

# Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended .

Unit Name	Allegan County, Michigan	County	ALLEGAN	Type	COUNTY	MuniCode	030000
Opinion Date	June 30, 2008	Audit Submitted	June 30, 2008	Fiscal Year	12/31/2007		

If a local unit of government (authorities & 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, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$29,037,695"/>
General Fund Expenditure:	<input type="text" value="\$23,613,495"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$5,421,221"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="\$9,804,613"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Stephen W.	Last Name	Blann	Ten Digit License Number	1101024801				
CPA Street Address	2330 East Paris Ave. SE	City	Grand Rapids	State	MI	Zip Code	49546	Telephone	(616) 975-4100
CPA Firm Name	Rehmann Robson	Unit's Street Address	122nd Ave.	City	Allegan		Zip Code	49010	



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2007**

**Prepared by:**  
Allegan County Budget and Finance Department

# COUNTY OF ALLEGAN, MICHIGAN

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## **INTRODUCTORY SECTION**



Budget and Finance Department  
Allegan County Administration  
3283 – 122<sup>nd</sup> Ave  
Allegan, MI 49010

Telephone (269) 673-0200  
Fax (269) 673-0367

June 30, 2008

## **TO COUNTY OF ALLEGAN CITIZENS AND OTHER INTERESTED PERSONS:**

The *Comprehensive Annual Finance Report of the County of Allegan (CAFR)* for the fiscal year ended December 31, 2007, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the data as presented is accurate in all material respects and reported in a manner that fairly sets forth the financial position and results of operations of the various funds of the County. All disclosures considered necessary to enable the reader to gain an understanding of the County's financial activities are included.

The report is comprised of three sections. The *Introductory Section* includes the table of contents, letter of transmittal, and organizational data. The *Financial Section* includes the Independent Auditor's Opinion, the Management Discussion and Analysis, Basic Financial Statements, Notes to the Financial Statements and the Combining and Individual Fund Statements and Schedules. The *Statistical Section* includes tables that reflect economic and financial data and trends, together with the current fiscal capacity of the County.

The *Notes to Financial Statements* are considered to be an integral part of the report and should be read for a more complete understanding of the statements and information presented therein.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliment this letter of transmittal and should be read in conjunction with it.

## **GENERAL BACKGROUND INFORMATION**

The County of Allegan is located in the western portion of the state, bordering Lake Michigan and approximately 65 miles north of the Michigan-Indiana border. The U.S. Census Bureau's final 2000 population stands at 105,665, a 16.7% increase from the 1990 census figure of 90,683. The County includes an area of 829 square miles divided into 24 townships, 3 villages and 6 cities.

The County was incorporated in 1835, under authority and provisions established by the State of Michigan. The County is organized as a Commissioner-Administrator form of government. The Commission is comprised of eleven members elected by district. The County Administrator is responsible to implement and administer policies and programs delineated in the annual budget and by various actions of the Commission. An organization chart is included to define the total governmental structure.

The County Charter requires a *Road Commission* and a *Drain Commission/Department of Public Works (DPW)* appointed by the County Commission, together with management and support staff, to administer and operate the County's roads and drains. These two entities are included in this report as discretely presented component units and are part of the County reporting entity as defined by generally accepted accounting principles.

## GENERAL BACKGROUND INFORMATION

( Continued from Previous Page )

The County government's employed staff includes 621 full-time positions, and approximately 333 part-time positions. The full-time workforce is composed of a base of non-union plus eleven organized labor bargaining units as follows:

<u>Employee Group</u>	<u>Affiliation</u>	<u>Member Status</u>
Assistant Prosecuting Attny	Allegan County Assistant Prosecutors	8
Non-Salaried Court Employees	48 <sup>th</sup> Circuit Court, Probate Court, and 57 <sup>th</sup> District Court Employees Association	101
Salaried Court Employees	Salaried Employees Association of the 48 <sup>th</sup> Circuit Court, Probate Court, and 57 <sup>th</sup> District Court	11
Sheriff Deputies	Police Officers Labor Council	48
Sheriff's Department Command Officers (Road)	Police Officers Labor Council	11
Telecommunicators Clerks, Secretaries, Technicians, Custodians, Maintenance	Governmental Employees' Labor Council (GELC)	14
Corrections Officers	Governmental Employees' Labor Council (GELC)	60
Sheriff's Department Command Officers (Corrections)	Police Officers Labor Council/Governmental Employees' Labor Council	29
Telecommunicator Supervisors	Police Officers Labor Council	7
Non-Union	Governmental Employees' Labor Council (GELC)	5
SEIU	None	598
	Road Commission	52/10

The County enjoys a well-diversified property tax base mix of residential (73.90%), commercial (9.52%), industrial (4.49%), agricultural (11.71%) and Industrial & Development accounting for the remaining (4.86%). The County's industrial sector includes a diversification of manufacturing, including pharmaceuticals, office systems & furniture, auto and truck parts, boats, corrugated paper, food products, and several other industries.

## ECONOMIC CONDITIONS OF THE COMMUNITY

The County of Allegan has enjoyed sustained growth of its business and residential communities throughout the decades of the 1970's and 1980's and into the 1990's, both in terms of increases in property tax base and the overall employment environment. This growth trend has flattened but continues to increase during the 2000's. The strong growth trend is fully expected to recover and continue well into the upcoming years. This forecast is based primarily on the availability of developable land and the County's proximity to Holland, Kalamazoo, and Grand

Rapids (the state's second largest city). Property values in the County are strong and continue to rise at a rate above the Consumer Price Index inspite of the states overall sluggish economic condition. Because of the diversity of the business community within the County of Allegan, economic downturns have generally not been as severe as in several other areas of the State where some counties have seen a decrease in their overall property values.

Reflective of the recent economic downturns in the state most indicators are negative, however, a recent survey conducted by Manpower indicated that more employers intended to increase their staffing levels compared to those who planned to decrease staffing levels. In 2007 Taxable Values increased 5.25%, however, a lower rate of 2.99 is expected for 2008. Due to the states continued economic woes new housing starts in West Michigan declined 25.8% from the last quarter of 2007 to the first quarter of 2008. If this trend continues it will have a direct impact on the Taxable Values of communities in Allegan County and throughout West Michigan. Tax base growth has averaged over 6.00% annually over the past four years and includes residential, industrial, and commercial growth. Although the increases in Taxable Value for the near future may not match the 6.0% levels of the recent past the county's population growth reflects growing housing demand driven by increased employment opportunities in the surrounding metropolitan areas. The projection for calendar year 2008 is for the local area economy to remain stable and maintain slow growth.

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This report consists of management's representations concerning the finances of Allegan County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Allegan County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Allegan County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Allegan County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The annual budgeting process is conducted in accordance with *State of Michigan Act 621 of 1978*, as amended. Formal budgets are established for the General Fund, all Special Revenue Funds, and the Debt Service Fund.

Budget controls are maintained at an *Activity* level within the general, special revenue and debt service funds. An activity is most often the highest hierarchy level within a fund, such as a department. From an expenditure control perspective, an activity/department is restricted by its total budgeted appropriation. Expenditure accounts within an activity budget are not controlled at the line-item *Object* level, but rather in summary at the activity level.

## **A W A R D**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Allegan for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

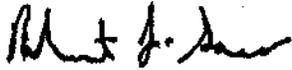
## **ACKNOWLEDGMENTS**

The preparation of this report would not have been possible without the efficiency and commitment provided by the entire Finance staff.

Appreciation is extended to all employees who assisted in the preparation of this report in a responsible, accurate and timely manner.

We also wish to thank the Board of Commissioners for their ongoing support in providing the public with an outstanding financial document.

Respectfully submitted,

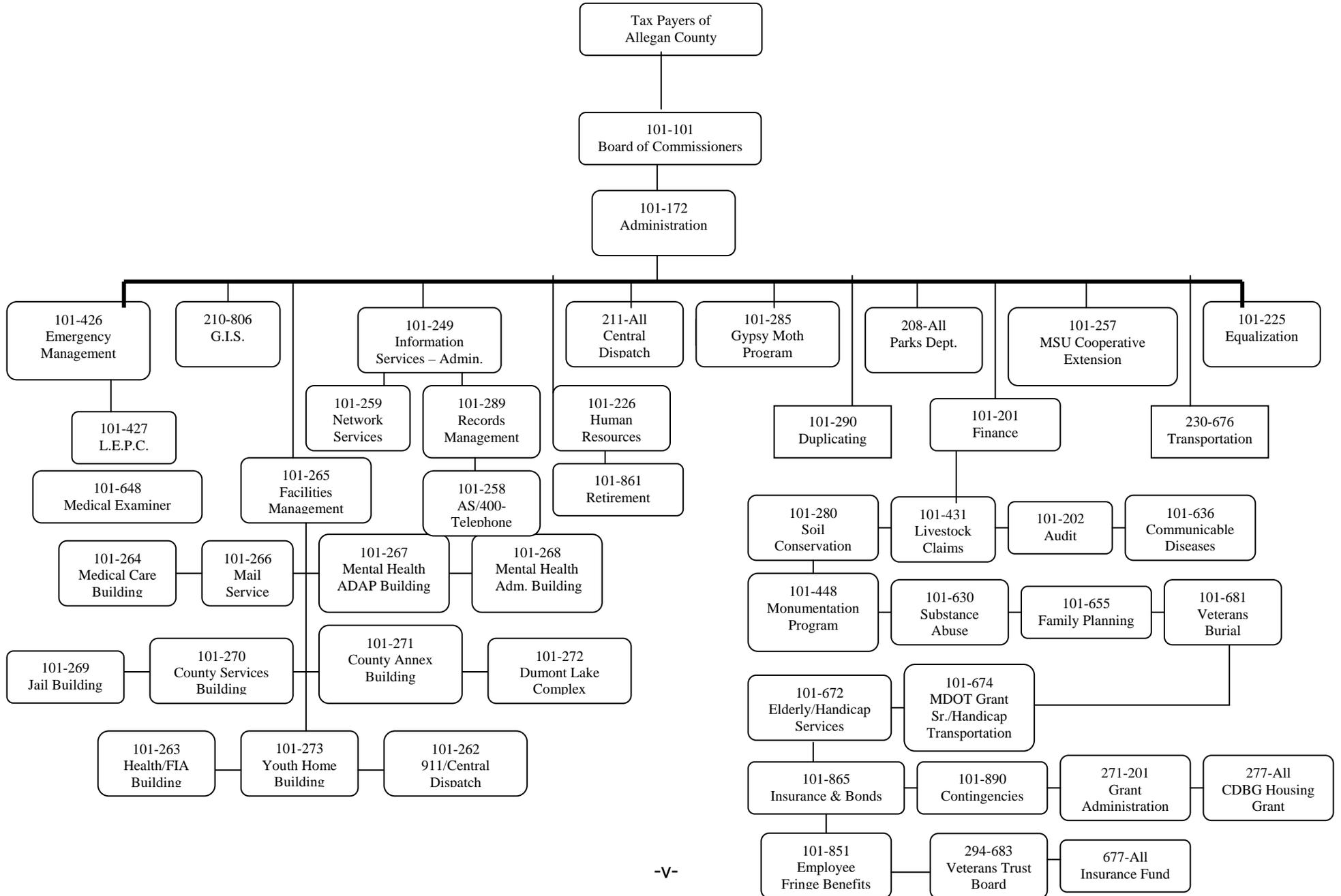


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Rob Sarro  
County Administrator

# Administrative

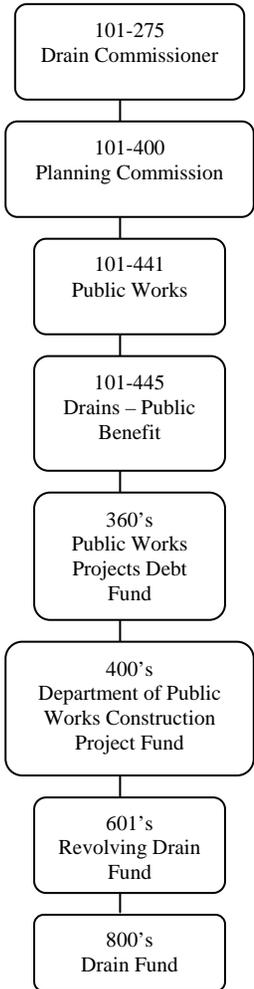
## Organizational Chart Identifying Funds & Activities within the Administration Department



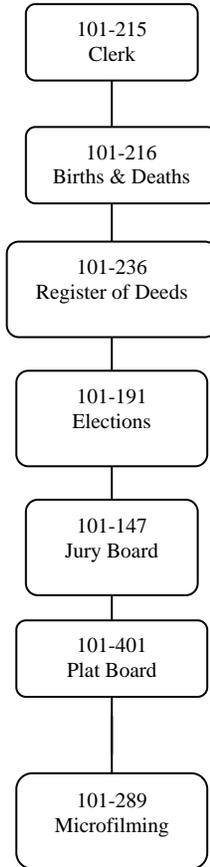
# Elected Officials

Organizational Chart  
Identifying Funds & Activities Responsible to the Appropriate Department

