Board
Copper Country Community Mental Health
Services Board
Houghton, Michigan 49931

The Management's Discussion and Analysis and budgetary comparison information on pages 6-11 and 33-35, respectively, 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 inquiries of management regarding the methods of measurement and presentation of the 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 Copper Country Community Mental Health Services Board basic financial statements. The other supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Copper Country Community Mental Health Services Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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

December 15, 2006

Copper Country Community Mental Health Services Board

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Copper Country Community Mental Health Services Board (the Board's) financial performance provides an overview of the Board's financial activities for the year ended September 30, 2006. Please read it in conjunction with the financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- Net assets for the Board as a whole were reported at $7,541,336 at September 30, 2006 and $6,981,151 at September 30, 2005. Net assets are comprised of 100% governmental activities.

- During the year, the Board's expenses were $14,997,710, while revenues from all sources totaled $15,557,895, resulting in an increase in net assets of $560,185.

- The general fund reported an increase in fund balance of $510,223. Revenues were $126,304 below budgeted amount of $14,935,611 and expenditures were $636,527 below budgeted amount of $14,935,611.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 12 and 13) provide information about the activities of the Board as a whole and present a longer-term view of the Board's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Board's operations in more detail than the government-wide statements by providing information of the Board's most significant funds.

Reporting Copper Country Community Mental Health Services Board as a Whole
Our analysis of Copper Country Community Mental Health Services Board as a whole begins on page 8. One of the most important questions asked about the Board's finances is " is the Board as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Board as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Board's *net assets* and changes in them. You can think of the Board's net assets – the difference between assets and liabilities - as one way to measure the Board's financial health, or *financial position*. Over time, *increases or decreases* in the Board's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Board's client base and the condition of the Board's capital assets, to assess the *overall financial health* of the Board.

In the Statement of Net Assets and the Statement of Activities, we divide the Board into two kinds of activities:

- Government activities – All the Board's basic services are reported here including client services and general administration. Medicaid and Department of Community Health revenues and other state and federal grants fund most of these activities.

- Business-type activities – The Board currently does not engage in any business-type activities defined as activities financed by fees charged to external parties who use certain goods or services.

Reporting Copper Country Community Mental Health Services Board's Most Significant Funds

Our analysis of Copper Country Community Mental Health Services Board's major funds begins on page 9. The fund financial statements begin on page 14 and provide detailed information on the most significant funds – not the Board as a whole. Some funds are required to be established by State law, and by bond covenants. However, the Board has established other funds to help it control and manage money for particular purposes. The Board's two kinds of funds - *governmental* and *proprietary* – use different accounting methods.

- *Governmental funds* – Most of the Board's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.

- *Proprietary funds* – When the Board charges customers for the services it provides – whether to outside customers or to other units of the Board – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. We use internal service funds (the only component of the Board's proprietary funds) to report activities that provide supplies and services for the Board's other programs and activities – such as Copper Country Community Mental Health Services Board's Employee Benefit Fund, Equipment Fund, Building and Grounds Fund, and Employee Health Benefits Trust Fund.

Copper Country Community Mental Health Services Board as a Whole

Table 1 provides a summary of the Board's net assets at September 30, 2006 and 2005:

Table 1
Net Assets

	Governmental Activities	
	2006	2005
Current and restricted assets	$8,086,599	$6,871,940
Capital assets, net	2,938,662	2,968,343
Total Assets	11,025,261	9,840,283
Current liabilities	2,909,154	2,246,920
Noncurrent liabilities	574,771	612,212
Total Liabilities	3,483,925	2,859,132
Net Assets:		
Invested in capital assets, net of related debt	2,326,431	2,373,708
Unrestricted	5,214,905	4,607,443
Total Net Assets	$7,541,336	$6,981,151

Net assets of the Board's governmental activities stood at $7,541,336. Unrestricted net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at $5,214,905.

The results of this year's operations for the Board as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal years 2006 and 2005.

Table 2
Changes in Net Assets

	Governmental Activities	
	2006	2005
Revenues		
Program Revenues:		
Charges for services	$1,711,021	$1,733,806
Operating grants and contributions	11,256,159	10,680,901
General Revenues:		
State sources not restricted to specific program	2,326,416	2,289,513
Investment earnings	226,574	111,734
Miscellaneous	37,725	35,870
Total Revenues	15,557,895	14,851,824
Program Expenses:		
General government	14,589,543	13,951,096
Depreciation	408,167	393,310

	Governmental Activities	
	2006	2004
Total Expenses	$14,997,710	$14,344,406
Increase (decrease) in net assets	560,185	507,418
Net assets, beginning	6,981,151	6,473,733
Net Assets, Ending	$7,541,336	$6,981,151

The Board's program revenues were $12,967,180. The total cost of all programs and services was $14,997,710, leaving an excess expense of $2,030,530 to be funded with general revenues. The increase in net assets for the year was $560,185, representing the excess of general revenues over the net cost of programs and services. This increase is positive as it indicates that the Board was successful in administering its planned programming within all available sources of revenue. Additionally, it allows the Board to increase its unrestricted net assets that may be retained for use in future periods, if necessary.

Table 3 presents the cost of each of the Board's activities – General Government and Depreciation – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each function placed on the Board's operation.

Table 3
Governmental Activities

	Total Cost Of Services	Net Cost Of Services
General Government	$14,589,543	$1,622,363
Depreciation	408,167	408,167
Totals	$14,997,710	$2,030,530

COPPER COUNTRY COMMUNITY MENTAL HEALTH SERVICES BOARD'S FUNDS

As Copper Country Community Mental Health Services Board completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of $6,045,034 an increase of $505,847 from the beginning of the year. The increase was mainly the result of the Board's operating departments achieving cost reductions and program efficiencies.

General Fund Budgetary Highlights

During the year, the Board revised the budget. The primary purpose of the revision was to reallocate budgeted expenditures among specific program areas to more adequately fund the array of services based upon the demands and needs of the Board's consumers.

With these adjustments, actual charges to expenditures were $636,527 lower than the final amended budget. Conversely, revenues were $126,304 lower than the final budget projection.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2006, the Board had $2,938,662 invested in a variety of capital assets including buildings, vehicles and other equipment. (See table 4 below)

Table 4
Capital Assets at Year-End

	Governmental Activities	
	2006	2005
Land and construction in progress	$449,478	$408,635
Buildings	4,749,604	4,749,604
Equipment and furnishings	2,478,109	2,276,998
Accumulated depreciation	(4,738,529)	(4,466,894)
Total Net Assets	$2,938,662	$2,968,343

See Note E – Capital Assets for further details on capital assets.

Debt

At year-end, the Board had $612,231 in notes outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2006	2005
Current maturities	$37,460	$39,280
Long-term maturities	574,771	612,212
Total Debt	$612,231	$651,492

There were no new additions to debt for this year.

