

### 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 <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Delta County Central Dispatch Authority	County Delta
Fiscal Year End 9-30-07	Opinion Date 2-18-08	Date Audit Report Submitted to State 2-20-08	

We affirm that:

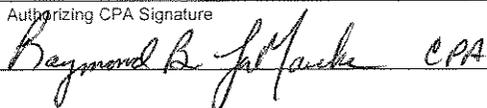
We are certified public accountants licensed to practice in Michigan.

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).

- |   |     |    |   |
|---|-----|----|---|
| <table border="0"> <tr> <td style="text-align: center;">YES</td> <td style="text-align: center;">NO</td> </tr> </table> | YES | NO | <p><b>Check each applicable box below.</b> (See instructions for further detail.)</p> <ol style="list-style-type: none"> <li>1. <input checked="" type="checkbox"/> <input type="checkbox"/> 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.</li> <li>2. <input checked="" type="checkbox"/> <input type="checkbox"/> 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.</li> <li>3. <input checked="" type="checkbox"/> <input type="checkbox"/> The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.</li> <li>4. <input checked="" type="checkbox"/> <input type="checkbox"/> The local unit has adopted a budget for all required funds.</li> <li>5. <input checked="" type="checkbox"/> <input type="checkbox"/> A public hearing on the budget was held in accordance with State statute.</li> <li>6. <input checked="" type="checkbox"/> <input type="checkbox"/> 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.</li> <li>7. <input checked="" type="checkbox"/> <input type="checkbox"/> The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.</li> <li>8. <input checked="" type="checkbox"/> <input type="checkbox"/> The local unit only holds deposits/investments that comply with statutory requirements.</li> <li>9. <input checked="" type="checkbox"/> <input type="checkbox"/> The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i>, as revised (see Appendix H of Bulletin).</li> <li>10. <input checked="" type="checkbox"/> <input type="checkbox"/> 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.</li> <li>11. <input checked="" type="checkbox"/> <input type="checkbox"/> The local unit is free of repeated comments from previous years.</li> <li>12. <input checked="" type="checkbox"/> <input type="checkbox"/> The audit opinion is UNQUALIFIED.</li> <li>13. <input checked="" type="checkbox"/> <input type="checkbox"/> The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).</li> <li>14. <input checked="" type="checkbox"/> <input type="checkbox"/> The board or council approves all invoices prior to payment as required by charter or statute.</li> <li>15. <input checked="" type="checkbox"/> <input type="checkbox"/> To our knowledge, bank reconciliations that were reviewed were performed timely.</li> </ol> |
| YES   | NO  |    |   |

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	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe) SAS 112 Letter	<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman & Company, PLC		Telephone Number 906-786-3111	
Street Address 901 Ludington Street		City Escanaba	State MI
			Zip 49829
Authorizing CPA Signature 	Printed Name Raymond B. LaMarche, CPA	License Number 1101025531	

**DELTA COUNTY CENTRAL  
DISPATCH AUTHORITY**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

# TABLE OF CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1
<b>Management's Discussion and Analysis</b> .....	2
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Balance Sheet/Statement of Net Assets .....	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds/Statement of Activities .....	8
Notes to the Basic Financial Statements .....	9
<b>Required Supplemental Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund .....	15



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

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA  
Laura L. Schwalbach, CPA

## INDEPENDENT AUDITOR'S REPORT

Board Members  
Delta County Central Dispatch Authority  
Escanaba, MI 49829

We have audited the accompanying financial statements of the Delta County Central Dispatch Authority, as of and for the year ended September 30, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dispatch Authority's management. Our responsibility is to express an opinion 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. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delta County Central Dispatch Authority, as of September 30, 2007, and the respective changes in financial position thereof for the period then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 6 and 15, 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Anderson, Tackman & Company, PLC

February 18, 2008

*Anderson, Tackman & Company P.C.*

## MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Delta Authority Central Dispatch Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ending September 30, 2007. Please read it in conjunction with the Authority's financial statements, which begin on page 7.