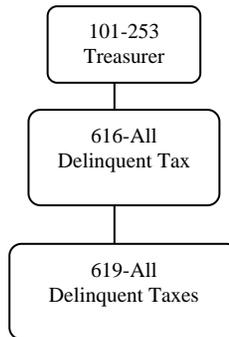
## Drain Commissioner



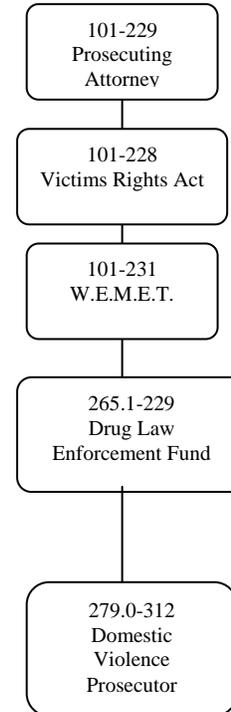
## Clerk/Register



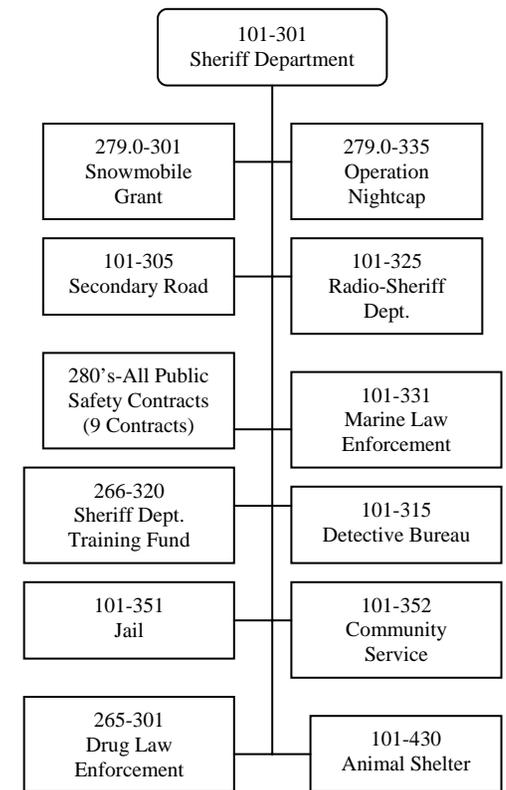
## Treasurer



## Prosecuting Attorney



## Sheriff

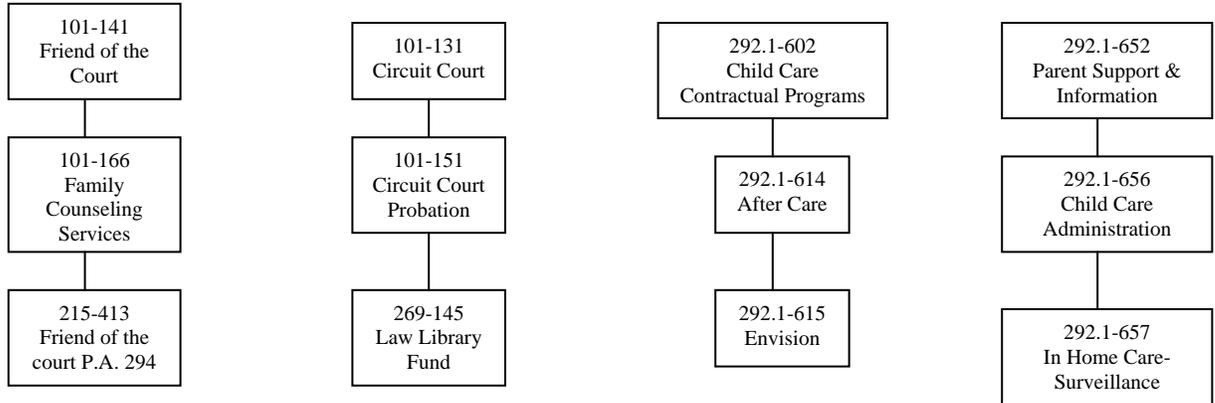


# Judicial

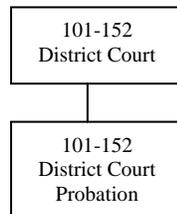
## Organizational Chart

Identifying Funds & Activities within each Court

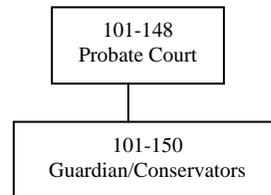
### *Family Court*



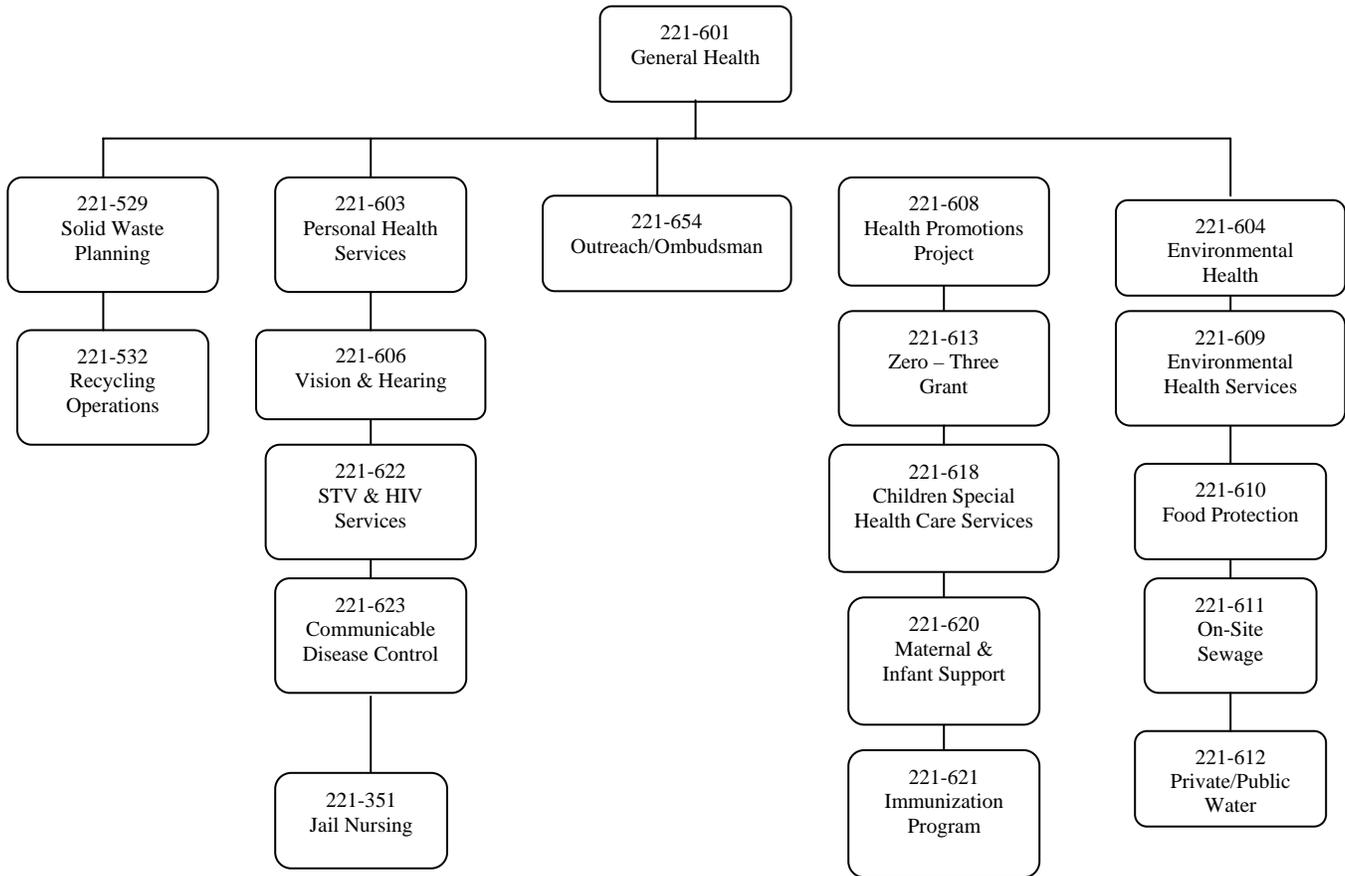
### *District Court*



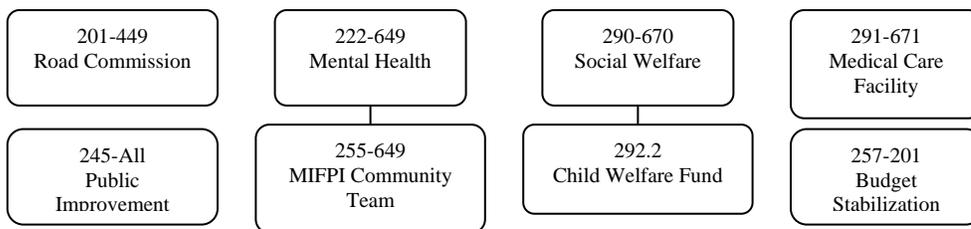
### *Probate Court*



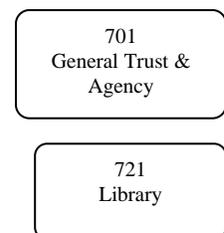
**Health Department**  
Organizational Chart  
Identifying Other Department Funds



*Other Funds & Activities*



*Trust & Agency*



**ALLEGAN COUNTY  
PRINCIPAL COUNTY OFFICIALS  
YEAR ENDED DECEMBER 31, 2007**

**Elected Members of the County Commission**

Terry Burns	Commission Member 1 <sup>st</sup> District
Steve McNeal	Commission Member 2 <sup>nd</sup> District
Paul VanEck	Commission Member 3 <sup>rd</sup> District
Mark DeYoung	Commission Member 4 <sup>th</sup> District
Dean Kapenga	Commission Member 5 <sup>th</sup> District
Max Thiele	Commission Member 6 <sup>th</sup> District
Don Black	Commission Member 7 <sup>th</sup> District
Tom Jessup	Commission Member 8 <sup>th</sup> District
Fritz Spreitzer	Commission Member 9 <sup>th</sup> District
Jon Campbell	Commission Member 10 <sup>th</sup> District
Larry "Casey" Jones	Commission Member 11 <sup>th</sup> District

**Staff Officials Appointed by County Commission**

Robert Sarro	County Administrator
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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Allegan  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006.

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

## **FINANCIAL SECTION**



**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP

## INDEPENDENT AUDITORS' REPORT

June 30, 2008

County Board of Commissioners  
of the County of Allegan, Michigan  
Allegan, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Allegan, Michigan*, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Allegan County, Michigan. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Road Commission, representing 85% of the assets and 86% of the program revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for the Road Commission, is based solely on the report of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Allegan, Michigan as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008 on our consideration of the County of Allegan, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Allegan, Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the County of Allegan, Michigan's basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As discussed in Note 14 to the financial statements, certain errors resulting in the overstatement of previously reported fund balances/net assets as of December 31, 2006, were discovered during the current year. Accordingly, beginning equity as of January 1, 2007, has been restated to correct these errors.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## ALLEGAN COUNTY BUDGET AND FINANCE DEPARTMENT

3283 - 122<sup>nd</sup> Ave · Allegan, Michigan 49010  
Phone (269) 673-0200 · Fax (269) 673-0367



### Management's Discussion and Analysis

As management of Allegan County, we offer readers of the Allegan County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

#### Financial Highlights

- The assets of Allegan County exceeded its liabilities at the close of fiscal year 2007 by \$72,367,885 (*net assets*). Of this amount, \$30,354,119 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. The County's obligations totaled \$17,557,862 as of December 31, 2007.
- At December 31, 2007, the County's governmental funds reported combined ending fund balances of \$36,842,594, an increase of \$1,752,000.
- At December 31, 2007, unreserved fund balance for the General Fund was \$5,207,737, or 16.6% of general fund expenditures and transfers out.
- Governmental activities net assets increased by \$3,092,199 or 6.0% over the prior fiscal year.
- The County's noncurrent liabilities decreased by \$90,793, from \$9,895,406 to \$9,804,613 during the fiscal year.

#### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in MD&A future fiscal periods (e.g., accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include governmental operations.

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

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

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

The County maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, central dispatch E911, mental health, medical care facility, revenue sharing reserve, and senior millage funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-27 of this report.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its information services contracts, assessing and mapping activities, and delinquent taxes. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various County functions. The County uses internal service funds to account for its self insurance, mental health self insurance and motor pool activities.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

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

The basic fiduciary fund financial statements can be found on page 31 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-61 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statement. Combining and individual fund statements and schedules can be found on pages 62-154 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$72,367,885 at the close of the most recent fiscal year. A large portion of the County's net assets represents its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate component units for which the County is financially accountable. Financial information for *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-15 of this report.

## Allegan County's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>						
Current and other assets	\$47,658,538	\$43,293,369	\$18,278,660	\$17,401,999	\$65,937,198	\$60,695,368
Capital assets, net	23,988,549	24,363,087	-	-	23,988,549	24,363,087
<b>Total assets</b>	<b>71,647,087</b>	<b>67,656,456</b>	<b>18,278,660</b>	<b>17,401,999</b>	<b>89,925,747</b>	<b>85,058,455</b>
<b>Liabilities</b>						
Long-term liabilities	9,804,613	9,895,406	-	-	9,804,613	9,895,406
Other liabilities	7,032,504	6,043,279	720,745	553,899	7,753,249	6,597,178
<b>Total liabilities</b>	<b>16,837,117</b>	<b>15,938,685</b>	<b>720,745</b>	<b>553,899</b>	<b>17,557,862</b>	<b>16,492,584</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	15,678,499	17,259,699	-	-	15,678,499	17,259,699
Restricted	26,335,267	29,829,647	-	-	26,335,267	29,829,647
Unrestricted	12,796,204	4,628,425	17,557,915	16,848,100	30,354,119	21,476,525
<b>Total net assets</b>	<b>\$54,809,970</b>	<b>\$51,717,771</b>	<b>\$17,557,915</b>	<b>\$16,848,100</b>	<b>\$72,367,885</b>	<b>\$68,565,871</b>

### Net Assets

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets, net of related debt, is 22% of total net assets. Although the County's investment in net assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net assets (36%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. All such assets (except for assets invested in capital assets, net of related debt) are considered restricted. The remaining portion of the County's net assets (42%) are unrestricted net assets. These net assets may be used to meet the government's ongoing obligations to citizens and creditors.

The County's total net assets increased approximately 6%, or \$3,802,014 to \$72,367,885 from \$68,565,871 for the year ended December 31, 2007. This is primarily the result of capitalizing capital assets instead of expensing them, and recording principal payments as a reduction of long-term debt, instead of an expense for the government-wide presentation.