See Note I – Commitments for further details on long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Copper Country Community Mental Health Services Board's appointed officials consider many factors when preparing their financial plan and setting the fiscal year 2007 budget. The Board is dependent upon the federal and state governments, primarily through the Medicaid program and direct appropriations, for the vast majority of its annual funding. This funding has been significantly constrained and influenced by economic conditions that have precipitated declining revenues at both the national and state levels. Compounding this challenge has been the added administrative, programming and cost burdens imposed by expanded Medicaid rules and conditions for funding, plus the cost of compliance with expanded regulatory demands, primarily at the federal level. An additional factor, not any less significant, is the rising cost of supplies, services and labor, particularly the escalating cost of providing reasonable and adequate health insurance for the Board's employees.

With these challenges and factors to manage, the Board has been able to concentrate its resources to achieve cost control and efficiency while continuing to meet the needs of its consumers, retain its highly-skilled and experienced employee base, and ensure current and future liquidity and long-term solvency through careful and prudent cash, debt and investment management. The Board maintains a strong position of net assets that helps ensure a continuity of services and that provides a critical layer of financial security in the event of significant variances, temporary deficits, or interruptions in funding.

CONTACTING COPPER COUNTRY COMMUNITY MENTAL HEALTH SERVICES BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our clients, customers, and investors and creditors with a general overview of Copper Country Community Mental Health Services Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board's Executive Director at Copper Country Community Mental Health Services Board, 901 West Memorial Drive, Houghton, MI 49931.

Copper Country Community Mental Health Services Board

STATEMENT OF NET ASSETS

September 30, 2006

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 6,987,316
Receivables, net:	
Client fees	91,378
Other	425,528
Grants	-
Due from State of Michigan	60,599
Due from Other Local Units	-
Inventory	4,638
Prepaid expenses and other assets	35,411
Total current assets	7,604,870
Restricted assets	481,729
Noncurrent assets:	
Capital assets:	
Land and construction in progress	395,891
Other capital assets	7,281,300
Accumulated depreciation	(4,738,529)
Total noncurrent assets	2,938,662
TOTAL ASSETS	11,025,261
LIABILITIES	
Current liabilities:	
Accounts payable	703,670
Due to State of Michigan	52,964
Advance State of Michigan	-
Accrued payroll and related	1,249,004
Accrued vacation and vested sick leave	459,835
Claims payable	383,606
Deferred revenue	22,615
Current maturities on debt	37,460
Total current liabilities	2,909,154
Noncurrent liabilities:	
Notes payable	574,771
Total noncurrent liabilities	574,771
TOTAL LIABILITIES	3,483,925
NET ASSETS	
Invested in capital assets, net of related debt	2,326,431
Unrestricted	5,214,905
TOTAL NET ASSETS	$ 7,541,336

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

Copper Country Community Mental Health Services Board

STATEMENT OF ACTIVITIES

For the year ended September 30, 2006

Function/Program	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:					
General government	$ 14,589,543	$ 1,711,021	$ 11,256,159	$ -	$ (1,622,363)
Depreciation	408,167	-	-	-	(408,167)
Total Governmental Activities	$ 14,997,710	$ 1,711,021	$ 11,256,159	$ -	(2,030,530)

General revenues:	
State sources not restricted to specific program	2,326,416
Investment earnings	226,574
Miscellaneous	37,725
Total general revenues and transfers	2,590,715
Changes in net assets	560,185
Net assets, beginning of year as restated	6,981,151
NET ASSETS, END OF YEAR	$ 7,541,336

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

Copper Country Community Mental Health Services Board

GOVERNMENTAL FUNDS
BALANCE SHEET

September 30, 2006

	General Fund	Institute Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,060,225	$ 461,653	$ 6,521,878
Accounts receivable:			
Client fees	91,378	-	91,378
Other	252,610	173,433	426,043
Federal grants receivable	-	-	-
Due from State of Michigan	-	60,599	60,599
Due from other funds	2,464,299	-	2,464,299
Inventory	4,638	-	4,638
Prepaid expenditures	34,319	872	35,191
Deposits	40	-	40
TOTAL ASSETS	$ 8,907,509	$ 696,557	$ 9,604,066
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	$ 431,816	$ 47,630	$ 479,446
Due to State of Michigan	52,964	-	52,964
Due to other funds	1,211,935	578,085	1,790,020
Accrued payroll and related	1,213,987	-	1,213,987
Deferred revenue	22,165	450	22,615
TOTAL LIABILITIES	2,932,867	626,165	3,559,032
FUND BALANCE:			
Unreserved	5,974,642	70,392	6,045,034
TOTAL FUND BALANCE	5,974,642	70,392	6,045,034
TOTAL LIABILITIES AND FUND BALANCE	$ 8,907,509	$ 696,557	$ 9,604,066

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

Copper Country Community Mental Health Services Board

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

September 30, 2006

Total Fund Balances for Governmental Funds		$ 6,045,034
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (includes capital assets of internal service funds).		
Cost of capital assets	7,677,191	
Accumulated depreciation	(4,738,529)	
		2,938,662
Internal service funds are used by management to charge the cost of building rental, equipment usage and employee benefits to the General Fund. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets, net of capital assets.		
Current assets	2,658,750	
Restricted assets	16,729	
Current liabilities	(3,543,068)	
Long-term liabilities	(574,771)	
		(1,442,360)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		-
NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 7,541,336

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

Copper Country Community Mental Health Services Board

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the year ended September 30, 2006

	General Fund	Institute Fund	Total Governmental Funds
REVENUES:			
Federal sources	$ -	$ 57,660	$ 57,660
State sources	13,338,824	3,435	13,342,259
Local sources	255,604	-	255,604
Charges for services	1,659,513	662,768	2,322,281
Contributions from private sources	67,792	-	67,792
Investment income	213,549	13,025	226,574
Other revenue	26,025	11,700	37,725
Less deductions from revenue:			
Contractual adjustments	(611,260)	-	(611,260)
Public Act 423 of 1980	(140,740)	-	(140,740)
TOTAL REVENUES	14,809,307	748,588	15,557,895
EXPENDITURES:			
Board administration	1,756,505	-	1,756,505
Mentally ill - children	1,125,115	-	1,125,115
Mentally ill - adults	5,079,436	-	5,079,436
Developmental disabilities	6,287,290	-	6,287,290
Prevention services	50,738	-	50,738
Other services	-	752,964	752,964
TOTAL EXPENDITURES	14,299,084	752,964	15,052,048
CHANGE IN FUND BALANCE	510,223	(4,376)	505,847
Fund balance, beginning of year	5,464,419	74,768	5,539,187
FUND BALANCE, END OF YEAR	$ 5,974,642	$ 70,392	$ 6,045,034

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

Copper Country Community Mental Health Services Board

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2006

Net Change in Fund Balances - Total Governmental Funds		$ 505,847
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. Includes Internal Service Funds depreciation expense of $310,514		
Depreciation expense	408,167	
Capital outlays	94,246	(313,921)
The net effect of various transactions involving capital assets (disposal of minor capital assets and sales) is to decrease net assets.		715
Internal service funds are used by management to charge the cost of building rental, equipment purchase and maintenance and employee benefits to the General Fund. The net revenue (expense) of the internal service funds is reported with governmental activities, net of depreciation expense.		
Change in net assets	48,303	
Depreciation expense	319,241	367,544
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 560,185