### FINANCIAL HIGHLIGHTS

- A millage for the Authority was passed by the voters of Delta Authority. The maximum amount the Authority may levy is .85 mills, for the period ended September 30, 2007, the Authority levied .5 mills for operational purposes.
- The General Fund received \$832,037 in revenues and had \$581,443 in expenditures leaving an excess of revenues over expenditures of \$250,594.

### USING THIS REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities (on pages 7 & 8) provide information about the activities of the Authority as a whole and present a longer term view of the Authority's finances. Fund financial statements are also on pages 7 & 8. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide financial statements by providing information about the Authority's most significant funds.

#### Reporting the Authority as a whole

##### Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Authority's finances; "Is the Authority as a whole better off or in worse condition as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Authority 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 revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the Authority's *net assets* and changes in them. You can think of the Authority's net assets as the difference between assets and liabilities as one way to measure the Authority's financial health, or *financial position*. Over time, *increases or decreases* in the Authority'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 Authority's property tax base to assess the *overall financial health* of the Authority.

In the Statement of Net Assets and the Statement of Activities, the Authority only shows governmental activities:

- Governmental activities – All of the Authority’s basic services are reported here which include providing the residents of Delta County dispatch services. Property taxes and telephone surcharges make up the majority of revenue for these activities.

**Fund Financial Statements**

The fund financial statements begin on page 7 and provide detailed information on the Authority’s only fund – the General Fund.

- *Governmental funds* – All of the Authority’s services are reported in the General Fund, which focuses on how money flows into and out of that fund and the balances that are left at year-end that are available for spending. This fund is 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 Authority’s general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance Authority 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 separate column called adjustments.

**The Authority as a Whole**

The Authority’s net assets were \$640,331 in 2007 and \$424,201 in 2006.

**Table 1  
Net Assets**

	2007	2006
Current and other assets	\$ 659,191	\$ 362,597
Capital assets (net)	67,823	100,123
Total Assets	727,014	462,720
Long-term debt outstanding	-	-
Other liabilities	86,683	38,519
Total Liabilities	86,683	38,519
Net Assets:		
Invested in capital assets, net of related debt	67,823	100,123
Unrestricted	572,508	324,078
Total net assets	\$ 640,331	\$ 424,201

**Table 2**  
**Changes in Net Assets**

	Governmental Activities	
	2007	2006
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 313,249	\$ 228,506
General Revenues:		
Property taxes	499,467	585,930
Unrestricted investment earnings	19,321	7,072
Total Revenues	<u>832,037</u>	<u>821,508</u>
<b>Program Expenses:</b>		
Public safety	<u>615,907</u>	<u>521,654</u>
Excess (deficiency) before transfers and contributions	216,130	299,854
Capital contributions	<u>-</u>	<u>124,347</u>
Increase (decrease) in net assets	216,130	424,201
Net assets - beginning	<u>424,201</u>	<u>-</u>
Net assets - ending	<u>\$ 640,331</u>	<u>\$ 424,201</u>