## Allegan County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$29,053,122	\$29,991,968	\$ 1,438,041	\$ 1,008,687	\$30,491,163	\$31,000,655
Operating grants and contributions	12,506,055	13,125,208	-	-	12,506,055	13,125,208
Capital grants and contributions	244,024	303,126	-	-	244,024	303,126
General revenues:						
Property taxes	20,361,051	23,717,741	-	-	20,361,051	23,717,741
Unrestricted investment earnings	1,400,536	1,311,028	801,579	511,489	2,202,115	1,822,517
Other	430,343	385,421	-	-	430,343	385,421
Total revenues	<u>63,995,131</u>	<u>68,834,492</u>	<u>2,239,620</u>	<u>1,520,176</u>	<u>66,234,751</u>	<u>70,354,668</u>
<b>Expenses</b>						
Legislative	443,855	550,747	-	-	443,855	550,747
Judicial	4,643,641	4,683,694	-	-	4,643,641	4,683,694
General government	10,262,286	9,481,375	-	-	10,262,286	9,481,375
Public safety	11,957,908	12,184,395	-	-	11,957,908	12,184,395
Public works	226,862	230,284	-	-	226,862	230,284
Health and welfare	33,952,980	33,587,858	-	-	33,952,980	33,587,858
Recreation and cultural	381,720	426,829	-	-	381,720	426,829
Community and economic development	395	-	-	-	395	-
Interest on long-term debt	400,017	435,474	-	-	400,017	435,474
Delinquent tax collection	-	-	163,073	166,803	163,073	166,803
Total expenses	<u>62,269,664</u>	<u>61,580,656</u>	<u>163,073</u>	<u>166,803</u>	<u>62,432,737</u>	<u>61,747,459</u>
Change in net assets before transfers	1,725,467	7,253,836	2,076,547	1,353,373	3,802,014	8,607,209
<b>Transfers</b>	<u>1,366,732</u>	<u>1,481,681</u>	<u>(1,366,732)</u>	<u>(1,481,681)</u>	<u>-</u>	<u>-</u>
Change in net assets	3,092,199	8,735,517	709,815	(128,308)	3,802,014	8,607,209
Net assets, beginning of year, as restated	<u>51,717,771</u>	<u>42,982,254</u>	<u>16,848,100</u>	<u>16,976,408</u>	<u>68,565,871</u>	<u>59,958,662</u>
<b>Net assets, end of year</b>	<u>\$54,809,970</u>	<u>\$51,717,771</u>	<u>\$17,557,915</u>	<u>\$16,848,100</u>	<u>\$72,367,885</u>	<u>\$68,565,871</u>

### Governmental activities

Governmental activities increased the County's net assets by \$3,092,199, accounting for 81% of the total growth in the County's net assets. The sizeable difference between the change in fund balances and the change in net assets is mostly due to large capital outlays in the current year, which are expensed under the modified accrual basis method and accounted as capital assets under full accrual basis. A smaller portion of the difference is due to principal payments on debts that are expensed under the modified accrual method but are booked as reductions in long-term debt under the full accrual basis.

Property tax revenue decreased by approximately \$3,357,000 due to the property tax acceleration which shifted the levy from December to July over the years 2004-2006.

Governmental activities include:

- Legislative activities – Expenses related to the Board of Commissioners and high-level administrative expenditures.
- Judicial activities – Expenses related to the administration of Circuit, District, and Probate/Family courts and Court Probation units.
- General government activities – Expenses related to the support departments of the County such as Administration, Human Resources, Treasury, Information Services, Facilities Management, and Finance.
- Public safety – Expenses related to the Sheriff’s administration and road patrol and County corrections services.
- Public works activities – Expenses related to County water and sewer systems and drains systems.
- Recreation and culture – Expenses related to County parks and Tourist Council.
- Community and economic development – Expenses related to the preservation of farmland in the County.
- Health – Expenses related to public health services such as Immunization, Solid Waste, Child Care, Medical Examiner, and Housing Assistance programs.

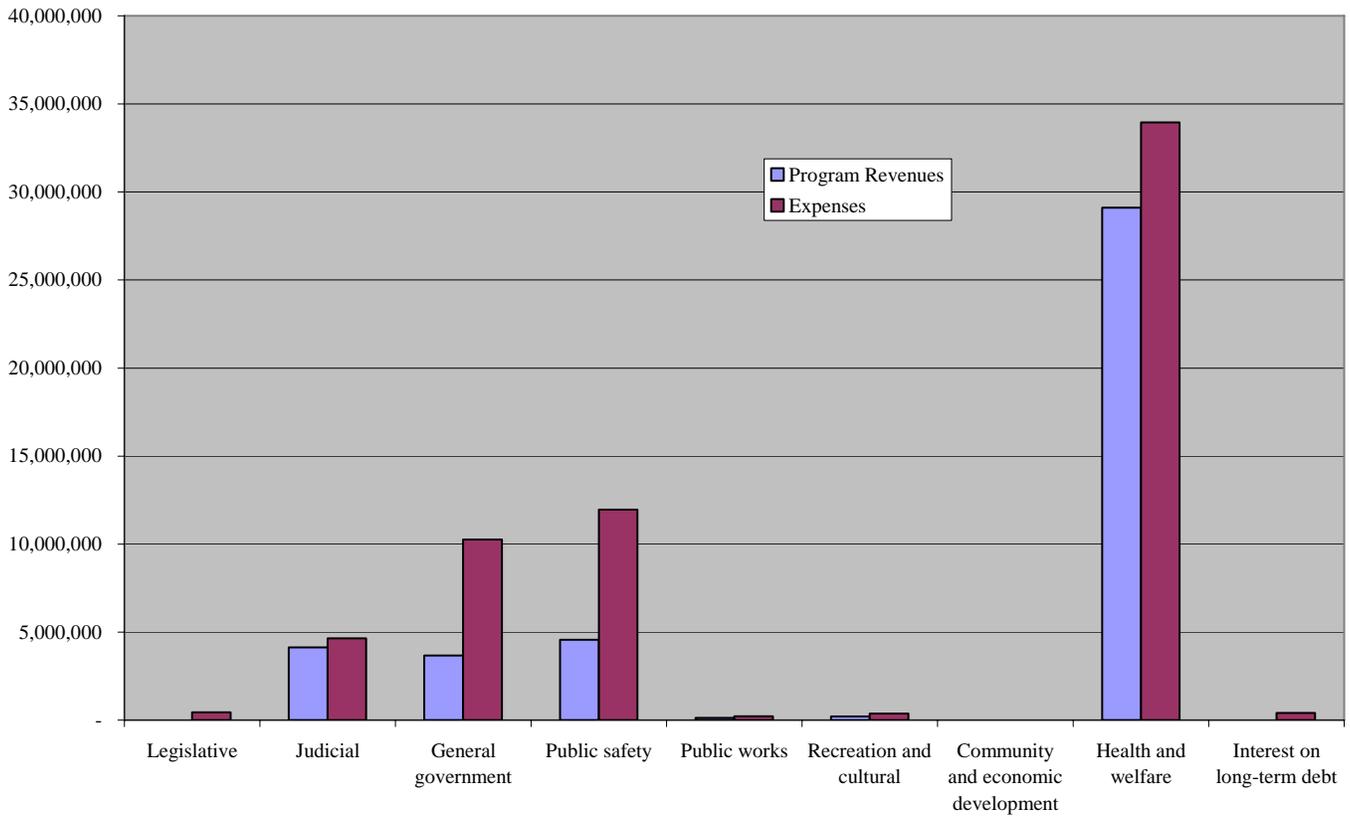
### **Business-type activities**

The business-type activities of the County include enterprise fund operations. The change in business-type activities net assets increased the County’s net assets by \$709,815. The increase in charges for services of approximately \$290,000 is due to the inclusion of interest and administrative fees receivable on delinquent property taxes, not previously recorded.

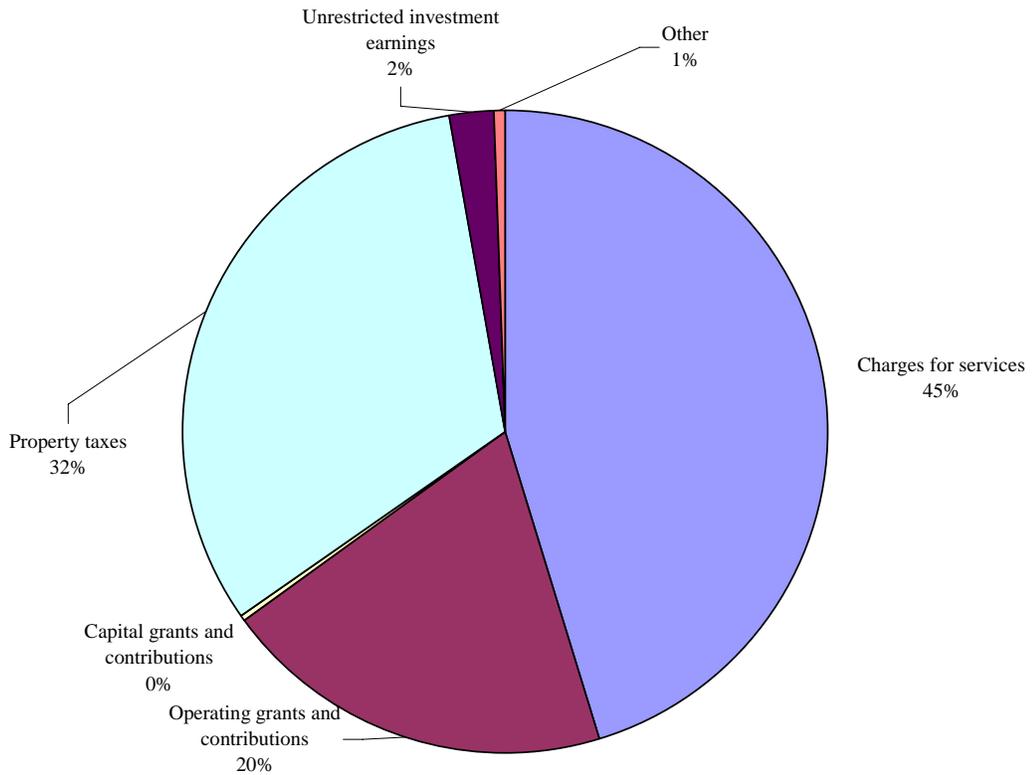
Business-type activities include:

- Delinquent tax revolving fund – This fund was established as a means to provide the local governments within the County’s jurisdiction with 100% of the property tax distributions owed to them annually. The County then acts as the collection agency for the outstanding delinquent taxes. Current policy is to maintain cash and investments to fund 100% of the prior year’s delinquent tax settlement.
- Information Services Activities fund – This fund was established to account for contracted technology-related services performed by the Information Services department for other local governments. Information Services sells hardware and support for network and personal computer systems to other governments.
- Assessing/Mapping fund - This fund was established to account for revenues and expenses associated with providing tax printing service to the local units of government. These services are generated from within the Equalization Department and provide property tax billing and assessment notices for the local units.

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



## Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County *governmental fund statements* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Total unreserved fund balance represented 31% of total annual government expenditures, including transfers, in 2007.

General fund balance decreased by \$291,020 from \$5,712,241 to \$5,421,221 during 2007. These results are consistent with those of prior years. *Unreserved fund balance* of \$5,207,737 is available for spending at the County's discretion. The remainder of fund balance is *reserved* for long-term advances to the Drain/DPW component unit (\$180,000) and prepaid items (\$33,484).

Central dispatch fund balance increased slightly from \$8,263,940 to \$8,657,188. The \$393,248 increase is primarily due to some vacant positions not being filled and revenues coming in 10% over budget. Revenue, as a surcharge tax, from telephone land lines and cell phones continued to increase to \$2,031,826. The entire fund balance of \$8,657,188 is unreserved.

Mental Health fund balance has decreased 24%. This is primarily due to transfer of cash to an internal service fund to accumulate reserves for earned by unused vacation time of employees.

Fund balance of the Medical Care Facility fund decreased by \$111,581. This is primarily due to a ban on patient new admissions during the end of the year.

The Revenue Sharing Reserve Fund decreased fund balance by \$1,932,160 in 2007. This is due to the transfer out of \$1,990,000 to the general fund, an amount determined annually by the State of Michigan.

The Senior Millage Fund increased its fund balance by \$549,228. This is a result of delayed expenditure of property taxes collections levied for senior services.

**Proprietary funds.** The County proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

	<b>2007</b>	<b>2006</b>
	<b>Net Assets</b>	<b>Net Assets</b>
<b>Enterprise Funds</b>		
Delinquent Tax Revolving	\$17,494,719	\$16,788,660
Information Services	63,196	59,440
<b>Total</b>	<b>\$17,557,915</b>	<b>\$16,848,100</b>
<b>Internal Service Funds</b>	<b>\$ 2,840,481</b>	<b>\$ 1,719,839</b>

Other factors considering the finances of these funds have been addressed in the discussion of the County's business-type activities.

### General Fund Budgetary Highlights

Amended budgetary expenditures differed from the originally adopted budget for the following reason:

- The County originally budgeted for more in contingencies that it later deemed necessary.

There were few significant budget variances existed between the final amended budget and actual amounts. The only major variance was for the contingency expenditures, in which budget amendments would transfer funds into other line items instead of reporting any actual contingency expense.

### Capital Asset and Debt Administration

- **Capital assets** - A capital asset is an asset whose cost exceeds \$3,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives.

During the year, several capital assets were added, included several vehicles and trucks, software upgrades, a court recording system, many computers, and the MCT project.

- **Debt administration** – Debt incurred in the course of constructing or acquiring a capital asset is recorded and paid for from a debt service fund.

The County has two general obligation bonds for their major capital projects this year. The first twenty-year bond issue took place in 1997 for the construction of a new wing on the Medical Care Facility. The second bond issue, Series 2001A, was a 20-year bond issue for the construction of the Health/FIA building in the amount of \$10.8 million.

The County dedicated funds in the Delinquent Tax Revolving Fund for payment of current outstanding bonds.

