

## **COMMUNICATIONS SECTION**



**ANDERSON, TACKMAN & COMPANY, PLC**  
**Certified Public Accountants**

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**County of Marquette, Michigan**  
*Communication with Those Charged with Governance*  
For the Year Ended December 31, 2012

June 24, 2013

To the Board of Commissioners of the  
County of Marquette, Michigan  
234 West Baraga Avenue  
Marquette, Michigan 49855

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Marquette, Michigan for the year ended December 31, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 31, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Marquette, Michigan are described in Note 1 to the financial statements. As described in Note 20 to the financial statements, the County of Marquette, Michigan changed accounting policies related items reported as assets, liabilities, and net assets/fund balance by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, in calendar year 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimate(s) affecting the County's financial statements were:

To the Board of Commissioners of the  
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Management's estimate of the Other Post Employment Benefit for Retirees Health Insurance Liability is based on an actuarial performed for the County of Marquette, Michigan to determine its liability. We evaluated the key factors and assumptions used to develop the Other Post Employment Benefit for Retirees Health Insurance Liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accumulated depreciation and depreciation expense is based on historical costs and useful lives of the assets. Depreciation is calculated using the straight-line method. We evaluated the key factors and assumptions used to develop the current years depreciation expense and accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Defined Benefit Retirement Plan in Note 8 to the financial statements includes significant actuarial assumptions used in calculating the valuation. Municipal Employees' Retirement System of Michigan was responsible for preparation of the annual actuarial valuation. The disclosures made in Note 8 were based on information included in their report.

The disclosure of Other Post Employment Benefits in Note 10 to the financial statements includes significant actuarial assumptions used in the calculating the valuation. Gabriel, Roeder Smith & Company was the actuarial company hired for preparation of the actuarial valuation. The disclosures made in Note 10 were based on information included in their report.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Record the Governmental Activities Capital Asset activity for the fiscal year.

Several revenue reclassification entries were made.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

To the Board of Commissioners of the  
County of Marquette, Michigan

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 24, 2013.

*Management Consultations 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.

*Other Audit Findings or Issues*

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 governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Commissioners and management of County of Marquette, Michigan and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Anderson, Jackman & Co, PLLC*

Certified Public Accountants