## THE AUTHORITY'S FUNDS

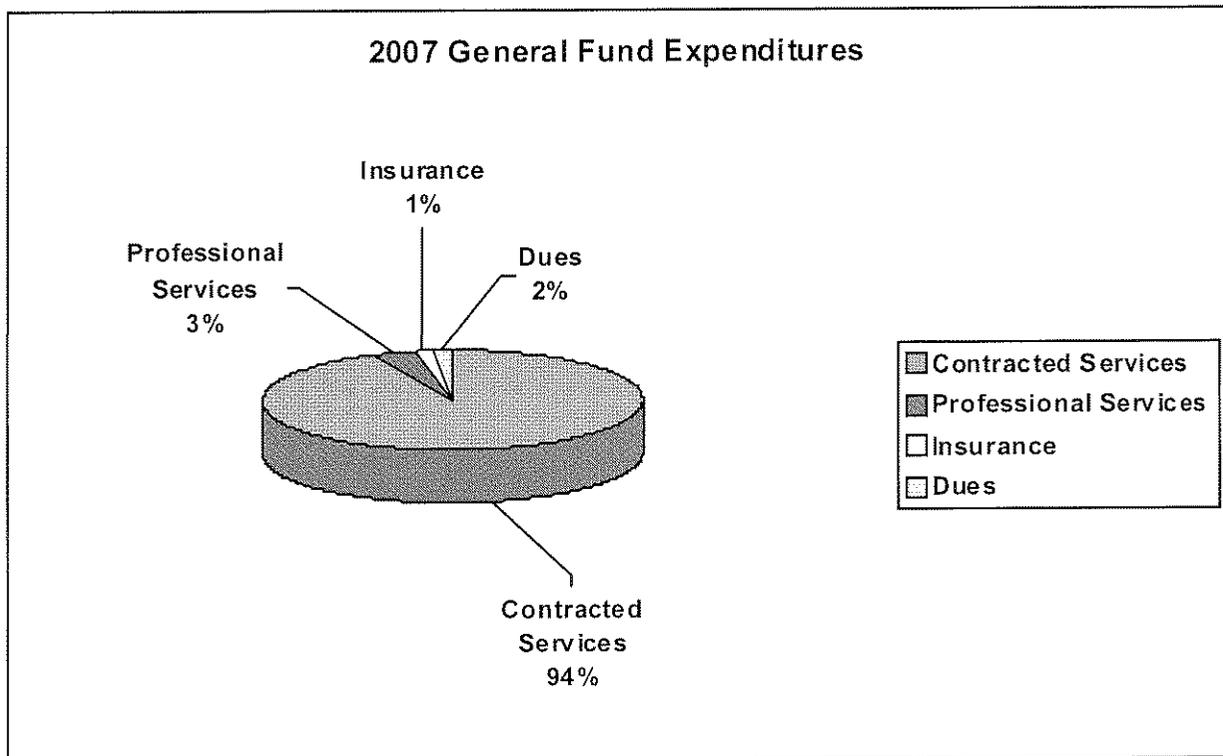
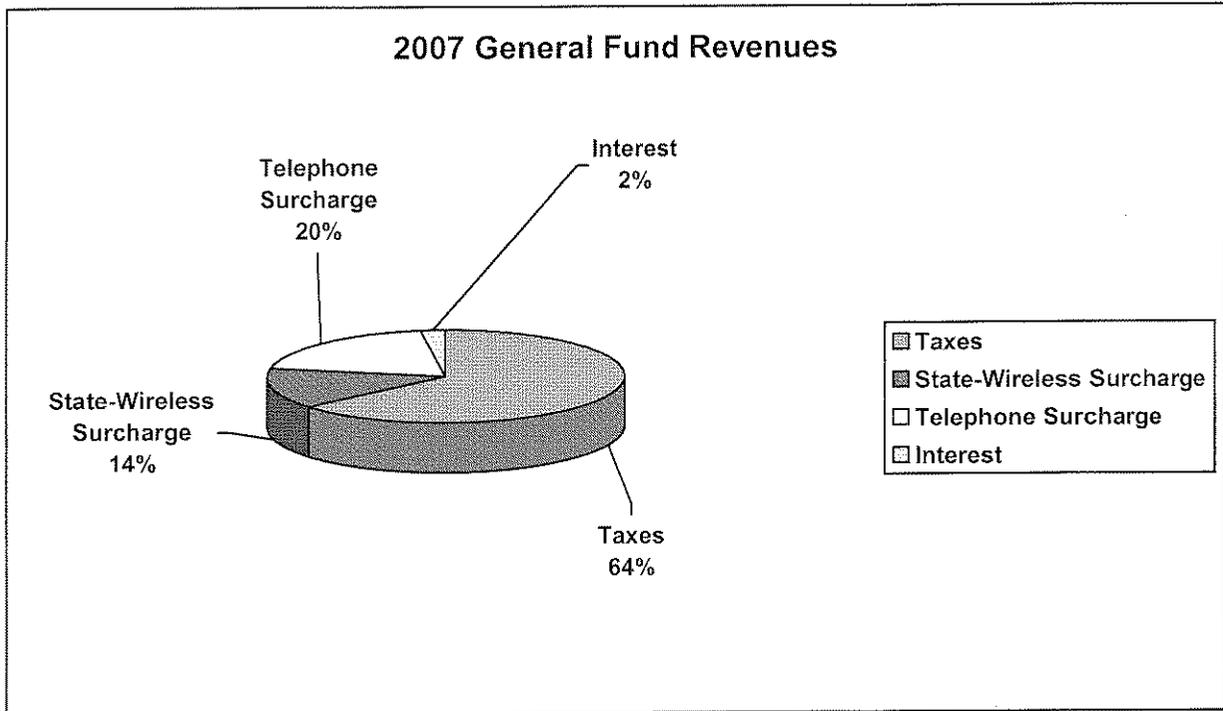
The focus of the governmental funds of the Authority is to provide information on near-term inflows, outflows and balances in spendable resources. The fund information is useful to determine short-term financing requirements and can be used to measure the Authority's net resources available for spending at the end of the fiscal year.