### Allegan County Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2005</u>	<u>2007</u>	<u>2006</u>
Land	\$ 584,315	\$ 584,315	\$ -	\$ -	\$ 584,315	\$ 584,315
Construction in progress	50,977	-	-	-	50,977	-
Land improvements	1,323,333	1,414,420	-	-	1,323,333	1,414,420
Buildings and improvements	17,910,538	18,577,655	-	-	17,910,538	18,577,655
Machinery and equipment	3,547,111	3,197,106	-	-	3,547,111	3,197,106
Infrastructure	572,275	589,591	-	-	572,275	589,591

Total	<u>\$23,988,549</u>	<u>\$24,363,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$23,988,549</u>	<u>\$24,363,087</u>
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Additional information on the County’s capital assets can be found in Note 5 on pages 42-43 of this report.

**Long-term debt** – debt is classified as long-term if the debt matures in a period greater than one year.

### Allegan County Outstanding Debt (General Obligation Bonds)

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Bonds payable	\$ 8,310,050	\$ 8,750,054	\$ -	\$ -	\$ 8,310,050	\$ 8,750,054
Compensated absences	1,494,563	1,145,352	-	-	1,494,563	1,145,352
Total	<u>\$9,804,613</u>	<u>\$9,895,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,804,613</u>	<u>\$9,895,406</u>

The County has an “A+” rating from Standard & Poor’s. Additional information on the County’s long-term debt can be found in Note 6 on pages 44-48 of this report.

### Economic Factors and Next Year’s Budgets and Rates

- The taxable value of commercial, residential, and personal property increased 5.25% in the 2007 fiscal year.
- According to Michigan’s Department of Land & Economic Growth Allegan County’s unemployment rate is 6.8%. The larger surrounding counties of West Michigan has an unemployment rate of 6.3% for the fourth quarter of 2007.
- The U. S. Census Bureau indicates that from 4/1/2000 through 7/1/2006 Allegan County’s population grew by 7.4% compared to 1.6% for the State of Michigan.

In a climate where other counties are seeing their revenue shrink, Allegan County has continued to enjoy slow but steady economic growth during the last two years despite the overall economic health of the State. However, it appears that the overall economic condition of the state is beginning to affect Allegan County. Employment statewide fell in the first quarter of 2008 with a loss of nearly 30,000 jobs and economic conditions are not expected to improve in West Michigan through the first two quarter of 2008. On the bright side a Manpower survey indicated that a larger share of businesses intend to increase employment levels in the near future than lower employment levels. Much of Allegan County’s steady growth can be attributed to its close proximity to Grand Rapids, Kalamazoo, and the Lake Michigan Lakeshore. The County continues to anticipate slow economic growth for the remainder of 2008 and into 2009. As the State of Michigan’s economy rights itself and begins to move forward Allegan County is in a position to see its growth trends increase further.

## **Requests for Information**

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Budget and Finance Department, Allegan County, Michigan, 3283 – 122<sup>nd</sup> Ave., Allegan, Michigan, 49010. Additional information can be found at our website at [www.allegancounty.org](http://www.allegancounty.org).

## **BASIC FINANCIAL STATEMENTS**

**COUNTY OF ALLEGAN, MICHIGAN**

**Statement of Net Assets**

**December 31, 2007**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Road Commission	Drains/ Public Works
<b>Assets</b>					
Cash and pooled investments	\$ 39,921,792	\$ 14,525,222	\$ 54,447,014	\$ 3,284,389	\$ 2,928,962
Receivables	6,726,899	3,753,438	10,480,337	5,343,914	16,687,495
Advance to component unit	180,000	-	180,000	-	-
Prepaid items	663,105	-	663,105	94,077	-
Inventory	166,742	-	166,742	731,509	-
Capital assets not being depreciated	635,292	-	635,292	66,545,685	853,800
Capital assets being depreciated, net	23,353,257	-	23,353,257	64,839,707	3,310,746
<b>Total assets</b>	<b>71,647,087</b>	<b>18,278,660</b>	<b>89,925,747</b>	<b>140,839,281</b>	<b>23,781,003</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	5,361,931	720,745	6,082,676	711,801	194,440
Advance from primary government	-	-	-	-	180,000
Unearned revenue	1,670,573	-	1,670,573	2,907,324	-
Noncurrent liabilities:					
Due within one year	1,969,563	-	1,969,563	-	1,521,447
Due in more than one year	7,835,050	-	7,835,050	437,397	15,042,504
<b>Total liabilities</b>	<b>16,837,117</b>	<b>720,745</b>	<b>17,557,862</b>	<b>4,056,522</b>	<b>16,938,391</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	15,678,499	-	15,678,499	131,385,392	930,192
Restricted for:					
Property tax acceleration	8,692,433	-	8,692,433	-	-
Health and welfare programs	12,609,015	-	12,609,015	-	-
Public safety programs	439,713	-	439,713	-	-
Judicial programs	198,842	-	198,842	-	-
Capital improvements	3,231,763	-	3,231,763	-	1,343,100
Other state mandated programs	1,163,501	-	1,163,501	-	-
Debt service	-	-	-	-	64,001
County roads	-	-	-	5,397,367	-
Unrestricted	12,796,204	17,557,915	30,354,119	-	4,505,319
<b>Total net assets</b>	<b>\$ 54,809,970</b>	<b>\$ 17,557,915</b>	<b>\$ 72,367,885</b>	<b>\$ 136,782,759</b>	<b>\$ 6,842,612</b>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**

**Statement of Activities**

**For the Year Ended December 31, 2007**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<b>Primary government</b>						
Governmental activities:						
Legislative	\$ 443,855	\$ -	\$ -	\$ -	\$ (443,855)	
Judicial	4,643,641	-	2,205,651	1,923,385	(514,605)	
General government	10,262,286	(997,543)	2,700,652	769,742	(5,600,325)	
Public safety	11,957,908	220,926	1,666,271	2,891,435	(7,621,128)	
Public works	226,862	-	-	132,004	(94,858)	
Health and welfare	33,952,980	776,617	22,339,971	6,773,409	(5,616,217)	
Recreation and cultural	381,720	-	140,577	15,000	(176,143)	
Community and economic development	395	-	-	1,080	685	
Interest on long-term debt	400,017	-	-	-	(400,017)	
Total governmental activities	62,269,664	-	29,053,122	12,506,055	(20,466,463)	
Business-type activities:						
Delinquent tax collection	163,073	-	1,438,041	-	1,274,968	
Total primary government	<u>\$ 62,432,737</u>	<u>\$ -</u>	<u>\$ 30,491,163</u>	<u>\$ 12,506,055</u>	<u>\$ 244,024</u>	<u>\$ (19,191,495)</u>
<b>Component units</b>						
Road Commission	\$ 12,834,589	\$ -	\$ 36,545	\$ 9,877,146	\$ 8,140,906	\$ 5,220,008
Drains/Public Works	251,483	-	40,330	931,335	2,169,421	2,889,603
Total component units	<u>\$ 13,086,072</u>	<u>\$ -</u>	<u>\$ 76,875</u>	<u>\$ 10,808,481</u>	<u>\$ 10,310,327</u>	<u>\$ 8,109,611</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**

**Statement of Activities (Continued)**

**For the Year Ended December 31, 2007**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Road Commission	Drains/ Public Works
<b>Changes in net assets</b>					
Net (expense) revenue	\$ (20,466,463)	\$ 1,274,968	\$ (19,191,495)	\$ 5,220,008	\$ 2,889,603
General revenues:					
Property taxes	20,361,051	-	20,361,051	2,690,318	-
Convention tax	411,059	-	411,059	-	-
Cigarette tax	14,788	-	14,788	-	-
Unrestricted investment earnings	1,400,536	801,579	2,202,115	-	62,528
Gain on sale of capital assets	4,496	-	4,496	220,515	-
Transfers - internal activities	1,366,732	(1,366,732)	-	-	-
Total general revenues and transfers	<u>23,558,662</u>	<u>(565,153)</u>	<u>22,993,509</u>	<u>2,910,833</u>	<u>62,528</u>
Change in net assets	3,092,199	709,815	3,802,014	8,130,841	2,952,131
Net assets, beginning of year, as restated	<u>51,717,771</u>	<u>16,848,100</u>	<u>68,565,871</u>	<u>128,651,918</u>	<u>3,890,481</u>
<b>Net assets, end of year</b>	<u>\$ 54,809,970</u>	<u>\$ 17,557,915</u>	<u>\$ 72,367,885</u>	<u>\$ 136,782,759</u>	<u>\$ 6,842,612</u>

(Concluded)

**COUNTY OF ALLEGAN, MICHIGAN**

**Balance Sheet**

**Governmental Funds**

**December 31, 2007**

	<u>General Fund (1010)</u>	<u>Central Dispatch E911 (2110-2117)</u>	<u>Mental Health (2220 and 2225)</u>	<u>Medical Care Facility (2910)</u>	<u>Revenue Sharing Reserve (2850)</u>
<b>Assets</b>					
Cash and pooled investments	\$ 4,460,207	\$ 8,754,556	\$ 2,260,463	\$ 1,462,189	\$ 8,692,433
Receivables:					
Accounts	209,044	108,996	529,261	619,347	-
Current property taxes	1,476,846	-	-	-	-
Interest	335,869	-	-	-	-
Due from other funds	271,000	-	-	-	-
Due from other governments	527,103	-	-	-	-
Advances to other funds	-	-	-	-	-
Advance to component units	180,000	-	-	-	-
Prepays	33,484	-	134,266	-	-
Inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ 7,493,553</u>	<u>\$ 8,863,552</u>	<u>\$ 2,923,990</u>	<u>\$ 2,081,536</u>	<u>\$ 8,692,433</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 537,371	\$ 168,819	\$ 2,006,306	\$ 197,882	\$ -
Accrued liabilities	557,310	37,545	268,850	154,921	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	271,557	-
Advances from other governments	-	-	-	-	-
Deferred revenue	977,651	-	14,696	-	-
<b>Total liabilities</b>	<u>2,072,332</u>	<u>206,364</u>	<u>2,289,852</u>	<u>624,360</u>	<u>-</u>
<b>Fund balances</b>					
Reserved for:					
Long-term advances	180,000	-	-	-	-
Prepaid items	33,484	-	134,266	-	-
Inventory	-	-	-	-	-
Unreserved:					
Designated for:					
Sick and vacation, reported in nonmajor special revenue funds	-	-	-	-	-
Parks, reported in nonmajor special revenue funds	-	-	-	-	-
Undesignated, reported in:					
General fund	5,207,737	-	-	-	-
Special revenue funds	-	8,657,188	499,872	1,457,176	8,692,433
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
<b>Total fund balances</b>	<u>5,421,221</u>	<u>8,657,188</u>	<u>634,138</u>	<u>1,457,176</u>	<u>8,692,433</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,493,553</u>	<u>\$ 8,863,552</u>	<u>\$ 2,923,990</u>	<u>\$ 2,081,536</u>	<u>\$ 8,692,433</u>

The accompanying notes are an integral part of these financial statements.

<b>Senior Millage (2950)</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
\$ 742,158	\$ 10,353,131	\$ 36,725,137
-	253,138	1,719,786
904,266	-	2,381,112
-	-	335,869
-	-	271,000
-	1,763,029	2,290,132
-	271,557	271,557
-	-	180,000
-	6,863	174,613
-	166,742	166,742
<u>\$ 1,646,424</u>	<u>\$ 12,814,460</u>	<u>\$ 44,515,948</u>
\$ 108,814	\$ 447,406	\$ 3,466,598
-	214,342	1,232,968
-	271,000	271,000
-	49,721	49,721
-	-	271,557
-	45,000	45,000
988,382	355,781	2,336,510
<u>1,097,196</u>	<u>1,383,250</u>	<u>7,673,354</u>
-	271,557	451,557
-	6,863	174,613
-	166,742	166,742
-	1,122,879	1,122,879
-	171,201	171,201
-	-	5,207,737
549,228	9,667,640	29,523,537
-	3,946	3,946
-	20,382	20,382
<u>549,228</u>	<u>11,431,210</u>	<u>36,842,594</u>
<u>\$ 1,646,424</u>	<u>\$ 12,814,460</u>	<u>\$ 44,515,948</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Reconciliation of Fund Balances on the Balance Sheet**  
**for Governmental Funds to Net Assets of**  
**Governmental Activities on the Statement of Net Assets**  
**December 31, 2007**

Fund balances - total governmental funds	\$ 36,842,594
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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.

Add - capital assets not being depreciated	635,292
Add - capital assets being depreciated, net	23,353,257

An internal service fund is used by management to charge the costs of certain equipment usage and self insurance to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service funds	2,840,481
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Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as vaccine inventory) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add - deferred property taxes	499,195
Add - deferred inventory	166,742

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds payable	(8,310,050)
Deduct - compensated absences payable	(1,179,762)
Deduct - accrued interest on bonds payable	(37,779)
	(9,527,591)

Net assets of governmental activities	\$ 54,809,970
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The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2007**

	<b>General Fund (1010)</b>	<b>Central Dispatch E911 (2110-2117)</b>	<b>Mental Health (2220 and 2225)</b>	<b>Medical Care Facility (2910)</b>	<b>Revenue Sharing Reserve (2850)</b>
<b>Revenues</b>					
Taxes and penalties	\$ 19,328,690	\$ -	\$ -	\$ -	\$ -
Licenses and permits	73,170	-	-	-	-
Intergovernmental revenue:					
Federal	1,094,950	-	871,100	-	-
State	1,843,821	218,039	2,011,600	-	-
Contributions from local units	-	-	-	-	-
Charges for services	3,414,394	1,813,790	13,287,842	6,556,009	-
Fines and forfeits	223,756	-	-	-	-
Interest and rentals	1,667,888	519,996	73,228	-	57,840
Other revenue	1,391,026	8,829	787,132	331,741	-
<b>Total revenues</b>	<b>29,037,695</b>	<b>2,560,654</b>	<b>17,030,902</b>	<b>6,887,750</b>	<b>57,840</b>
<b>Expenditures</b>					
Current:					
Legislative	463,719	-	-	-	-
Judicial	4,829,401	-	-	-	-
General government	8,098,641	-	-	-	-
Public safety	9,003,600	2,167,406	-	-	-
Public works	227,513	-	-	-	-
Health and welfare	442,146	-	17,444,613	7,143,523	-
Recreation and cultural	-	-	-	-	-
Community and economic development	-	-	-	-	-
Other	548,475	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>23,613,495</b>	<b>2,167,406</b>	<b>17,444,613</b>	<b>7,143,523</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>5,424,200</b>	<b>393,248</b>	<b>(413,711)</b>	<b>(255,773)</b>	<b>57,840</b>
<b>Other financing sources (uses)</b>					
Transfers in	2,029,671	-	209,942	144,192	-
Transfers out	(7,744,891)	-	-	-	(1,990,000)
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(5,715,220)</b>	<b>-</b>	<b>209,942</b>	<b>144,192</b>	<b>(1,990,000)</b>
<b>Net change in fund balances</b>	<b>(291,020)</b>	<b>393,248</b>	<b>(203,769)</b>	<b>(111,581)</b>	<b>(1,932,160)</b>
Fund balances, beginning of year, as restated	5,712,241	8,263,940	837,907	1,568,757	10,624,593
<b>Fund balances, end of year</b>	<b>\$ 5,421,221</b>	<b>\$ 8,657,188</b>	<b>\$ 634,138</b>	<b>\$ 1,457,176</b>	<b>\$ 8,692,433</b>

The accompanying notes are an integral part of these financial statements.