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

Copper Country Community Mental Health Services Board

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

September 30, 2006

	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	$ 465,438
Accounts receivable	(515)
Due from other funds	1,728,647
Prepaid expenses	180
Total current assets	2,193,750
Restricted assets:	
Cash and cash equivalents	481,729
Capital assets:	
Land	350,498
Construction in progress	45,393
Land improvements	53,587
Vehicles	1,009,968
Buildings and building improvements	4,749,604
Accumulated depreciation	(3,416,676)
Total noncurrent assets	2,792,374
TOTAL ASSETS	5,467,853
LIABILITIES	
Current liabilities:	
Accounts payable	224,224
Due to other funds	2,402,926
Accrued vacation and vested sick leave	459,835
Due to employees	35,017
Claims payable	383,606
Current maturities of long-term debt	37,460
Total current liabilities	3,543,068
Long-term liabilities:	
Notes payable	574,771
Total long-term liabilities	574,771
TOTAL LIABILITIES	4,117,839
NET ASSETS	
Invested in capital assets, net of related debt	2,180,143
Unrestricted	(830,129)
TOTAL NET ASSETS	$ 1,350,014

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

Copper Country Community Mental Health Services Board

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the year ended September 30, 2006

	Internal Service Funds
OPERATING REVENUES:	
Charges for services	$ 2,653,821
Contributions	2,890,831
Interest income	53,354
Reimbursements	68,938
TOTAL OPERATING REVENUES	5,666,944
OPERATING EXPENSES:	
Personnel services	4,639,470
Other services and charges	631,399
Depreciation	319,241
Interest expense	28,531
TOTAL OPERATING EXPENSES	5,618,641
OPERATING INCOME (LOSS)	48,303
CHANGE IN NET ASSETS	48,303
NET ASSETS, BEGINNING OF YEAR	1,301,711
NET ASSETS, END OF YEAR	$ 1,350,014

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

Copper Country Community Mental Health Services Board

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

For the year ended September 30, 2006

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from fees and charges for services	$ 5,184,026
Interest received	53,354
Other operating expenses	(5,040,940)
Interest paid	(28,531)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	167,909
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Net cash provided (used) to finance accrued vacation and vested sick leave	26,118
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	26,118
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(226,649)
Proceeds on sale of assets	-
Proceeds on notes	-
Principle payments on debt	(39,280)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(265,929)
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Increase) in restricted assets	(17,288)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(17,288)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(89,190)
Cash and cash equivalents, beginning of year	554,628
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 465,438
RECONCILIATION OF OPERATING (GAIN) LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net operating income (loss)	$ 48,303
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	319,241
Changes in assets and liabilities:	
Increase (decrease) in accounts receivable	545
Increase (decrease) in due from other funds	(430,109)
Increase (decrease) in prepaid expenses	2,092
Increase (decrease) in due to other funds	175,208
Increase (decrease) in due to employees	18,402
Increase (decrease) in accounts payable	130,485
Increase (decrease) in deferred revenue	-
Increase (decrease) in claims payable	(96,258)
TOTAL ADJUSTMENTS	119,606
NET CASH PROVIDED FROM OPERATING ACTIVITIES	$ 167,909

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Copper Country Community Mental Health Services Board (the Board) is an autonomous entity, separate from the county governments which it services and accordingly consists of a separate set of self-balancing funds and accounts. The Board is, for financial reporting purposes, an Authority under the Michigan Mental Health Code (P.A. 290 of 1995). The accounting policies of the Board conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

BASIS OF PRESENTATION

Government-wide Financial Statements:
The Statement of Net Assets and Statement of Activities display information about the Board as a whole. They include all funds of the Board. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through State sources, intergovernmental revenues, and other nonexchange revenues. The Board currently does not engage in any business-type activities defined as activities financed by fees charged to external parties who use certain goods or services. Equity is classified as net assets and displayed in three components – invested in capital assets, net of related debt, restricted, and unrestricted.

Fund Financial Statements:
The accounts of the Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into two major categories; governmental and proprietary categories. An emphasis is placed on major funds within the governmental category. The General Fund is always considered a major fund and the remaining funds of the Board are considered major if the total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all governmental funds. The Board reports the Institute Fund as a major governmental fund in accordance with the criteria. The funds of the Board are described below:

<u>Governmental Funds</u>

General Fund – General Fund is the general operating fund and accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Institute Fund is a special revenue fund type.

Proprietary Funds

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Board, on a cost-reimbursement basis. The Employee Benefit Fund, the Equipment Fund, the Building and Grounds Fund and the Employee Health Benefit Trust Fund are internal service type funds.

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified as net assets the same as in the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, the governmental activities are presented using the economic resource measurement focus as defined in item (b) below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.

b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities, whether current or noncurrent, associated with their activities are reported. Proprietary fund equity is classified as net assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Also, the proprietary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures, including capital outlay, are generally recognized when the related fund liability is incurred.

OTHER SIGNIFICANT ACCOUNTING POLICIES

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

a. Prior to October 1, the Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

b. Prior to October 1, the budget is legally enacted through the passage of a Board of Directors resolution.

c. The Executive Director is authorized to transfer budgeted amounts between departments within any fund; however, the Board of Directors must approve any revisions that alter the total expenditures of any fund.

d. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Directors.

e. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Board because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control. Any unexpendable appropriations lapse at the end of the fiscal year.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and Cash Equivalents – For purposes of balance sheet classification and the statement of cash flows, the Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventory – Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies.

Capital Assets – The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. With purchases made after October 1, 2002, the Board defines capital assets as assets with an initial, individual cost of more than $5,000.

Depreciation on all exhaustible capital assets is reported as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles and equipment	2-10 years
Buildings	20-25 years
Building Improvements	5-15 years
Land Improvements	10-15 years

The cost of normal maintenance and repairs is charged to operations as incurred. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties.

Accumulated Vacation and Vested Sick Leave – The Board's policies regarding compensated absences permits employees to accumulate earned but unused combined leave, annual leave and vested sick leave. The liability for these compensated absences is recorded in the government-wide and proprietary fund financial statements as it is incurred.

Long-Term Debt – The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether it is reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The Board's long-term debt consists primarily of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as in the government-wide statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Interfund Activity – During the course of its operations, the Board has numerous transactions between funds to finance operations, to provide services and to service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2006, balances of interfund accounts receivable or payable have been recorded in the fund financial statements. Interfund activity is eliminated in the government-wide financial statements.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Revenues – In the government-wide Statement of Activities, revenues are segregated by activity and are classified as either a program revenue or a general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues include all revenues, which do not meet criteria of program revenues, such as State funding and interest earnings.

In the governmental fund statements, revenues are reported by source, such as federal sources, state sources, and charges for services. Revenues consist of general purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general purpose and restricted revenues are available for use, it is the Board's policy to use the restricted resources first.