For the current fiscal year the Authority's General Fund reported total fund balance of \$613,191, which was all unreserved.

### General Fund Budgetary Highlights

The budgeted expenditures of the final amended budget amounted to \$980,872, while the actual results showed total expenditures to be \$581,443. This was due to the Authority deferring the purchase of equipment upgrades as well as other operational changes in the Authority's operating structure.

# General Fund



## **CAPITAL ASSETS**

### **Capital Assets**

At the end of fiscal 2007, the Authority had \$67,823, net of accumulated depreciation, invested in machinery and equipment, which was donated to the Authority by the City of Escanaba when the Authority assumed dispatch duties on January 1, 2006.

## **DEBT**

At year-end the Authority had \$40,683 in accrued compensated absences that the Authority assumed as part of the contract with the City of Escanaba to provide dispatch services. The Authority does not employ the dispatchers, but did assume this liability as part of the services agreement.

The Authority does not possess the power to levy any tax or issue any type of bond in its own name.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Authority Administrative Policy Board and management will consider many factors when setting the fiscal year budget, tax rates and fees that will be charged for services. One of those factors is the current operational structure of the Authority as well as required equipment upgrades to allow the Authority to take advantage of advancing technological changes. These factors were taken into account when adopting the 2008 budget.

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers and customers, as well as investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the revenues it receives. If you have questions about this report or need additional information, contact the Authority Board Chairperson at the Delta County Courthouse, 310 Ludington Street, Escanaba, Michigan, 49829.

**DELTA COUNTY CENTRAL DISPATCH AUTHORITY**  
**BALANCE SHEET - STATEMENT OF NET ASSETS**  
September 30, 2007

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 611,069	\$ -	\$ 611,069
Receivables:			
Accounts	14,975	-	14,975
Due from other governmental units	33,147	-	33,147
Total current assets	<u>659,191</u>	<u>-</u>	<u>659,191</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	-	67,823	67,823
Total noncurrent assets	<u>-</u>	<u>67,823</u>	<u>67,823</u>
Total assets	<u>\$ 659,191</u>	<u>67,823</u>	<u>\$ 727,014</u>
<b>LIABILITIES</b>			
Accounts payable	46,000	-	46,000
Accrued compensated absences	-	40,683	40,683
Total liabilities	<u>\$ 46,000</u>	<u>40,683</u>	<u>\$ 86,683</u>
<b>FUND BALANCES/NET ASSETS</b>			
Fund Balance:			
Unreserved:			
Undesignated	613,191	(613,191)	-
Total fund balance	<u>613,191</u>	<u>(613,191)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 659,191</u>		
Invested in capital assets, net of related debts		67,823	67,823
Unrestricted		572,508	572,508
Total net assets		<u>640,331</u>	<u>640,331</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 681,014</u>	<u>\$ 727,014</u>

See accompanying notes to financial statements.