<b>Senior Millage (2950)</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
\$ 954,170	\$ -	\$ 20,282,860
-	364,963	438,133
-	1,091,998	3,058,048
-	3,738,306	7,811,766
-	721,091	721,091
-	1,877,806	26,949,841
-	7,837	231,593
32,136	309,512	2,660,600
-	174,603	2,693,331
<u>986,306</u>	<u>8,286,116</u>	<u>64,847,263</u>
-	-	463,719
-	4,211	4,833,612
-	1,418,984	9,517,625
-	1,427,506	12,598,512
-	-	227,513
437,078	8,690,265	34,157,625
-	375,686	375,686
-	395	395
-	-	548,475
-	450,000	450,000
-	416,345	416,345
-	886,748	886,748
<u>437,078</u>	<u>13,670,140</u>	<u>64,476,255</u>
<u>549,228</u>	<u>(5,384,024)</u>	<u>371,008</u>
-	10,434,129	12,817,934
-	(1,716,311)	(11,451,202)
-	14,260	14,260
-	<u>8,732,078</u>	<u>1,380,992</u>
549,228	3,348,054	1,752,000
-	<u>8,083,156</u>	<u>35,090,594</u>
<u>\$ 549,228</u>	<u>\$ 11,431,210</u>	<u>\$ 36,842,594</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Change in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2007**

Net change in fund balances - total governmental funds \$ 1,752,000

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 and reported as depreciation expense.

Add - purchases of capital assets	1,419,038
Add - gain on sale of capital assets	4,496
Deduct - proceeds from sale of capital assets	(14,260)
Deduct - depreciation expense	(1,783,812)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	450,000
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An internal service fund is used by management to charge the costs of certain insurance and fringe benefits to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Add - operating income from governmental activities in internal service funds	1,111,661
Add - interest earned in internal service funds	8,981

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add - inventory contributed during the year	83,828
Add - net change in deferred property taxes	78,349

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrued interest payable on bonds	16,328
Deduct - increase in the accrual for compensated absences	(34,410)

Change in net assets of governmental activities	\$ 3,092,199
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The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes and penalties	\$ 18,491,638	\$ 18,491,638	\$ 19,328,690	\$ 837,052
Licenses and permits	137,650	78,022	73,170	(4,852)
Intergovernmental revenue:				
Federal	1,024,075	1,024,075	1,094,950	70,875
State	1,976,600	2,006,894	1,843,821	(163,073)
Charges for services	3,726,025	3,602,373	3,414,394	(187,979)
Fines and forfeits	268,100	225,100	223,756	(1,344)
Interest and rentals	1,214,173	1,194,673	1,667,888	473,215
Other revenue	1,344,650	1,389,220	1,391,026	1,806
<b>Total revenues</b>	<u>28,182,911</u>	<u>28,011,995</u>	<u>29,037,695</u>	<u>1,025,700</u>
<b>Expenditures</b>				
Current:				
Legislative	488,229	488,852	463,719	(25,133)
Judicial	5,158,700	5,163,430	4,829,401	(334,029)
General government	8,649,832	8,666,368	8,098,641	(567,727)
Public safety	8,748,543	9,009,910	9,003,600	(6,310)
Public works	228,913	229,889	227,513	(2,376)
Health and welfare	438,901	470,786	442,146	(28,640)
Other	1,375,255	835,189	548,475	(286,714)
<b>Total expenditures</b>	<u>25,088,373</u>	<u>24,864,424</u>	<u>23,613,495</u>	<u>(1,250,929)</u>
Revenues over (under) expenditures	<u>3,094,538</u>	<u>3,147,571</u>	<u>5,424,200</u>	<u>2,276,629</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,020,000	2,020,000	2,029,671	9,671
Transfers out	(5,114,538)	(7,772,670)	(7,744,891)	27,779
<b>Total other financing sources (uses)</b>	<u>(3,094,538)</u>	<u>(5,752,670)</u>	<u>(5,715,220)</u>	<u>37,450</u>
Net change in fund balances	-	(2,605,099)	(291,020)	2,314,079
Fund balances, beginning of year, as restated	<u>5,712,241</u>	<u>5,712,241</u>	<u>5,712,241</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 5,712,241</u></u>	<u><u>\$ 3,107,142</u></u>	<u><u>\$ 5,421,221</u></u>	<u><u>\$ 2,314,079</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Central Dispatch E911 Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental revenue - State	\$ 145,320	\$ 145,320	\$ 218,039	\$ 72,719
Charges for services	1,735,675	1,735,675	1,813,790	78,115
Interest and rentals	330,000	330,000	519,996	189,996
Other revenue	<u>4,700</u>	<u>4,700</u>	<u>8,829</u>	<u>4,129</u>
Total revenues	2,215,695	2,215,695	2,560,654	344,959
<b>Expenditures</b>				
Current:				
Public safety	<u>2,296,669</u>	<u>2,458,362</u>	<u>2,167,406</u>	<u>(290,956)</u>
Revenues over (under) expenditures	(80,974)	(242,667)	393,248	635,915
<b>Other financing sources (uses)</b>				
Transfers (out)	<u>(8,562)</u>	<u>(1,362)</u>	<u>-</u>	<u>1,362</u>
Net changes in fund balances	(89,536)	(244,029)	393,248	637,277
Fund balances, beginning of year, as restated	<u>8,263,940</u>	<u>8,263,940</u>	<u>8,263,940</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 8,174,404</u></u>	<u><u>\$ 8,019,911</u></u>	<u><u>\$ 8,657,188</u></u>	<u><u>\$ 637,277</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Mental Health Special Revenue Fund**  
**For the Year Ended September 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental revenue:				
Federal	\$ 1,047,390	\$ 1,047,390	\$ 871,100	\$ (176,290)
State	2,378,847	2,378,847	2,011,600	(367,247)
Charges for services	14,235,378	14,235,378	13,287,842	(947,536)
Interest and rentals	84,640	84,640	73,228	(11,412)
Other revenue	423,720	423,720	787,132	363,412
Total revenues	18,169,975	18,169,975	17,030,902	(1,139,073)
<b>Expenditures</b>				
Current:				
Health and welfare	18,379,915	18,379,915	17,444,613	(935,302)
Revenues under expenditures	(209,940)	(209,940)	(413,711)	(203,771)
<b>Other financing sources</b>				
Transfers in	209,940	209,940	209,942	2
Net changes in fund balances	-	-	(203,769)	(203,769)
Fund balances, beginning of year, as restated	837,907	837,907	837,907	-
<b>Fund balances, end of year</b>	<u>\$ 837,907</u>	<u>\$ 837,907</u>	<u>\$ 634,138</u>	<u>\$ (203,769)</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Medical Care Facility Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Charges for services	\$ 5,256,588	\$ 5,256,588	\$ 6,556,009	\$ 1,299,421
Other revenue	-	-	331,741	331,741
	<u>5,256,588</u>	<u>5,256,588</u>	<u>6,887,750</u>	<u>1,631,162</u>
<b>Expenditures</b>				
Current:				
Health and welfare	<u>5,370,780</u>	<u>5,370,780</u>	<u>7,143,523</u>	<u>1,772,743</u>
Revenues under expenditures	<u>(114,192)</u>	<u>(114,192)</u>	<u>(255,773)</u>	<u>(141,581)</u>
<b>Other financing sources (uses)</b>				
Transfers in	144,192	144,192	144,192	-
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
	<u>114,192</u>	<u>114,192</u>	<u>144,192</u>	<u>(30,000)</u>
Net change in fund balances	-	-	(111,581)	(171,581)
Fund balances, beginning of year	<u>1,568,757</u>	<u>1,568,757</u>	<u>1,568,757</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,568,757</u></u>	<u><u>\$ 1,568,757</u></u>	<u><u>\$ 1,457,176</u></u>	<u><u>\$ (111,581)</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Revenue Sharing Reserve Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Interest and rentals	\$ 150,000	\$ 150,000	\$ 57,840	\$ (92,160)
<b>Other financing uses</b>				
Transfers out	<u>(1,990,000)</u>	<u>(1,990,000)</u>	<u>(1,990,000)</u>	<u>-</u>
Net change in fund balances	(1,840,000)	(1,840,000)	(1,932,160)	(92,160)
Fund balances, beginning of year	<u>10,624,593</u>	<u>10,624,593</u>	<u>10,624,593</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 8,784,593</u></u>	<u><u>\$ 8,784,593</u></u>	<u><u>\$ 8,692,433</u></u>	<u><u>\$ (92,160)</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Senior Millage Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes and penalties	\$ 928,008	\$ 928,008	\$ 954,170	\$ 26,162
Interest and rentals	-	-	32,136	32,136
Total revenues	928,008	928,008	986,306	58,298
<b>Expenditures</b>				
Current:				
Health and welfare	928,008	928,008	437,078	(490,930)
Net changes in fund balances	-	-	549,228	549,228
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,228</u>	<u>\$ 549,228</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Proprietary Funds**  
**Statement of Net Assets**  
**December 31, 2007**

	<u>Business-type Activities</u>			<u>Governmental</u>
	<u>Delinquent Property Tax (6160)</u>	<u>Information Services Activities (5210)</u>	<u>Total</u>	<u>Activities Internal Service Funds</u>
<b>Assets</b>				
Current assets:				
Cash and pooled investments	\$ 14,462,026	\$ 63,196	\$ 14,525,222	\$ 3,196,655
Receivables:				
Accounts	13,381	-	13,381	-
Delinquent property taxes	3,121,485	-	3,121,485	-
Interest and penalties	618,572	-	618,572	-
Prepays	-	-	-	488,492
	<u>18,215,464</u>	<u>63,196</u>	<u>18,278,660</u>	<u>3,685,147</u>
Total assets (all current)	<u>18,215,464</u>	<u>63,196</u>	<u>18,278,660</u>	<u>3,685,147</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	87,407	-	87,407	529,865
Accrued liabilities	1,975	-	1,975	-
Compensated absences, due within one year	-	-	-	314,801
Due to other governments	631,363	-	631,363	-
	<u>720,745</u>	<u>-</u>	<u>720,745</u>	<u>844,666</u>
Total liabilities (all current)	<u>720,745</u>	<u>-</u>	<u>720,745</u>	<u>844,666</u>
<b>Net assets</b>				
Unrestricted	<u>\$ 17,494,719</u>	<u>\$ 63,196</u>	<u>\$ 17,557,915</u>	<u>\$ 2,840,481</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**

**Proprietary Funds**

**Statement of Revenues, Expenses**

**and Changes in Fund Net Assets**

**For the Year Ended December 31, 2007**

	<u>Business-type Activities</u>			<u>Governmental</u>
	<u>Delinquent Property Tax (5160)</u>	<u>Information Services Activities (5210)</u>	<u>Total</u>	<u>Activities Internal Service Funds</u>
<b>Operating revenues</b>				
Interest and penalties on taxes	\$ 1,239,199	\$ -	\$ 1,239,199	\$ -
Charges for services	178,126	-	178,126	8,916,349
Other revenue	20,716	-	20,716	-
Total operating revenues	<u>1,438,041</u>	<u>-</u>	<u>1,438,041</u>	<u>8,916,349</u>
<b>Operating expenses</b>				
Administrative expense	163,073	-	163,073	-
Insurance expense	-	-	-	7,804,688
Total operating expenses	<u>163,073</u>	<u>-</u>	<u>163,073</u>	<u>7,804,688</u>
Operating income	1,274,968	-	1,274,968	1,111,661
<b>Nonoperating revenue</b>				
Interest earned on investments	<u>797,823</u>	<u>3,756</u>	<u>801,579</u>	<u>8,981</u>
Income before transfers	2,072,791	3,756	2,076,547	1,120,642
<b>Transfers</b>				
Transfers	<u>(1,366,732)</u>	<u>-</u>	<u>(1,366,732)</u>	<u>-</u>
Change in net assets	706,059	3,756	709,815	1,120,642
Net assets, beginning of year	<u>16,788,660</u>	<u>59,440</u>	<u>16,848,100</u>	<u>1,719,839</u>
<b>Net assets, end of year</b>	<u>\$ 17,494,719</u>	<u>\$ 63,196</u>	<u>\$ 17,557,915</u>	<u>\$ 2,840,481</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2007**