Expenses/Expenditures – In the government-wide statements, expenses are segregated by activity and are classified by function. In the governmental fund statements, expenditures are classified by character such as current operations. In the proprietary fund statements, expenses are classified by operating and nonoperating and are sub-classified by function such as personnel services and other services and charges.

NOTE B – DEPOSITS AND INVESTMENTS:

At year-end, the Board's cash and cash equivalents were reported in the basic financial statements in the following categories:

Cash and equivalents	$6,987,316
Restricted assets	481,729
	$7,469,045

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Cash and cash equivalents can also be summarized into the following categories:

Deposits:	
Demand accounts	$22,795
Government trust funds	7,440,450
Imprest cash	5,800
	$7,469,045

Deposits

Custodial Credit Risk
Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. State law does not require and the Board does not have a deposit policy for custodial credit risk. The carrying amounts of the Board's deposits with financial institutions was $22,795 and the bank balance was $57,911. Of the bank balance, $57,911 was covered by federal depository insurance according to FDIC regulations.

Investments

As of September 30, 2006 the Board had investments with a fair value of $7,440,450 held in government trust funds with maturities less than one year. The deposits in government trust funds are invested in the U.S. Federated Government Trust, a mutual fund that invests solely in U.S. Government securities (treasury bills, bonds, and notes). Therefore, the carrying amount of $7,440,450 at September 30, 2006 was fully backed by the U.S. Government under regulations applicable to U.S. Government securities.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Board's investments. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk
Michigan statutes (Act 196, PA 1997) authorize the Board to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

The Board has no investment policy that would further limit its investment choices. The Board's investments are in accordance with statutory authority.

NOTE C – ESTIMATED AMOUNT DUE FROM (TO) MICHIGAN DEPARTMENT OF COMMUNITY HEALTH:

The estimated amount due (to) from the Michigan Department of Community Health represents the Board's cost settlement report of services and expenditures for the year ending September 30, 2006 in accordance with terms of the master contract. The reported costs related to such services are subject to review by the Department.

NOTE D – INTERFUND RECEIVABLES AND PAYABLES:

Fund	Interfund Receivable	Fund	Interfund Payable
General Fund	$2,464,299	Equipment Fund	$239,618
		Building and Grounds Fund	1,521,596
		Health Benefit Fund	125,000
		Institute Fund	578,085
Subtotal	2,464,299	Subtotal	2,464,299
Employee Benefit Fund	1,211,935	General Fund	1,211,935
Employee Health Benefits	641,712	Employee Benefit Fund	641,712
TOTAL	$4,317,946	TOTAL	$4,317,946

All internal balances resulted from the time lag between 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.

NOTE E – CAPITAL ASSETS:

Capital assets relating to the Board are recorded at historical cost or estimated historical cost is actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital asset activity for the year ended September 30, 2006 is as follows:

	Balance 10/1/05	Additions	Deductions	Balance 9/30/06
Capital assets not being depreciated:				
Land	$350,498	$-	$-	$350,498
Construction in progress	4,550	40,843	-	45,393
Capital assets being depreciated:				
Land improvements	53,587	-	-	53,587
Buildings and building improvements	4,749,604	-	-	4,749,604
Vehicles	915,019	185,826	90,877	1,009,968
Furniture and fixtures	1,361,979	151,103	44,941	1,468,141
Total Capital Assets	7,435,237	377,772	135,818	7,677,191
Less accumulated depreciation	(4,466,894)	(408,168)	(136,533)	(4,738,529)
Capital Assets, net	$2,968,343	$(30,396)	($715)	$2,938,662

NOTE E – CAPITAL ASSETS (Continued):

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
General government	$88,926
Internal service funds charge to above activities	319,241
TOTAL	$408,167

NOTE F – UNPAID CLAIMS:

The Board estimates its liability for unpaid health insurance claims on the basis of the date the claim was incurred and historical experience. As of September 30, 2006 the amount of unpaid claims in the accompanying financial statements is $383,606.

NOTE G – INTERNAL SERVICE FUND ACCRUED LIABILITIES:

Regular full-time employees annually earn 40 hours of sick leave, 40 hours of combined leave, and varying amounts of annual leave based on years of service. Fifty percent of sick leave is vested for employees who are 55 years old or have ten years of service. Combined and annual leave is vested when earned and may be accumulated up to 120 hours and 240 hours respectively. The amount of vested leave as of September 30, 2006 is as follows:

Sick leave	$9,479
Combined leave	106,397
Annual leave	343,959
TOTAL	$459,835

NOTE H – DEFERRED COMPENSATION PLAN:

The Board offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The Plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and are no longer subject to the Board's general creditors. Therefore, in accordance with the provisions of GASB Statement No. 32, Plan balances and activities are not reflected in these financial statements.

The Plan's participants have the right to designate how the funds will be invested. Therefore, the Board has no liability for losses under the Plan. The Plan's assets are held in a custodial account for the exclusive benefit of Plan participants and their beneficiaries.

NOTE I – COMMENTS:

The following is a summary of transactions for commitments under lease agreements and loans for facilities for the year ended September 30, 2006:

	Balance 10/1/05	Additions	Deductions	Balance 9/30/06
Mortgage Agreements	$651,492	$-	$39,261	$612,231

Annual principal and interest requirements on commitments are as follows:

	Principal	Interest	Total
2007	$39,280	$26,704	$65,984
2008	42,818	24,691	67,509
2009	44,836	23,353	68,189
2010	46,897	20,695	67,592
2011	49,051	18,741	67,792
2012-2016	281,126	57,841	338,967
2017-2018	108,223	4,325	112,548
Totals	$612,231	$176,350	$788,581

In May 2003, the Board entered into a 15 year mortgage agreement for financing Atlantic House and Quincy House and consolidating the remaining outstanding mortgages for Lakeside House, Stanton House, and the L'Anse facility. The agreement, effective May 1, 2003 and ending May 1, 2018, requires a monthly payment of $5,649 with an interest rate of 4.50% to be adjusted on May 1, 2008 and again on May 1, 2013 to reflect a rate of interest equal to the lender's five-year commercial rate then in effect.

NOTE J – DEFERRED REVENUES:

Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Board has reported as deferred revenue the amount of $22,615 of which $18,949 represents Medicaid savings under managed care, and $3,666 represents other miscellaneous reimbursements.

NOTE K – MANAGED CARE:

Through the Board's affiliation with NorthCare, the Board receives its state and federal share of Medicaid funds as a prepaid capitated payment based on a Per Eligible Per Month methodology for contractually identified and described covered services. At the end of the fiscal year, any unspent Medicaid funds are recorded as deferred. The Boards' unspent Medicaid funds are combined as a region with NorthCare. NorthCare may retain up to 5% of the net Medicaid savings. The Medicaid savings must be included in a formal reinvestment strategy that must be approved by the Michigan Department if Community Health and must be directed to the Medicaid population.