**DELTA COUNTY CENTRAL DISPATCH AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2007**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES:</b>			
Taxes	\$ 499,467	\$ -	\$ 499,467
State sources - wireless surcharge	129,951	-	129,951
Telephone surcharge	183,297	-	183,297
Interest	19,322	-	19,322
Total revenues	<u>832,037</u>	<u>-</u>	<u>832,037</u>
<b>EXPENDITURES/EXPENSES:</b>			
Public Safety:			
Contracted services	543,300	-	543,300
Professional services	19,913	-	19,913
Dues	9,600	-	9,600
Insurance	8,630	-	8,630
Depreciation	-	32,300	32,300
Other - compensated absences	-	2,164	2,164
Total expenditures	<u>581,443</u>	<u>34,464</u>	<u>615,907</u>
Net change in fund balance/net assets	250,594	(34,464)	216,130
Fund balance/net assets - beginning of year	<u>362,597</u>	<u>61,604</u>	<u>424,201</u>
Fund balance/net assets - end of year	<u>\$ 613,191</u>	<u>\$ 27,140</u>	<u>\$ 640,331</u>

See accompanying notes to financial statements.

# DELTA COUNTY CENTRAL DISPATCH AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background - The Delta County Central Dispatch Authority was organized under the provisions of the Michigan Urban Cooperation Act (being MCL 124.504). The Authority provides services to dispatch emergency police, fire and ambulance services, as well as wrecker services throughout all geographical portions of Delta County, Michigan. The Authority is governed by an appointed seven member Administrative Policy Board, with one member appointed from each of the following: City of Escanaba, City of Gladstone, Delta County, Delta County Sheriffs Department, Michigan State Police and two members appointed from the townships of the County.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis*.

Reporting Entity - For financial reporting purposes, in conformance with GASB Statement 14, as amended by GASB Statement 39, the Delta County Central Dispatch Authority has determined that no entities should be consolidated into its financial statements as component units, entities for which the government is considered to be financially accountable. Therefore, the reporting entity consists of the primary government financial statements only.

Accounting Policies - The accounting policies of the Delta County Central Dispatch Authority conform to accounting principles generally accepted in the United States of America as applicable to state and local governments. The following is a summary of the more significant policies:

Government-wide and fund financial statements - The government-wide financial statements include a Statement of Net Assets and a Statement of Activities which report the information on all non-fiduciary activities of the primary government. The Authority only had governmental activities, which normally are supported by taxes and intergovernmental revenue. Major individual governmental funds are reported as separate columns in the fund financial statements. Since the Authority has only one fund, no separate columns have been provided.

Measurement focus, basis of accounting and financial statement presentation - The government-wide financial statements use the economic resources measurement focus and full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

# DELTA COUNTY CENTRAL DISPATCH AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property taxes, interest revenue and telephone surcharges are considered susceptible to accrual and have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following as a major governmental fund:

General Fund – The General Fund is the Authority's only fund. It accounts for all the financial resources of the Authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities enterprise funds, subject to the same limitation. The Authority has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting - The Authority utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 30, the Administrative Policy Board reviews a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least one formal public hearing conducted at an Authority meeting to obtain taxpayer comment.
- c. Pursuant to statute, prior to commencement of a year, the budget for the ensuing year is legally enacted through adoption by the Administrative Policy Board.

**DELTA COUNTY CENTRAL DISPATCH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash Equivalents – Cash deposits consist of demand and time deposits with financial institutions and are reported at carrying amount which is fair value.

Property Taxes - Assessed property values are established annually (the first Monday in March) by the local units of government and equalized by the State at an estimated 50% of current market value. Property taxable value is determined in accordance with (MCL 211.34d). The property taxes are levied based on taxable value on December 1, and are payable without penalty through the following February 28.

Real property taxes not paid by February 28 are purchased by the County as part of the March tax settlement. Authority property taxes are recognized as revenue in the current fiscal year when services financed by the levy are being provided.

The December 2006 taxable valuation of Delta County amounted to \$1,001,249,317 on which ad valorem taxes of .5000 mills were levied for Authority operations. The December 2006 tax levy should raise approximately \$491,985 for Authority operations.