	<u>Business-type Activities</u>		<u>Total</u>	<u>Governmental</u>
	<u>Delinquent Property Tax (5160)</u>	<u>Information Services Activities (5210)</u>		<u>Internal Service Funds</u>
<b>Cash flows from operating activities</b>				
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ 8,965,833
Cash received from customers	8,900,417	-	8,900,417	-
Cash payments to suppliers for goods and services	(163,073)	-	(163,073)	-
Cash received from penalties and interest on delinquent taxes	1,125,367	-	1,125,367	-
Cash payments to employees for services	-	-	-	(6,338)
Cash payments for delinquent tax rolls	(9,298,857)	-	(9,298,857)	-
Cash payments for insurance claims	-	-	-	(7,873,646)
	<u>563,854</u>	<u>-</u>	<u>563,854</u>	<u>1,085,849</u>
Net cash provided by operating activities				
<b>Cash used in noncapital financing activities</b>				
Transfers to other funds	(1,366,732)	-	(1,366,732)	-
<b>Cash flows from investing activities</b>				
Interest earned on investments	797,823	3,756	801,579	8,981
	<u>797,823</u>	<u>3,756</u>	<u>801,579</u>	<u>8,981</u>
Net (decrease) increase in cash and cash equivalents	(5,055)	3,756	(1,299)	1,094,830
Cash and cash equivalents, beginning of year	14,467,081	59,440	14,526,521	2,101,825
	<u>14,467,081</u>	<u>59,440</u>	<u>14,526,521</u>	<u>2,101,825</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 14,462,026</u>	<u>\$ 63,196</u>	<u>\$ 14,525,222</u>	<u>\$ 3,196,655</u>
<b>Cash flows from operating activities</b>				
Operating income	\$ 1,274,968	\$ -	\$ 1,274,968	\$ 1,111,661
Adjustments to reconcile operating income to net cash provided by operating activities:				
(Increase) decrease in:				
Accounts receivable	123,823	-	123,823	93,711
Delinquent property taxes receivable	(689,109)	-	(689,109)	-
Interest receivable	(312,674)	-	(312,674)	-
Due from other funds	-	-	-	54,383
Prepaid items	-	-	-	58,860
Accounts payable	(112,306)	-	(112,306)	(127,818)
Accrued liabilities	(262)	-	(262)	-
Compensated absences	-	-	-	(6,338)
Due to other governments	279,414	-	279,414	-
Unearned revenue	-	-	-	(98,610)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,610)</u>
Net cash provided by operating activities	<u>\$ 563,854</u>	<u>\$ -</u>	<u>\$ 563,854</u>	<u>\$ 1,085,849</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**December 31, 2007**

**Assets**

Cash and pooled investments

\$ 2,010,205

**Liabilities**

Assets held on behalf of others

\$ 2,010,205

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Allegan County (the “County”) was organized in 1835 and covers an area of 829 square miles divided into 24 townships, 3 villages and 6 cities. The County seat is located in the City of Allegan. The County of Allegan operates under an elected Board of County Commissioners (11 members) and provides services to its more than 105,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

**Reporting Entity**

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County’s operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

**BLENDED COMPONENT UNIT**

**The Allegan County Building Authority (the “Building Authority”)**

The governing board is appointed by the Allegan County Board of Commissioners. The Building Authority’s purpose is to finance and construct the County’s public buildings. The Building Authority is included as a capital projects and debt service fund in the financial statements. A separate report is not prepared for the Building Authority.

**DISCRETELY PRESENTED COMPONENT UNITS**

**Allegan County Road Commission**

The Allegan County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a 3 member Board of County Road Commissioners appointed by the County Board of Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission’s taxes are levied under the taxing authority of the County, as approved by the County electors, and are included as part of the County’s total tax levy and reported in the County Road Fund. Complete financial statements of the Road Commission component unit can be obtained from its administrative offices at:

Allegan County Road Commission  
1308 Lincoln Road, M-89  
Allegan, Michigan, 49010

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**Drain Commission/Department of Public Works**

Pursuant to Act 185, Public Acts of 1957, the County of Allegan entered into a program of water supply and sanitary sewer facility construction. The Allegan County Drain Commissioner was appointed as County agent by the Allegan County Board of Commissioners. The County appoints the voting majority to this organization's governing body. These factors result in the Drain Commission/Department of Public Works being reported as a component unit of the County. The County agent manages water supply and sanitary sewer system construction projects that are financed through bonding by the County of Allegan. Pursuant to the Drain Code of 1956, the Drain Commissioner has the responsibility to administer the State Drain Code. The Allegan County Drain Commissioner is responsible for planning, developing and maintaining surface water drainage systems within the County. The Drain Commissioner as County agent may issue debt or levy a tax as authorized by the Drain Code without approval of the County Board of Commissioners. A separate report is not prepared for the Drain Commission/Department of Public Works.

**Funds with Other Year Ends**

The financial statements of the Mental Health Special Revenue Fund, Mental Health Self-Insurance Internal Service Fund, and Mental Health Vacation Reserve Internal Service Fund have been included in the accompanying 2007 financial statements using their fiscal year ended September 30, 2007.

Interfund balances, due to/from account balances, indirect expense allocations, as well as transfers, may not agree across all funds due to the different year ends reported in these funds.

**Government-wide and Fund Financial Statements**

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

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. The fiduciary fund financial statements use the economic resources measurement focus, although the agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of the year for which they were levied, the Delinquent Tax Revolving Fund pays the County for any outstanding real property taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement based grants. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

*General Fund* – This fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Central Dispatch E911 Fund* – This fund is used to account for revenue collected and operational expenses for emergency dispatching in Allegan County.

*Mental Health Fund* – This fund is used to account for monies to provide mental health services within the County. Monies are provided by Federal, State, and County appropriations, contributions, and charges for services.

*Medical Care Facility Fund* – This fund accounts for the operations of the Allegan County Medical Care facility, which provides long-term health care to the residents of the County.

*Revenue Sharing Reserve* – This fund is used to account for the shift in property tax due dates which has resulted in additional tax revenue. These additional revenues are replacing general fund state shared revenue as required by state law.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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*Senior Millage Fund* – This fund is used to account for the property tax levy and related expenditures for senior services.

The County reports the following major enterprise funds:

*Delinquent Property Tax Fund* – This fund is used to pay each local governmental unit, including the County General Fund, the respective amount of real property taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

*Information Services Activities Fund* – This fund is used to account for the revenues and expenses associated with providing information services to outside entities.

Additionally, the County reports the following fund types:

*Special Revenue Funds* are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Building Authority.

The *Capital Projects Fund* accounts for financing and construction of County facilities by the Building Authority.

*Internal Service Funds* account for equipment purchases and insurance coverage provided to County departments on a cost reimbursement basis.

*Trust and Agency Funds* are used to account for assets held on behalf of outside parties, including other governments. The library penal fines fund is used to account for assets for library penal fines.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund 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 and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government. Elimination of these charges would distort costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are interest and penalties on delinquent taxes and charges for services provided. The principal operating revenues of the County's internal service funds are charges to County departments for equipment amortization and insurance coverage. Operating expenses for the enterprise funds consist of administrative expenses. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**Budgets and Budgetary Accounting (Primary Government)**

A budget is adopted by the Board of Commissioners in accordance with Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act, for the general and special revenue funds. The Board amends the budget as necessary during the year. The budget is adopted on the modified accrual basis of accounting consistent with the actual financial statements for these funds. The budget is adopted at the activity level and control is exercised at the activity level for the General Fund and Special Revenue Funds. The County Finance Director is authorized to transfer budget amounts for line items within activities without formal Board approval. The Board must approve any amendments at the activity level (department) for the General Fund and other budgeted funds.

All budget appropriations lapse at the end of each fiscal year unless specific Board action is taken. All budgetary presentations include original and amended budgets.

**Budgets and Budgetary Accounting - Road Commission (Component Unit)**

Budgetary procedures are established pursuant to Michigan Public Act 621, PA 1978, as amended, (MCL 141.421) which requires the County Board of Road Commissioners to approve a budget for the County Road Fund. Pursuant to the Act, the Road Commission's chief financial officer prepares and submits a proposed operating budget to the Board of Road Commissioners for its review and consideration. The Board does not conduct a public budget hearing; however, the budget is submitted to the County, and included in its public hearing. The budget is amended as necessary during the year, and is approved by the Board. The budget is prepared on the modified accrual basis of accounting, which is the same basis utilized for the fund financial statements.

**Cash and Pooled Investments**

The County maintains a cash and investment pool that is available for use by select funds. Each fund's allocation of this pool is reported on the fund and government-wide statements as cash and pooled investments. For purpose of the statement of cash flows, the County considers all assets held in the cash and investment pool to be cash equivalents because the investments are not identifiable to specific funds and the assets can be withdrawn at any time, similar to a demand deposit account.

**Investments**

The County's investments consist primarily of certificates of deposit, money market accounts, commercial paper, government securities and mutual funds. Investments are carried at fair value.

**Current Taxes Receivable**

Heretofore, County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2005, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended December 31, 2007, the County recognized as revenue all of the July 1, 2007 levy.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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Although the County's 2007 ad valorem tax is levied and collectible on December 1, 2007, it is the County's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations.

**Leases and Special Assessments Receivable**

The Drain/DPW component unit has leases and special assessments recorded in the amount of \$13,214,818 and \$3,274,881, respectively. Leases receivable represent amounts owed to the County by other local units of government for the retirement of bonds payable resulting from the financing of construction of infrastructure. The DPW special assessments receivable are recorded with an offsetting credit to deferred revenue on the fund statements as the balance does not represent expendable available financial resources. Special assessments have been recorded on the accrual basis on the government-wide financial statements. Of the leases and special assessment balances, \$1,165,000 and \$593,318, respectively are expected to be collected within one year while the remaining balances are long-term.

**Delinquent Taxes Receivable**

Delinquent taxes receivable, which are recorded in the Delinquent Property Tax enterprise fund, consist of unpaid balances of delinquent real property taxes which were purchased from all of the taxing units in Allegan County.

**Due To/From**

During the course of operations, numerous transactions occur between individual funds and/or between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as "due from other funds/component units" or "due to other funds/component units" on the fund balance sheets.

**Advances to Other Funds**

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

**Inventories**

Road Commission (component unit) inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, and equipment repairs and operations, as used. Health department inventory is valued at cost, determined by the first-in, first-out (FIFO) method.

**Prepays**

Payments made to vendors for services that will benefit periods beyond a fund's fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The capitalization threshold for drain infrastructure is \$25,000. Capital other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received. The amount reported for infrastructure includes only assets added since December 31, 2000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line method over the following estimated useful lives:

	<b><u>Years</u></b>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	5-10

**Deferred/Unearned Revenue**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. The latter are reported in the government-wide and proprietary fund financial statements as unearned revenue.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**Other Financing Sources (Uses)**

The transfers of cash between the various County funds are budgeted but reported separately from revenues and expenditures as transfers in or out, unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

**Reserves and Designations of Fund Balance/Restricted Net Assets**

Reservations of fund balance are established to identify (1) third party claims against resources of the entity that have not materialized as liabilities at the balance sheet date, or (2) the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure, or (3) the existence of assets that are legally restricted to a future use.

Designations of fund balance are established to identify amounts set aside by the Board for future expenditures.

Restricted net assets represent assets which are legally restricted by outside parties or enabling legislation.

**NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

**Budget Violations**

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. The approved budgets of the County for all budgetary funds were adopted at the department (activity) level.

**Primary Government**

During the year ended December 31, 2007, expenditures were incurred in excess of the amounts appropriated in the amended budget of the general fund and special revenue fund types of the primary government as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds:			
Tire Pile Clean Up			
Transfers out	\$ -	\$ 131	\$ 131
Social Welfare			
Health and welfare	300,000	320,816	20,816
Medical Care Facility			
Health and welfare	5,370,780	7,143,523	1,772,743
Law Enforcement Road Patrol			
Transfers out	8,376	32,375	23,999

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**NOTE 3: CASH AND INVESTMENTS**

The captions on the government-wide and fund statements relating to cash and investments are as follows:

Governmental activities	\$39,921,792
Business-type activities	14,525,222
Fiduciary funds	2,010,205
Component units	<u>6,213,351</u>
<b>Total cash and cash equivalents</b>	<b><u>\$62,670,570</u></b>

Deposits and investments consist of the following at December 31, 2007:

Cash on hand	\$ 35,754
Bank deposits (checking, savings accounts and certificates of deposit)	49,089,141
U.S. government agency securities	<u>13,545,675</u>
<b>Total</b>	<b><u>\$62,670,570</u></b>

These deposits are in eleven (11) financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the County and a specific fund or common account. They are recorded in the County records at cost. Interest is recorded when earned.

**Investment and Deposit Risk**

The County chooses to disclose its investments by investment class. As of December 31, 2007, the County had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. government agency securities	Less than 1 year	\$ 1,246,516	S&P AAA
U.S. government agency securities	1-5 years	7,611,908	S&P AAA
U.S. government agency securities	6 or more years	<u>4,687,251</u>	S&P AAA
		<b><u>\$ 13,545,675</u></b>	

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year-end.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of the County's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in "statutory authority" below. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. The County does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit with utilizing outside sources to obtain the ratings. As of year-end, \$51,588,404 of the bank balance of \$52,605,607 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. As of December 31, 2007, none of the County's investments were exposed to risk since the securities are held in the County's name by the counterparty.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

**Investments**

Statutes authorize the County to invest in the following:

- Bonds, securities, and other direct obligations and repurchase agreements of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the day of purchase.
- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles which are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

Interest revenue on cash deposits and investments is allocated only to those funds required by the State to earn income on interest-bearing accounts. Income is allocated based on the cash balance of each fund in comparison to the cash balance of the County as a whole. All interest income remaining after the allocation has been made is credited to the General Fund.

**NOTE 4: RECEIVABLES**

The composition of receivables in the government-wide financial statements is as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Taxes (current)	\$ 2,381,112	\$ -	
Taxes (delinquent)	-	3,121,485	
Accounts	1,719,786	13,381	
Interest	335,869	618,572	
Due from component unit	-	-	
Due from other governments	<u>319,862</u>	<u>-</u>	
	<b><u>\$ 6,726,899</u></b>	<b><u>\$ 3,753,438</u></b>	

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All governmental activities defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue reported in governmental activities were as follows:

	<b>Unavailable</b>	<b>Unearned</b>	<b>Total</b>
<b>Governmental Funds:</b>			
Property taxes receivable	\$ 499,195	\$ 1,466,838	\$ 1,966,033
Medicaid receivable	-	189,039	189,039
Unused vaccine inventory	166,742	-	166,742
Other receivables	<u>-</u>	<u>14,696</u>	<u>14,696</u>
	<b><u>\$ 665,937</u></b>	<b><u>\$ 1,670,573</u></b>	<b><u>\$ 2,336,510</u></b>

**NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The composition of accounts payable and accrued liabilities in the government-wide financial statements is as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Accounts payable	\$ 3,996,463	\$ 87,407	
Accrued liabilities	1,232,968	1,975	
Due to other governments	94,721	631,363	
Accrued interest on long-term debt	<u>37,779</u>	<u>-</u>	
	<b><u>\$ 5,361,931</u></b>	<b><u>\$ 720,745</u></b>	

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**NOTE 6: INTERFUND RECEIVABLES AND PAYABLES**

The amounts of interfund balances as of December 31, 2007 (September 30, 2007 for Mental Health Special Revenue Fund) represent loans for cash flow purposes and are as follows:

**Due to and from other funds**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 271,000	\$ -
Nonmajor governmental funds	<u>-</u>	<u>271,000</u>
	<b><u>\$ 271,000</u></b>	<b><u>\$ 271,000</u></b>

**Advance to and from other funds**

The advance to the Medical Care Facility special revenue fund from nonmajor governmental funds of \$271,557 represents loans to finance capital improvement activity.