During the fiscal year 2006, there was $4,916 in unspent Medicaid funds from the previous year and there was $18,949 of unspent Medicaid funds generated by the Board and recorded as deferred. This amount is subject to adjustment by NorthCare per the terms stated above.

NOTE L – PUBLIC ACT 423 - SPECIAL GRANT FUND:

Act 423, P.A. 1980 was passed to provide a mechanism for assisting community mental health boards in all areas of the state to provide more comparable levels of service regardless of local economic conditions by redistributing local revenues collected from client services. Under the plan, participating boards deposit into the State's Act 423 Special Grant Fund all fees received from clients and third party insurers (except Medicaid). The money is then redistributed to the participating boards using a formula based partly on local economic conditions.

NOTE M – DEFINED CONTRIBUTION RETIREMENT PLAN:

The Board provides retirement benefits for eligible employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are generally eligible to participate after 1,000 hours and one year of service, and the Board will continue to make contributions until they have terminated employment. The plan is a non-contributory plan with the Board paying an amount equal to 7% of the compensation of all non-bargaining eligible employees and 4% of the compensation of all bargaining eligible employees.

The contribution for each employee along with investment income allocated to the employee's account is immediately fully vested for all employees.

The Board's total eligible payroll in fiscal year 2006 was $8,095,172. The Board's total contribution to the pension plan for fiscal years 2006 and 2005 was $421,918 and $346,365, respectively, which represents approximately 5% of the current year covered payroll.

NOTE N – PUBLIC ENTITY RISK POOL:

The Board 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 Board participates in a public entity risk pool currently operating as a common risk management and insurance program. The Board pays an annual contribution to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of $100,000 for each insured event.

The Board continues to carry commercial insurance for Physician Malpractice and 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.

NOTE O – OWNERSHIP:

The Board's membership is currently divided in proportion to each county's population, based on the 2000 U.S. Census, and is approximately 65.63%, 15.94%, 4.19% and 14.24% for Houghton, Baraga, Keweenaw and Ontonagon Counties, respectively. The 2006 financial statements include 100% of the recorded assets of the Board.

NOTE P – RESTATEMENT:

The beginning of the year fund balance and capital assets were adjusted by $56,857 to correct amounts previously reported as capital assets in the GASB 34 conversion.

REQUIRED SUPPLEMENTAL INFORMATION

Copper Country Community Mental Health Services Board

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the year ended September 30, 2006
With comparative actual amounts for the year ended September 30, 2005

	2006				2005
	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
Federal sources:					
Grant projects	$ 53,210	$ -	$ -	$ -	$ 41,183
State sources:					
Department of Community Health:					
Formula funding	2,383,026	2,384,059	2,326,416	(57,643)	2,289,513
Medicaid - Developmental Disabilities	7,777,310	8,405,878	8,405,496	(382)	7,889,868
Medicaid - Mentally Ill	2,406,099	2,378,542	2,371,650	(6,892)	2,200,492
Public Act 423 of 1980	123,362	96,570	140,740	44,170	102,802
Title XX Replacement	7,228	7,228	7,228	-	7,228
Department of Education	85,807	107,928	87,294	(20,634)	88,822
Local sources:					
County appropriations	255,606	255,605	255,604	(1)	255,604
Charges for services:					
Client fees except Medicaid	1,317,256	1,398,954	1,346,606	(52,348)	1,298,827
Sales	45,057	33,099	36,475	3,376	34,260
Other	356,364	272,823	276,432	3,609	322,892
Contributions from private sources	95,534	61,013	67,792	6,779	96,559
Investment income	95,004	199,108	213,549	14,441	102,476
Other revenues	25,929	25,767	26,025	258	25,145
TOTAL REVENUES	15,026,792	15,626,574	15,561,307	(65,267)	14,755,671
Less deductions from revenues:					
Contractual adjustments	(639,977)	(594,393)	(611,260)	(16,867)	(622,911)
Public Act 423 of 1980	(123,362)	(96,570)	(140,740)	(44,170)	(102,802)
NET REVENUES	14,263,453	14,935,611	14,809,307	(126,304)	14,029,958
EXPENDITURES:					
Board administration	1,560,103	1,831,160	1,756,505	74,655	1,409,124
Mentally ill - children:					
Community inpatient	78,263	58,280	45,950	12,330	65,426
State inpatient	2,400	-	-	-	1,370
State managed residential	99,017	86,900	80,852	6,048	93,148
Outpatient services	727,700	1,020,851	983,761	37,090	801,703
Respite residential	11,179	13,883	14,552	(669)	12,493
TOTAL MENTALLY ILL - CHILDREN	918,559	1,179,914	1,125,115	54,799	974,140

Copper Country Community Mental Health Services Board

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the year ended September 30, 2006
With comparative actual amounts for the year ended September 30, 2005

	2006				2005
	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
Mentally ill - adults:					
Community inpatient	$ 482,849	$ 288,202	$ 248,733	$ 39,469	$ 341,177
State inpatient	278,763	148,176	156,260	(8,084)	289,458
Community residential	733,023	737,523	770,703	(33,180)	711,532
State residential	143,566	52,036	46,491	5,545	118,711
Crisis residential	210,921	154,361	157,091	(2,730)	185,227
Partial day services	1,643,765	1,184,536	1,197,372	(12,836)	1,462,263
Outpatient services	1,242,444	1,592,111	1,456,829	135,282	1,130,623
Case management	787,153	1,086,672	1,045,957	40,715	745,392
TOTAL MENTALLY ILL - ADULTS	5,522,484	5,243,617	5,079,436	164,181	4,984,383
Developmental Disabilities:					
Community residential	4,235,371	4,270,990	4,245,923	25,067	4,120,110
State managed residential	229,773	365,054	353,463	11,591	239,112
Partial day services	523,133	441,476	435,036	6,440	502,839
Outpatient services	250,129	614,849	336,229	278,620	252,629
Case management	859,071	894,119	916,639	(22,520)	885,283
TOTAL DEVELOPMENTAL DISABILITIES	6,097,477	6,586,488	6,287,290	299,198	5,999,973
Prevention Services:					
Direct service models	65,619	-	-	-	48,888
Other service models	99,211	94,432	50,738	43,694	96,967
TOTAL PREVENTION SERVICES	164,830	94,432	50,738	43,694	145,855
TOTAL EXPENDITURES	14,263,453	14,935,611	14,299,084	636,527	13,513,475
NET CHANGE IN FUND BALANCE	-	-	510,223	510,223	516,483
Fund balance, beginning of year	5,464,419	5,464,419	5,464,419	-	4,947,936
FUND BALANCE, END OF YEAR	$ 5,464,419	$ 5,464,419	$ 5,974,642	$ 510,223	$ 5,464,419

Copper Country Community Mental Health Services Board

INSTITUTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the year ended September 30, 2006
With comparative actual amounts for the year ended September 30, 2005