Capital Assets – Capital assets, which include property, buildings, equipment and infrastructure assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$2,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

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

	<u>Years</u>
Buildings and improvements	10 - 50
Machinery and equipment	3 - 30

Compensated Absences – As part of contracting with the City of Escanaba to provide 911 dispatch services, the Authority has assumed the liability for compensated absences of City employees who provide those dispatch services. City workers are granted vacation and sick leave in varying amounts based upon employment classification and length of service. Upon termination, employees are paid for accumulated vacation and sick time, based upon current rate of pay subject to certain limitations. Vacation and sick leave pay is fully accrued in the government-wide financial statements and amounted to \$40,683 as of September 30, 2007.

**DELTA COUNTY CENTRAL DISPATCH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2007**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund Equity - Under the provisions of GASB Statement No. 1, the Authority may establish reserves for those portions of fund equity not appropriable for expenditure or which are legally segregated for a specific future use. Fund equity designations also may be established to indicate tentative plans for financial resource utilization in a future period.

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

**NOTE B – CASH AND CASH EQUIVALENTS**

The Authority has adopted a policy that requires the Authority Board to designate a depository which shall be a federally or state regulated bank or savings institution where the Authority funds may be deposited. The policy also states that the Authority shall comply with all applicable Michigan law regarding the investment, holding and reporting of funds.

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of September 30, 2007, the Authority maintained deposits, which had a bank balance of \$611,068, of which \$465,328 were uninsured and uncollateralized, \$45,740 was co-mingled with funds on deposit with the County Treasurer, and the insurability of those funds cannot be determined.

**NOTE C – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2007, was as follows:

	Balance at 09/30/06	Additions	Disposals	Balance at 09/30/07
Governmental activities:				
Machinery and equipment	\$ 124,347	\$ -	\$ -	\$ 124,347
Less accumulated depreciation:				
Machinery and equipment	24,224	32,300	-	56,524
Governmental activities capital assets, net	<u>\$ 100,123</u>	<u>\$ (32,300)</u>	<u>\$ -</u>	<u>\$ 67,823</u>

Depreciation expense for the year was \$32,300.

# DELTA COUNTY CENTRAL DISPATCH AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2007

### NOTE D - RISK MANAGEMENT

The Dispatch Authority participates as a member in the Michigan Municipal Risk Management Authority. The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage, and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability and auto liability is \$75,000. The limits on auto physical damage are \$15,000 per unit and \$30,000 per occurrence. The retention limits for property coverage are subject to a \$1,000 deductible with 10 percent of the first \$100,000 to be paid by the member. Some members have individual retention levels different than the ones previously stated.

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance Fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund.

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

At September 30, 2007, the Dispatch Authority had no outstanding claims which exceeded the plan's limits, for each of the past two years.

### NOTE E – CONTRACTED SERVICES

The Dispatch Authority has entered into a contract with the City of Escanaba to provide the emergency telephone services to the citizens of Delta County. Prior to this contract the City was the agency providing the emergency telephone services to the residents of Delta County. The Dispatch Authority accepted all equipment and related maintenance agreements on such equipment effective December 31, 2005. The City retains the responsibility of all aspects of employment for all personnel necessary to operate the system. The Authority is required to reimburse the City monthly at a fixed rate, with the fixed rate adjusted each January 1<sup>st</sup> and July 1<sup>st</sup> to reflect the City's anticipated actual costs for the upcoming six-month period. Effective July 1, 2006, the fixed rate was established at \$43,100 per month and was adjusted on January 1, 2007 to \$46,000 per month.

As part of the contract, the City of Escanaba transferred the assets related to the Authority's operations, which had an estimated fair market value of \$124,347.