**Advances to and from component units and the primary government**

	<u>Advance to Component Unit</u>	<u>Advance from Primary Government</u>
General fund	\$ 180,000	\$ -
Drain/DPW component unit	<u>-</u>	<u>180,000</u>
	<b><u>\$ 180,000</u></b>	<b><u>\$ 180,000</u></b>

For the year ended December 31, 2007, interfund transfers consisted of the following:

	<u>Transfers Out</u>	<u>Transfers In</u>
General fund	\$ 7,744,891	\$ 2,029,671
Mental health	-	209,942
Medical Care Facility	-	144,192
Revenue sharing revenue fund	1,990,000	-
Nonmajor governmental funds	1,716,311	10,434,129
Delinquent tax revolving	<u>1,366,732</u>	<u>-</u>
	<b><u>\$12,817,934</u></b>	<b><u>\$12,817,934</u></b>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**NOTE 7: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 584,315	\$ -	\$ -	\$ 584,315
Construction in progress	-	50,977	-	50,977
Total capital assets not being depreciated	<u>584,315</u>	<u>50,977</u>	<u>-</u>	<u>635,292</u>
Capital assets, being depreciated:				
Land improvements	1,971,573	44,201	-	2,015,774
Buildings and improvements	26,434,677	175,663	(2,440)	26,607,900
Machinery and equipment	10,067,696	1,148,197	(422,153)	10,793,740
Infrastructure	779,222	-	-	779,222
Total capital assets being depreciated	<u>39,253,168</u>	<u>1,368,061</u>	<u>(424,593)</u>	<u>40,196,636</u>
Less accumulated depreciation for:				
Land improvements	(557,153)	(135,288)	-	(692,441)
Buildings and improvements	(7,857,022)	(842,780)	2,440	(8,697,362)
Machinery and equipment	(6,870,590)	(788,428)	412,389	(7,246,629)
Infrastructure	(189,631)	(17,316)	-	(206,947)
Total accumulated depreciation	<u>(15,474,396)</u>	<u>(1,783,812)</u>	<u>414,829</u>	<u>(16,843,379)</u>
Total capital assets being depreciated, net	<u>23,778,772</u>	<u>(415,751)</u>	<u>(9,764)</u>	<u>23,353,257</u>
<b>Capital assets, net</b>	<u>\$ 24,363,087</u>	<u>\$ (364,774)</u>	<u>\$ (9,764)</u>	<u>\$ 23,988,549</u>

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

Governmental activities:	
General government	\$ 473,468
Public safety	323,602
Health and welfare	978,493
Recreation and cultural	<u>8,249</u>
<b>Total depreciation expense – governmental activities</b>	<b><u>\$1,783,812</u></b>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**Discretely Presented Component Units**

Activity for the capital assets of the Road Commission for the year ended December 31, 2007, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and improvements	\$ 63,090,699	\$ 3,454,986	\$ -	\$ 66,545,685
Capital assets, being depreciated:				
Buildings	1,383,385	-	-	1,383,385
Machinery and equipment	10,995,234	1,088,107	(356,670)	11,726,671
Infrastructure	89,848,384	7,947,630	(1,544,935)	96,251,079
Total capital assets, being depreciated	<u>102,227,003</u>	<u>9,035,737</u>	<u>(1,901,605)</u>	<u>109,361,135</u>
Less accumulated depreciation for:				
Buildings	(667,436)	(25,037)	-	(692,473)
Machinery and equipment	(8,258,156)	(803,672)	352,186	(8,709,642)
Infrastructure	<u>(32,501,728)</u>	<u>(4,162,520)</u>	<u>1,544,935</u>	<u>(35,119,313)</u>
Total accumulated depreciation	<u>(41,427,320)</u>	<u>(4,991,229)</u>	<u>1,897,121</u>	<u>(44,521,428)</u>
Net capital assets, being depreciated	<u>60,799,683</u>	<u>9,035,737</u>	<u>(4,995,713)</u>	<u>64,839,707</u>
Road commission capital assets, net	<u>\$123,890,382</u>	<u>\$12,490,723</u>	<u>\$(4,995,713)</u>	<u>\$131,385,392</u>

Activity for the capital assets of the Drains/Public Works for the year ended December 31, 2007, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 853,800	\$ -	\$ -	\$ 853,800
Capital assets, being depreciated:				
Machinery and equipment	17,500	-	-	17,500
Infrastructure	3,689,605	-	-	3,689,605
Total capital assets, being depreciated	<u>3,707,105</u>	<u>-</u>	<u>-</u>	<u>3,707,105</u>
Less accumulated depreciation for:				
Machinery and equipment	(17,500)	-	-	(17,500)
Infrastructure	<u>(305,067)</u>	<u>(73,792)</u>	<u>-</u>	<u>(378,859)</u>
Total accumulated depreciation	<u>(322,567)</u>	<u>(73,792)</u>	<u>-</u>	<u>(396,359)</u>
Net capital assets, being depreciated	<u>3,384,538</u>	<u>(73,792)</u>	<u>-</u>	<u>3,310,746</u>
Drains/Public works capital assets, net	<u>\$4,238,338</u>	<u>\$(73,792)</u>	<u>\$ -</u>	<u>\$ 4,164,546</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**NOTE 8: LONG/SHORT-TERM DEBT**

The individual long-term debt and other long-term obligations of Allegan County, and the changes therein, are summarized as follows:

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/07</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities:</u></b>					
Limited Tax General Obligation Bond dated December 1, 1997 for \$1,375,000, maturing serially to 2018 in annual installments ranging from \$50,000 to \$125,000, and bearing interest at rates ranging 4.5 to 4.75% for the Allegan County Building Authority.	\$ 1,075,000	\$ -	\$ (50,000)	\$ 1,025,000	\$ 50,000
2001A Limited Tax General Obligation Bond dated June 1, 2001 for \$8,915,000, maturing serially to 2021 in annual installments ranging from \$425,000 to \$750,000 and bearing interest at rates ranging from 4.82 to 5.12% for the Allegan County Building Authority.	7,815,000	-	(400,000)	7,415,000	425,000
Total installment debt	8,890,000	-	(450,000)	8,440,000	475,000
Compensated absences	1,145,352	1,507,980	(1,158,769)	1,494,563	1,494,563
Unamortized discounts	(139,946)	-	9,996	(129,950)	-
<b>Net Long-term Debt – Governmental Activities</b>	<b>\$ 9,895,406</b>	<b>\$ 1,507,980</b>	<b>\$ (1,598,773)</b>	<b>\$ 9,804,613</b>	<b>\$ 1,969,563</b>

Compensated absences in the governmental activities are liquidated by the Sick and Vacation Liability Special Revenue Fund.

**Component Units**

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/07</u>	<u>Due Within One Year</u>
<b><u>Drain/DPW Component Unit</u></b>					
<b>Bonds payable</b>					
Limited Tax General Obligation Bond dated November 1, 1995, for \$925,000, maturing serially to 2014 in annual installments ranging from \$50,000 to \$75,000, and bearing interest at rates ranging from 5.2 to 5.6% for Sanitary Sewer System No.13/City of Saugatuck.	\$ 500,000	\$ -	\$ (50,000)	\$ 450,000	\$ 50,000
Limited Tax General Obligation Bond dated August 3, 2004, for \$645,000 maturing serially to 2016 in annual installments from \$55,000 - \$70,000, with interest ranging from 3.25-4.125% for Otsego Township Water Supply and Sewage Disposal No. 3.	575,000	-	(60,000)	515,000	55,000
Limited Tax General Obligation Bond dated August 1, 1995 for \$665,000, maturing serially to 2015 in annual installments of \$25,000, with interest ranging from 5.7 to 6.1% for Sanitary Sewer System No.12/Twp of Allegan	250,000	-	(50,000)	200,000	25,000

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

	<u>Balance</u> <u>1/1/07</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance</u> <u>12/31/07</u>	<u>Due Within</u> <u>One Year</u>
<b>Bonds payable (continued)</b>					
Limited Tax General Obligation Refunding Bonds dated September 22, 2004 for \$3,410,000 maturing serially to 2017 in annual installments ranging from \$70,000 - \$325,000, and bearing interest at rates ranging from 3.0-4.0% for CASC – South Haven Wastewater Treatment water supply.	\$ 2,920,000	\$ -	\$ (320,000)	\$ 2,600,000	\$ 325,000
Limited Tax General Obligation Bond dated March 1, 2002 for \$1,370,000 maturing serially to 2041 in annual installments ranging from \$20,000 to \$55,000 with an interest rate of 4.75% for Martin Village Water Supply System.	1,265,560	-	(48,580)	1,216,980	20,000
Limited Tax General Obligation Bond dated October 1, 1998 for \$1,550,000, maturing serially to 2020 in annual installments ranging from \$75,000 to \$125,000, interest at rates ranging from 3.95 to 4.35% for Sewage Disposal System No. 15 / City of Wayland.	1,300,000	-	(75,000)	1,225,000	75,000
Limited Tax General Obligation Bonds dated May 1, 1999 for \$1,575,000, maturing serially to 2020 in annual installments ranging from \$25,000 to \$125,000 with interest ranging from 4.75 to 5.625% for Sewage Disposal System #15 (Wayland).	1,325,000	-	(50,000)	1,275,000	75,000
Sewage Disposal System Bonds dated April 15, 1999 for \$1,395,000, maturing serially to 2018 in annual installments ranging from \$75,000 to \$100,000, with interest ranging from 4.25 to 4.80% for extension of the Fillmore Township System.	1,000,000	-	(75,000)	925,000	75,000
Limited Tax General Obligation Bonds dated March 8, 2000 for \$1,375,000, maturing serially to 2020 in annual installments ranging from \$50,000 to \$75,000, and bearing interest ranging from 5.25 to 5.30% for Otsego Township Water Supply & Sewer Disposal System #3, Otsego Township.	175,000	-	(50,000)	125,000	50,000
Limited Tax General Obligation Bonds dated October 1, 2001 for \$855,000, maturing serially to 2011 in annual installments ranging from \$85,000 to \$90,000, and bearing interest at 3.75% for McConnell Drain Bonds.	430,000	-	(85,000)	345,000	85,000

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/07</u>	<u>Due Within One Year</u>
<b>Bonds payable (continued)</b>					
Limited Tax General Obligation Bonds dated November 3, 2005 for \$3,590,000, maturing serially to 2025 in annual installments ranging from \$75,000 to \$350,000, and bearing interest ranging from 3.5 to 4% for Water Supply & Sewer Disposal System #8, Fillmore Township.	\$ 3,590,000	\$ -	\$ (50,000)	\$3,540,000	\$ 75,000
Limited Tax General Obligation Bonds dated March 21, 2006 for \$965,000, maturing serially to 2020 in annual amounts ranging from \$75,000 to \$105,000, and bearing interest ranging from 3.8 to 4.5% for Otsego Township Water Supply & Sewer Disposal System #3, Otsego Township.	965,000	-	-	965,000	-
Limited Tax General Obligation Bonds dated August 30, 2007 for \$2,580,000, maturing serially to 2017 in annual amounts ranging from \$255,000 to \$260,000, and bearing interest at 4.59% for Bear Swamp Drain.	-	2,580,000	-	2,580,000	255,000
<b>Total Drain/DPW Bonds Payable</b>	<b><u>\$ 14,295,560</u></b>	<b><u>\$2,580,000</u></b>	<b><u>\$ (913,580)</u></b>	<b><u>\$15,961,980</u></b>	<b><u>\$ 1,165,000</u></b>
	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/07</u>	<u>Due Within One Year</u>
<b>Drain notes payable</b>					
Drain District note dated August 27, 2003 for \$300,000 maturing in 2008 bearing interest at 3.0% for the Gudith Drainage District.	\$ 120,000	\$ -	\$ (60,000)	\$ 60,000	\$ 60,000
Drain District note dated November 28, 2000 for \$267,925 maturing in 2007 in annual amounts of \$38,275 bearing interest at 5.49% for the 214 Gilbert-Wademan Drain Drainage District.	38,275	-	(38,275)	-	-
Drain District note dated June 15, 2001 for \$182,168 maturing in 2008 and bearing interest at 4.27% for the 2001 Kelly Lake Inter County Drainage District	52,048	-	(26,024)	26,024	26,024
Drain District note dated June 15, 2001 for \$111,846 maturing in 2008 bearing interest at 4.23% for the 2001 Virginia Park Inter County Drainage District.	31,956	-	(15,978)	15,978	15,978
Drain District note dated August 27, 2003 for \$148,000 maturing in 2008 bearing interest at 2.99% for the Kuipers Drainage District.	59,200	-	(29,600)	29,600	29,600
Drain District note dated September 27, 2002 for \$109,685 maturing in 2012 in annual installments of \$10,968, and bearing interest at 4.94 for Cook-Chappel Drains	65,810	-	(10,969)	54,841	10,968