	2006				2005
	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
REVENUES:					
State sources:					
Department of Community Health:					
Grant projects	$ 57,660	$ 57,660	$ 57,660	$ -	$ 57,660
Federal sources:					
Grant projects	3,435	3,435	3,435	-	43,485
Charges for services:					
Other	705,488	778,488	662,768	(115,720)	700,738
Investment income	-	12,000	13,025	1,025	9,258
Other revenues	11,700	11,700	11,700	-	10,725
TOTAL REVENUES	778,283	863,283	748,588	(114,695)	821,866
EXPENDITURES:					
Administration	-	12,000	13,025	(1,025)	15,476
Training:					
Copper Country Mental Health	54,395	54,395	50,671	3,724	55,157
Consultation/sales	-	-	2,069	(2,069)	4,940
TOTAL TRAINING	54,395	54,395	52,740	1,655	60,097
Prevention:					
Copper Country Mental Health	47,834	47,834	16,181	31,653	33,754
Grants	495,866	568,866	482,289	86,577	487,415
Infant mental health	140,000	140,000	149,157	(9,157)	182,081
Special projects	24,488	24,488	38,387	(13,899)	27,909
Consultation/sales	4,000	4,000	-	4,000	1,275
TOTAL PREVENTION	712,188	785,188	686,014	99,174	732,434
EAP	-	-	-	-	-
HSCB	-	-	-	-	-
Copper Country Initiatives	11,700	11,700	1,185	10,515	3,850
TOTAL EXPENDITURES	778,283	863,283	752,964	110,319	811,857
NET CHANGE IN FUND BALANCE	-	-	(4,376)	(4,376)	10,009
Fund balance, beginning of year	74,768	74,768	74,768	-	64,459
FUND BALANCE, END OF YEAR	$ 74,768	$ 74,768	$ 70,392	$ (4,376)	$ 74,468

OTHER FINANCIAL INFORMATION

Copper Country Community Mental Health Services Board
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
September 30, 2006
With comparative amounts at September 30, 2005

	Employee Benefit	Equipment	Buildings and Grounds	Employee Health Benefits	Totals 2006	Totals 2005
ASSETS:						
Current assets:						
Cash and cash equivalents	$ 26,294	$ 39,083	$ 391,175	$ 8,886	$ 465,438	$ 554,628
Accounts receivable	(527)	-	12	-	(515)	30
Due from other funds	1,211,935	-	-	516,712	1,728,647	1,298,538
Prepaid expenses	-	-	180	-	180	2,272
Total current assets	1,237,702	39,083	391,367	525,598	2,193,750	1,855,468
Restricted assets:						
Cash and cash equivalents	481,729	-	-	-	481,729	464,441
Capital assets:						
Land	-	-	350,498	-	350,498	350,498
Construction in progress	-	-	45,393	-	45,393	4,550
Land improvements	-	-	53,587	-	53,587	53,587
Vehicles	-	1,009,968	-	-	1,009,968	915,019
Buildings and building improvements	-	-	4,749,604	-	4,749,604	4,749,604
Accumulated depreciation	-	(632,393)	(2,784,283)	-	(3,416,676)	(3,188,311)
Total capital assets	-	377,575	2,414,799	-	2,792,374	2,884,947
TOTAL ASSETS	1,719,431	416,658	2,806,166	525,598	5,467,853	5,204,856

Copper Country Community Mental Health Services Board
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
September 30, 2006
With comparative amounts at September 30, 2005

	Employee Benefit	Equipment	Buildings and Grounds	Employee Health Benefits	Totals 2006	Totals 2005
LIABILITIES:						
Current liabilities:						
Accounts payable	$ 172,306	$ 5,621	$ 46,297	$ -	$ 224,224	$ 93,739
Due to other funds	641,712	239,618	1,521,596	-	2,402,926	2,227,718
Accrued vacation and vested sick leave	459,835	-	-	-	459,835	433,717
Due to employees	35,017	-	-	-	35,017	16,615
Notes payable - current maturities	-	-	37,460	-	37,460	39,280
Claims payable	-	-	-	383,606	383,606	479,864
Total current liabilities	1,308,870	245,239	1,605,353	383,606	3,543,068	3,290,933
Long-term liabilities:						
Notes payable	-	-	574,771	-	574,771	612,212
TOTAL LIABILITIES	1,308,870	245,239	2,180,124	383,606	4,117,839	3,903,145
NET ASSETS:						
Invested in capital assets, net of related debt	-	377,575	1,802,568	-	2,180,143	2,233,455
Unrestricted	410,561	(206,156)	(1,176,526)	141,992	(830,129)	(931,744)
TOTAL NET ASSETS	$ 410,561	$ 171,419	$ 626,042	$ 141,992	$ 1,350,014	$ 1,301,711

Copper Country Community Mental Health Services Board
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	Employee Benefit Fund	Equipment Fund	Buildings and Grounds Fund	Employee Health Benefits Fund	Totals 2006	Totals 2005
REVENUES:						
Operating revenues:						
Charges for services	$ -	$ 336,052	$ 777,547	$ 1,540,222	$ 2,653,821	$ 2,745,243
Contributions	2,890,831	-	-	-	2,890,831	2,951,413
Interest income	25,604	4,320	11,179	12,251	53,354	28,619
Reimbursements	68,938	-	-	-	68,938	64,561
Total operating revenues	2,985,373	340,372	788,726	1,552,473	5,666,944	5,789,836
EXPENSES:						
Operating Expenses:						
Personnel services	2,980,816	14,011	113,708	1,530,935	4,639,470	4,906,781
Other services and charges	4,716	220,423	403,605	2,655	631,399	576,945
Depreciation	-	111,108	208,133	-	319,241	310,514
Interest expense	-	-	28,531	-	28,531	32,797
Total operating expenses	2,985,532	345,542	753,977	1,533,590	5,618,641	5,827,037
OPERATING INCOME (LOSS)	(159)	(5,170)	34,749	18,883	48,303	(37,201)
CHANGE IN NET ASSETS	(159)	(5,170)	34,749	18,883	48,303	(37,201)
NET ASSETS, BEGINNING OF YEAR	410,720	176,589	591,293	123,109	1,301,711	1,338,912
NET ASSETS, END OF YEAR	$ 410,561	$ 171,419	$ 626,042	$ 141,992	$ 1,350,014	$ 1,301,711