DELTA COUNTY CENTRAL DISPATCH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE F – ADJUSTMENTS

Following is an explanation of the adjustments between the governmental fund balance sheet and the government-wide statement of net assets, which reconciles fund balance to net assets:

Governmental fund balance	\$ 613,191
Adjustments:	
Capital assets	124,347
Accumulated depreciation	(56,524)
Accrued compensated absences	<u>(40,683)</u>
Net assets of governmental activities	<u>\$ 640,331</u>

Following is an explanation of the adjustments between the governmental fund revenues, expenditures and changes in fund balance and the government-wide statement of activities, which reconciles fund balance to net assets:

Changes in fund balance	\$ 250,594
Adjustments:	
Depreciation expense	(32,300)
Increase in compensated absences	<u>(2,164)</u>
Changes in net assets	<u>\$ 216,130</u>

**DELTA COUNTY CENTRAL DISPATCH AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended September 30, 2007**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 501,375	\$ 501,375	\$ 499,467	\$ (1,908)
State sources - wireless surcharge	124,000	128,100	129,951	1,851
Telephone surcharge	148,000	180,425	183,297	2,872
Interest	8,000	19,322	19,322	-
Total revenues	<u>781,375</u>	<u>829,222</u>	<u>832,037</u>	<u>2,815</u>
<b>EXPENDITURES:</b>				
Public safety	<u>962,025</u>	<u>980,872</u>	<u>581,443</u>	<u>399,429</u>
Net changes in fund balances	(180,650)	(151,650)	250,594	399,429
Fund balances - beginning	<u>362,597</u>	<u>362,597</u>	<u>362,597</u>	<u>-</u>
Fund balances - ending	<u>\$ 181,947</u>	<u>\$ 210,947</u>	<u>\$ 613,191</u>	<u>\$ 399,429</u>

**DELTA COUNTY CENTRAL  
DISPATCH AUTHORITY**

**REPORT TO MANAGEMENT**

**For the Year Ended September 30, 2007**



**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA  
Laura L. Schwalbach, CPA

## REPORT TO MANAGEMENT

Members of the Administrative Policy Board  
Delta County Central Dispatch Authority  
County of Delta, Michigan

We have audited the financial statements of the Delta County Central Dispatch Authority for the year ended September 30, 2007, and have issued our reports thereon dated February 18, 2008. Our professional standards require that we make several communications to you, the purpose of which is to assist you with additional information regarding the scope and results of the audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. 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 errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

In planning and performing our audit, we considered Delta County Central Dispatch Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

### Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Delta County Central Dispatch Authority are described in Note A of the financial statements.

We noted no transactions entered into by the Delta County Central Dispatch Authority 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.

### Management Judgments and Accounting Estimates

Some accounting estimates are utilized in 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. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the estimates. The most sensitive estimates affecting the financial statements were the useful lives of property and equipment for the purpose of calculating depreciation.

### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Our audit adjustments, individually and in the aggregate, were material and were primarily made to properly accrue revenues and expenditures.

### Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant 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 accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements of the Delta County Central Dispatch Authority or a determination of the type of auditor's opinion to be expressed on those statements, our professional standards require the consulting accountant to advise us as 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 Delta County Central Dispatch Authority'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 difficulties in dealing with management in the performance of our audit.

Members of the Administrative Policy Board  
Delta County Central Dispatch Authority

In planning and performing our audit of the financial statements of the Delta County Central Dispatch Authority, for the year ended September 30, 2007, we considered the Authority's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

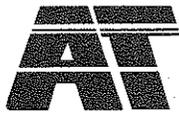
This letter does not affect our report dated February 18, 2008, on the financial statements of the Delta County Central Dispatch Authority.

This information is intended solely for the use of members of the Authority Board, management of the Authority and federal and state agencies 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

February 18, 2008



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

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA  
Laura L. Schwalbach, CPA

To the Board Members of the Delta County  
Central Dispatch Authority

In planning and performing our audit of the financial statements of the Delta County Central Dispatch Authority as of and for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Delta County Central Dispatch Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the a governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

The Authority does not internally produce financial statements in accordance with generally accepted accounting principles.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Material audit adjustments were made to the Authority's records to properly accrue revenues and expenditures.

This communication is intended solely for the information and use of management, the Authority's Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company P.h.C.*  
Anderson, Tackman & Company, PLC

February 18, 2008