Copper Country Community Mental Health Services Board
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	Employee Benefit	Equipment	Buildings and Grounds	Employee Health Benefits	Totals 2006	Totals 2005
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from fees and charges for services	$ 2,551,724	$ 336,052	$ 777,535	$ 1,518,715	$ 5,184,026	$ 5,505,584
Interest received	25,604	4,320	11,179	12,251	53,354	28,620
Other operating expenses	(2,716,629)	(122,324)	(572,139)	(1,629,848)	(5,040,940)	(5,949,688)
Interest paid	-	-	(28,531)	-	(28,531)	(32,797)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(139,301)	218,048	188,044	(98,882)	167,909	(448,281)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Net cash provided (used) to finance accrued vacation and vested sick leave	26,118	-	-	-	26,118	35,493
NET CASH PROVIDED (USED) FOR NONCAPITAL FINANCING ACTIVITIES	26,118	-	-	-	26,118	35,493
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	-	(185,826)	(40,823)	-	(226,649)	(206,683)
Proceeds from sale of assets	-	-	-	-	-	-
Proceeds on notes	-	-	-	-	-	-
Principal payments on debt	-	-	(39,280)	-	(39,280)	(40,643)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	-	(185,826)	(80,103)	-	(265,929)	(247,326)
CASH FLOWS FROM INVESTING ACTIVITIES:						
(Increase) in restricted assets	(17,288)	-	-	-	(17,288)	(7,258)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(17,288)	-	-	-	(17,288)	(7,258)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(130,471)	32,222	107,941	(98,882)	(89,190)	(667,372)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	156,765	6,861	283,234	107,768	554,628	1,222,000
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 26,294	$ 39,083	$ 391,175	$ 8,886	$ 465,438	$ 554,628
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	$ (159)	$ (5,170)	$ 34,749	$ 18,883	$ 48,303	$ (37,201)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	-	111,108	208,133	-	319,241	310,514
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	557	-	(12)	-	545	1,907
(Increase) decrease in due from other funds	(408,602)	-	-	(21,507)	(430,109)	(257,540)
(Increase) decrease in prepaid expenses	-	1,440	652	-	2,092	(2,272)
Increase (decrease) in due to other funds	146,507	107,851	(79,150)	-	175,208	(224,157)
Increase (decrease) in due to employees	18,402	-	-	-	18,402	(10,043)
Increase (decrease) in accounts payable	103,994	2,819	23,672	-	130,485	(226,106)
Increase (decrease) in deferred revenue	-	-	-	-	-	-
Increase (decrease) in claims payable	-	-	-	(96,258)	(96,258)	(3,383)
TOTAL ADJUSTMENTS	(139,142)	223,218	153,295	(117,765)	119,606	(411,080)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (139,301)	$ 218,048	$ 188,044	$ (98,882)	$ 167,909	$ (448,281)

Copper Country Community Mental Health Services Board
EMPLOYEE BENEFIT FUND
STATEMENT OF NET ASSETS
September 30, 2006
With comparative amounts at September 30, 2005

	2006	2005
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 26,294	$ 156,765
Accounts receivable	(527)	30
Due from other funds	1,211,935	803,333
Total current assets	1,237,702	960,128
Restricted assets:		
Cash and cash equivalents	481,729	464,441
TOTAL ASSETS	1,719,431	1,424,569
LIABILITIES:		
Current liabilities:		
Accounts payable	172,306	68,312
Due to other funds	641,712	495,205
Accrued vacation and vested sick leave	459,835	433,717
Due to employees	35,017	16,615
Total current liabilities	1,308,870	1,013,849
TOTAL LIABILITIES	1,308,870	1,013,849
NET ASSETS:		
Unrestricted	410,561	410,720
TOTAL NET ASSETS	$ 410,561	$ 410,720

Copper Country Community Mental Health Services Board
EMPLOYEE BENEFIT FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	2006	2005
REVENUES:		
Operating revenues:		
Contributions	$ 2,890,831	$ 2,951,413
Interest income	25,604	13,373
Reimbursements	68,938	64,561
Total operating revenues	2,985,373	3,029,347
EXPENSES:		
Operating Expenses:		
Personnel services	2,980,816	3,021,574
Other services and charges	4,716	4,713
Total operating expenses	2,985,532	3,026,287
OPERATING INCOME (LOSS)	(159)	3,060
CHANGE IN NET ASSETS	(159)	3,060
NET ASSETS, BEGINNING OF YEAR	410,720	407,660
NET ASSETS, END OF YEAR	$ 410,561	$ 410,720

Copper Country Community Mental Health Services Board
EMPLOYEE BENEFIT FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ 2,551,724	$ 2,814,728
Interest received	25,604	13,373
Other operating expenses	(2,716,629)	(3,105,175)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(139,301)	(277,074)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net cash provided to finance accrued vacation and vested sick leave	26,118	35,493
NET CASH PROVIDED FOR NONCAPITAL FINANCING ACTIVITIES	26,118	35,493
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) in restricted assets	(17,288)	(7,258)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(17,288)	(7,258)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(130,471)	(248,839)
Cash and cash equivalents, beginning of year	156,765	405,604
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 26,294	$ 156,765
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (159)	$ 3,060
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	557	1,907
(Increase) decrease in due from other funds	(408,602)	(203,153)
Increase (decrease) in due to employees	18,402	(10,043)
Increase (decrease) in due to other funds	146,507	103,803
Increase (decrease) in accounts payable	103,994	(172,648)
TOTAL ADJUSTMENTS	(139,142)	(280,134)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (139,301)	$ (277,074)

Copper Country Community Mental Health Services Board
EQUIPMENT FUND
STATEMENT OF NET ASSETS
September 30, 2006
With comparative amounts at September 30, 2005

	2006	2005
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 39,083	$ 6,861
Prepaid expenses	-	1,440
Total current assets	39,083	8,301
Capital assets:		
Vehicles	1,009,968	915,019
Accumulated depreciation	(632,393)	(612,162)
Total capital assets	377,575	302,857
TOTAL ASSETS	416,658	311,158
LIABILITIES:		
Current liabilities:		
Accounts payable	5,621	2,802
Due to other funds	239,618	131,767
Total current liabilities	245,239	134,569
TOTAL LIABILITIES	245,239	134,569
NET ASSETS:		
Invested in capital assets, net of related debt	377,575	302,857
Unrestricted	(206,156)	(126,268)
TOTAL NET ASSETS	$ 171,419	$ 176,589

Copper Country Community Mental Health Services Board
EQUIPMENT FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	2006	2005
REVENUES:		
Operating revenues:		
Charges for services	$ 336,052	$ 252,491
Interest income	4,320	605
Total operating revenues	340,372	253,096
EXPENSES:		
Operating Expenses:		
Personnel services	14,011	9,771
Other services and charges	220,423	180,044
Depreciation	111,108	102,199
Total operating expenses	345,542	292,014
OPERATING INCOME (LOSS)	(5,170)	(38,918)
CHANGE IN NET ASSETS	(5,170)	(38,918)
NET ASSETS, BEGINNING OF YEAR	176,589	215,507
NET ASSETS, END OF YEAR	$ 171,419	$ 176,589

Copper Country Community Mental Health Services Board
EQUIPMENT FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ 336,052	$ 301,907
Interest received	4,320	605
Other operating expenses	(122,324)	(120,276)
Interest paid	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	218,048	182,236
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(185,826)	(202,883)
Principal payment on debt	-	-
Contributed capital	-	-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(185,826)	(202,883)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,222	(20,647)
Cash and cash equivalents, beginning of year	6,861	27,508
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 39,083	$ 6,861
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (5,170)	$ (38,918)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	111,108	102,199
Change in assets and liabilities:		
(Increase) decrease in due from other funds	-	49,416
(Increase) decrease in accounts receivable	-	-
(Increase) decrease in prepaid expenses	1,440	(1,440)
Increase (decrease) in accounts payable	2,819	(60,788)
Increase (decrease) in due to other funds	107,851	131,767
TOTAL ADJUSTMENTS	223,218	221,154
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 218,048	$ 182,236

Copper Country Community Mental Health Services Board
BUILDING AND GROUNDS FUND
STATEMENT OF NET ASSETS
September 30, 2006
With comparative amounts at September 30, 2005

	2006	2005
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 391,175	$ 283,234
Accounts receivable	12	-
Prepaid expenses	180	832
Total current assets	391,367	284,066
Capital assets:		
Land	350,498	350,498
Construction in progress	45,393	4,550
Land improvements	53,587	53,587
Buildings and building improvements	4,749,604	4,749,604
Accumulated depreciation	(2,784,283)	(2,576,149)
Total capital assets	2,414,799	2,582,090
TOTAL ASSETS	2,806,166	2,866,156
LIABILITIES:		
Current liabilities:		
Accounts payable	46,297	22,625
Due to other funds	1,521,596	1,600,746
Notes payable - current maturities	37,460	39,280
Total current liabilities	1,605,353	1,662,651
Long-term liabilities:		
Notes payable	574,771	612,212
TOTAL LIABILITIES	2,180,124	2,274,863
NET ASSETS:		
Invested in capital assets, net of related debt	1,802,568	1,930,598
Unrestricted	(1,176,526)	(1,339,305)
TOTAL NET ASSETS	$ 626,042	$ 591,293

Copper Country Community Mental Health Services Board
BUILDING AND GROUNDS FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	2006	2005
REVENUES:		
Operating revenues:		
Charges for services	$ 777,547	$ 719,000
Interest income	11,179	8,243
Total operating revenues	788,726	727,243
EXPENSES:		
Operating Expenses:		
Personnel services	113,708	101,031
Other services and charges	403,605	389,448
Depreciation	208,133	208,315
Interest expense	28,531	32,797
Total operating expenses	753,977	731,591
OPERATING INCOME (LOSS)	34,749	(4,348)
CHANGE IN NET ASSETS	34,749	(4,348)
NET ASSETS, BEGINNING OF YEAR	591,293	595,641
NET ASSETS, END OF YEAR	$ 626,042	$ 591,293

Copper Country Community Mental Health Services Board
BUILDINGS AND GROUNDS FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ 777,535	$ 719,000
Interest received	11,179	8,243
Other operating expenses	(572,139)	(768,708)
Interest paid	(28,531)	(32,797)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	188,044	(74,262)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(40,823)	(3,800)
Proceeds from sale of assets	-	-
Proceeds on notes	-	-
Principal payments on debt	(39,280)	(40,643)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(80,103)	(44,443)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	107,941	(118,705)
Cash and cash equivalents, beginning of year	283,234	401,939
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 391,175	$ 283,234
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 34,749	$ (4,348)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	208,133	208,315
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(12)	-
(Increase) decrease in due from other funds	-	-
(Increase) decrease in prepaid expenses	652	(832)
Increase (decrease) in due to other funds	(79,150)	(284,727)
Increase (decrease) in accounts payable	23,672	7,330
Increase (decrease) in deferred revenue	-	-
TOTAL ADJUSTMENTS	153,295	(69,914)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 188,044	$ (74,262)

Copper Country Community Mental Health Services Board
EMPLOYEE HEALTH BENEFITS FUND
STATEMENT OF NET ASSETS
September 30, 2006
With comparative amounts at September 30, 2005

	2006	2005
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 8,886	$ 107,768
Due from other funds	516,712	495,205
Total current assets	525,598	602,973
TOTAL ASSETS	525,598	602,973
LIABILITIES:		
Current liabilities:		
Claims payable	383,606	479,864
Total current liabilities	383,606	479,864
TOTAL LIABILITIES	383,606	479,864
NET ASSETS:		
Invested in capital assets, net of related debt	-	-
Unrestricted	141,992	123,109
TOTAL NET ASSETS	$ 141,992	$ 123,109

Copper Country Community Mental Health Services Board
EMPLOYEE HEALTH BENEFITS FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	2006	2005
REVENUES:		
Operating revenues:		
Charges for services	$ 1,540,222	$ 1,773,752
Interest income	12,251	6,398
Total operating revenues	1,552,473	1,780,150
EXPENSES:		
Operating Expenses:		
Personnel services	1,530,935	1,774,405
Other services and charges	2,655	2,740
Total operating expenses	1,533,590	1,777,145
OPERATING INCOME (LOSS)	18,883	3,005
CHANGE IN NET ASSETS	18,883	3,005
NET ASSETS, BEGINNING OF YEAR	123,109	120,104
NET ASSETS, END OF YEAR	$ 141,992	$ 123,109

Copper Country Community Mental Health Services Board
EMPLOYEE HEALTH BENEFITS FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2006
With comparative amounts for the year ended September 30, 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from fees and charges for services	$ 1,518,715	$ 1,669,949
Interest received	12,251	6,399
Other operating expenses	(1,629,848)	(1,955,529)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(98,882)	(279,181)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(98,882)	(279,181)
Cash and cash equivalents, beginning of year	107,768	386,949
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 8,886	$ 107,768
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 18,883	$ 3,005
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in due from other funds	(21,507)	(103,803)
Increase (decrease) in due to other funds	-	(175,000)
Increase (decrease) in claims payable	(96,258)	(3,383)
TOTAL ADJUSTMENTS	(117,765)	(282,186)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (98,882)	$ (279,181)

Supplemental Reports

ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA ROBERT J. DOWNS, CPA, CVA DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

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*

Board of Health
Copper Country Community Mental Health Services Board
901 W. Memorial Drive
Houghton, MI 49931

We have audited the accompanying financial statements of the governmental activities and major fund of the Copper Country Community Mental Health Services Board, Michigan, as of and for the year ended September 30, 2006, which collectively comprise the Copper Country Community Mental Health Services Board's basic financial statements and have issued our report thereon dated December 15, 2006. 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 Copper Country Community Mental Health Services Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of material misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of board, management, state 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

December 15, 2006

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GREEN BAY
MILWAUKEE

December 15, 2006

Copper Country Community Mental Health Services Board
901 W. Memorial Drive
Houghton, Michigan 49931

We have audited the financial statements of the Copper Country Community Mental Health Services Board, for the year ended September 30, 2006, and have issued our report thereon dated December 15, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Copper Country Community Mental Health Services Board. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed test of the Copper Country Community Mental Health Services Board's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the Copper Country Community Mental Health Services Board are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Copper Country Community Mental Health Services Board during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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Copper Country Community Mental Health Services Board
Houghton, Michigan 49931

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Copper Country Community Mental Health Services Board's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Copper Country Community Mental Health Services Board, either individually or in the aggregate, indicate matters that could have a significant effect on the Copper Country Community Mental Health Services Board's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Copper Country Community Mental Health Services Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Conclusion

This information is intended solely for the use of the Copper Country Community Mental Health Services Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tackman & Company, PLC

Certified Public Accountants