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/07</u>	<u>Due Within One Year</u>
<b>Drain notes payable (continued)</b>					
2004 Nelson Gilkey dated September 30, 2004 at 3.65% maturing annually through 2008, .	\$ 84,850	\$ -	\$ (42,425)	\$ 42,425	\$ 42,425
2002 Boyd Inter-County Drainage District dated October 4, 2002, matured in 2007.	26,530	-	(26,530)	-	-
2004 Kuipers dated December 10, 2004 at 3.69% maturing annually through 2008, \$6,045 annually.	12,090	-	(6,045)	6,045	6,045
2004 Sunset Shores dated March 15, 2004 at 2.24% maturing annually through 2007 in amounts of \$94,826.	94,826	-	(94,826)	-	-
2006 Bear Swamp dated December 1, 2006 at 4.11%, matured in 2007.	1,500,000	-	(1,500,000)	-	-
2006 Murphy dated November 30, 2006 at 4.55%, matures in 2008.	4,300	-	-	4,300	4,300
2006 Tornopilsky dated November 30, 2006 at 4.55%, matures in 2008.	20,730	-	(10,365)	10,365	10,365
2006 Peters dated November 30, 2006 at 4.55%, matures in 2008.	2,930	-	-	2,930	2,930
2007 Krumback Drain dated January 1, 2007 at 4.50%, matures in 2010.	-	36,238	-	36,238	12,079
2007 Warnock and Extension dated April 10, 2007 at 4.50%, matures in 2010.	-	164,300	-	164,300	54,767
2007 Drain notes dated December 7, 2007 at 4.24%, maturing In 2009.	-	67,959	-	67,959	-
<b>Total Drain/DPW Notes Payable</b>	<b>2,113,545</b>	<b>268,497</b>	<b>(1,861,037)</b>	<b>521,005</b>	<b>275,481</b>
<b>Total Drain/DPW Component Unit Bonds and Notes</b>	<b>16,409,105</b>	<b>2,848,497</b>	<b>(2,774,617)</b>	<b>16,482,985</b>	<b>1,440,481</b>
Drain notes payable short-term included as fund liabilities	74,413	80,966	(74,413)	80,966	80,966
<b>Total Drain/DPW Component Unit</b>	<b>\$ 16,483,518</b>	<b>\$ 2,929,463</b>	<b>\$(2,849,030)</b>	<b>\$ 16,563,951</b>	<b>\$ 1,521,447</b>

**Road Commission Component Unit**

The long-term debt of the Road Commission is summarized as follows:

	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/07</u>	<u>Due Within One Year</u>
Vested Employee Benefits	\$ 413,114	\$ 14,283	\$ -	\$ 427,397	\$ -

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

The annual requirements to maturity on the long-term debt outstanding at December 31, 2007, are as follows:

	<u>Primary Government</u>		<u>Drain/DPW</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 475,000	\$ 394,872	\$1,440,481	\$ 662,022
2009	500,000	373,200	1,335,774	635,462
2010	525,000	350,118	1,267,814	579,228
2011	550,000	325,578	1,235,968	527,378
2012	600,000	298,956	1,190,968	477,874
2013-2017	3,425,000	1,032,572	5,645,000	1,634,172
2018-2022	2,365,000	187,075	2,520,000	669,645
2023-2027	-	-	1,235,000	253,871
2028-2032	-	-	230,000	140,601
2033-2037	-	-	255,000	83,006
2038-2041	-	-	126,980	20,901
<b>Total</b>	<b><u>\$8,440,000</u></b>	<b><u>\$2,962,371</u></b>	<b><u>\$16,482,985</u></b>	<b><u>\$5,684,160</u></b>

***Prior Year Defeasance***

During fiscal years 2003 and 2006, Allegan County advance refunded certain general obligation bonds by purchasing U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$1,535,000 and \$1,050,000 of defeased debt, respectively. As a result, the bonds are considered to be defeased and the liabilities have been removed from the statement of net assets.

**NOTE 9: COMPENSATED ABSENCES**

**Primary Government**

**Accrued Vacation and Sick Leave Payable**

The accumulated vested paid time off of the employees of various County departments was \$1,494,563 at December 31, 2007. The entire balance of the sick and vacation liability special revenue fund has been designated to fund future sick and vacation liabilities. The statement of net assets also includes the Medical Care Facility's and Community Mental Health's compensated absences balances.

**Road Commission (Component Unit)**

**Vacation and Sick Leave Policies**

Employees with 6 months of seniority are granted leave time of 16 hours per month. Office employees get an additional 16 hours per year at January 1. This leave time may be used to cover absences because of illness or vacation. Such leave may be accumulated to a maximum of 768 hours.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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On the first payday of June each year, employees are paid an amount equal to all leave accrued in excess of 576 hours as shown in the records on December 31 of the preceding year.

Accumulated leave time is payable in full upon resignation or retirement. Office employees leave time is payable in full upon resignation, termination or retirement.

**NOTE 10: EMPLOYEES' RETIREMENT SYSTEMS**

**Primary Government**

**Defined Benefit Plan Description**

The County's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Michigan Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

**Funding Policy**

The County is required to contribute at an actuarially determined rate; the current rate is from 0% to 34.79% of annual covered payroll depending on employee position and valuation division. County employees are required to contribute 4.00% to 10.79% of their annual covered payroll based on their classification or labor contract. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

**Annual Pension Cost**

For the year ended December 31, 2007, the County's annual pension cost of \$1,015,683 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment of 20% of the difference between assumed earnings and market value (5 year smoothing) to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, the date of the latest actuarial valuation, was 30 years.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**Three Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 913,599	100%	\$ -
12/31/06	991,275	100	-
12/31/07	1,015,683	100	-

During the year, the County made additional, discretionary contributions of \$165,505. No net pension asset was reported in connection with this payment inasmuch as the County reduced the amortization period for the affected employee group to fully recognize the expense in the current year.

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Fund Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/04	\$ 31,858,742	\$ 41,238,093	\$9,379,351	77%	\$ 7,467,219	126%
12/31/05	33,912,208	42,976,381	9,064,173	79	6,912,333	131
12/31/06	35,821,163	44,819,248	8,998,085	80	6,492,426	139

**Defined Contribution Plan** – The County’s defined contribution plan is offered through MERS and administered by ICMA; benefit provisions and contribution requirements are established and may be amended by the Allegan County Board of Commissioners. The County makes contributions of 4% of each participants’ salary and will match up to 100% of employee contributions up to an additional 2% of salary. Total contributions for the year were \$955,354, (\$270,656 employee and \$684,698 employer). Of the employer contribution, \$168,784 was funded with forfeited balances of prior years contributions made by employees who never became vested in the system.

**Community Mental Health Service Fund**

**Defined Benefit Plan Description** – The Mental Health’s defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Mental Health participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Michigan Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

**Funding Policy** – Mental Health is required to contribute at an actuarially determined rate; the current rate is 0.0% of annual covered payroll. Employees are required to contribute 4.0%. The contribution requirements of Mental Health are established, and may be amended, by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Mental Health Board, depending on the MERS contribution program adopted by the Mental Health Board.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**Annual Pension Cost** – During the year ended September 30, 2007, Mental Health made no contributions to the plan which is based on actuarial projections of funding requirements. The actual contributions were equal to required contributions and the annual pension cost. Employee contributions for the same period were \$12,307.

**Defined Contribution Plan**

The Board's Mental Health defined contribution plan is offered through MERS and administered by ICMA. Benefit provisions and contribution requirements are established and may be amended by Allegan County Community Mental Health Board. The Board makes contributions of 4% of each participants' salary and will match 100% up to an additional 2% of salary. Employees may make voluntary contributions up to 17% of their salary. The covered payroll for the Plan was approximately \$5,114,000. Total contributions for the year ended September 30, 2007, were \$423,288 (\$127,454 employee and \$295,834 employer, 2.4% and 5.8% of covered payroll, respectively).

**Road Commission – Component Unit**

**Plan Description**

The Allegan County Road Commission is in an agent multi-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2% times the final average compensation (FAC). The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2006.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Michigan Public Act 427 of 1984, sections of which have been approved by the State Pension Commission, which also establish and amend benefit provisions. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917.

**Funding Policy**

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy, and requires employees to contribute 4.7% of annual compensation. The employees contributed \$131,850 during 2007 in accordance with the competitive bargaining and personnel policy. The Road Commission is required to contribute at an actuarially determined rate which was 6.82% of the annual payroll for the union and supervisors and 5.27 for administration based on the 2004 actuarial valuation beginning on January 1, 2006.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

**Annual Pension Cost**

During the year ended December 31, 2006, the Road Commission was required to make \$202,082 in contributions as determined by an actuarial valuation of the plan as of December 31, 2006 and the employees contributed \$131,850. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years on an open basis.

The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

**Three Year Trend Information**

<u>Year Ended December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2004	\$ 260,948	100%	\$ -
2005	301,426	100	-
2006	333,932	100	-

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Overfunded AAL (OAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>OAAL as a Percent of Covered Payroll</u>
12/31/04	\$ 13,195,275	\$ 14,453,113	\$ 1,257,838	91%	2,754,152	46%
12/31/05	13,649,053	15,269,350	1,620,297	89	2,805,153	58
12/31/06	14,283,541	15,911,593	1,628,052	90	2,725,574	60

**NOTE 11: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Primary Government**

In addition to the pension benefits described in Note 10, the County provides health insurance benefits to certain retirees. The benefit is equal to \$12/month for each year of service at the County, up to a maximum benefit of \$300/month. An actuarial valuation of the County's liability for these benefits in accordance with GASB Statement No. 43 has not been performed. Inasmuch as the plan is only open to a small number of County employees, management has determined that the actuarially accrued liability would be immaterial to the financial statements taken as a whole.

**Component Unit**

The Road Commission provides post-employment health care benefits, in accordance with the respective bargaining agreements and personnel policy as follows:

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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Employees that belong to the office bargaining unit and nonrepresented employees contribute the cost of their health care insurance coverage in accordance with the terms and conditions as applicable to them as of their last date of active service with the Road Commission. If the employee retires subsequent to December 31, 1993, he/she will pay 4% of all premium costs incurred. Beginning January 1, 1999, all employees who retire and begin to receive benefits from MERS (Michigan Municipal Employees' Retirement System), may receive a maximum of five years of the paid health care insurance program, irrespective of age, and will be responsible to pay 4% of all premium costs incurred. Any member of the bargaining unit who retires during the period January 1, 2004 through December 31, 2007, will not be required to pay co-pay for health insurance premiums. Premiums incurred on behalf of the retiree's spouse or dependents are the responsibility of the retired employee.

When the retired employee attains the age of 65 years, the employer's contribution shall end under the contracts.

Union employees contribute the cost of their health care insurance coverage in accordance with the terms and conditions as applicable to them as of their last date of active service with the Road Commission. The Road Commission shall provide health care insurance coverage, for a period of five (5) years, for all members who retire with twenty or more years of service and receive benefits from the Michigan Municipal Employees' Retirement System. The board will provide benefits only to the employees and the board's obligation does not include the coverage of a retired employee's spouse or dependents. The board shall provide no benefits to any employee after reaching the age of 65 years.

Currently, 9 retirees meet those eligibility requirements. Expenditures for post-employment health care benefits are recognized as the insurance premiums become due. During the year, expenditures of \$50,073 were recognized for post employment health care by the Road Commission.

**NOTE 12: RISK MANAGEMENT/SELF-INSURANCE PROGRAMS**

**Primary Government**

The County is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools, and commercial insurance and excess coverage policies. Following is a summary of these self-insurance programs and risk management pool participation.

**Liability**

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claims review and processing services for all member governments pursuant to its charter.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Self-Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members self-insurance retention limits along with certain other member-specific costs. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the years ended December 31, 2006 and 2007 are as follows:

	<b>Beginning of Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Net Claim Payments</b>	<b>End of Year Liability</b>
2006	\$161,505	\$ (111,657)	\$ (52,972)	\$ (3,124)
2007	(3,124)	204,850	(153,124)	48,602

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

Coverage	Self-insured retention
Liability	\$100,000
Property and Crime	
\$1,000 deductible per occurrence	10% of the next \$100,000

**Employee Health Insurance**

County employees are eligible for vision and life insurance available through insurance companies. Health and dental insurances are provided for through the Self-Insurance Fund, an internal service fund. The self-insured programs are administered by a third-party administrator who provides claims review and process services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for both commercial and self-insured programs are paid into the internal service fund used to purchase insurance coverage from commercial carriers, or in the case of the self-insured programs, are available to pay health care claims, claim reserves, excess coverage and administrative funds by all other funds based on actual or illustrated rates. Excess coverage insurance purchased by the County covers individual claims in excess of \$75,000 annually, subject to an aggregate annual limitation of \$1,000,000. The liability at the end of the year is based on claims already incurred and not reported.

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

The changes in the claims liability for the years ended December 31, 2007 and 2006 are as follows:

	<b>Beginning of Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Year Liability</b>
2006	\$ 486,279	\$ 5,469,702	\$ (6,397,569)	\$ 441,588
2007	441,588	5,182,653	(5,955,349)	331,108

**Unemployment**

The County is self-insured for unemployment benefits, which is also accounted for in the Self Insurance Internal Service Fund. Unemployment claims are reimbursed to Michigan Employee Security Commission based on actual claims annually. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expended when paid. There is no end of year claims liability for unemployment.

**Workers' Compensation**

The government maintains a self-insurance program for workers' compensation coverage which is accounted for in the Self Insurance Internal Service Fund. The specific risk retention associated with the worker's compensation self insurance activity is \$400,000 with a liability limit of \$1,000,000 provided to the County through excess insurance coverage. The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability for the years ended December 31, 2006 and 2007 are as follows:

	<b>Beginning of Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Year Liability</b>
2006	\$ 60,271	\$ 177,150	\$ (190,404)	\$ 47,017
2007	47,017	78,099	(111,565)	13,551

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**Community Mental Health Service Fund**

Community Mental Health Service provides health, dental and short-term disability insurances to all its eligible employees through the Mental Health Self Insurance Internal Service Fund. The self-insured programs are administered by a third-party administrator who provides claims review and process services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for self-insured programs are paid into the internal service funds based on actual or illustrated rates. These premiums are available to pay health care claims, claim reserves, excess coverage and administrative costs. Excess coverage insurance purchased by Mental Health covers individual claims in excess of \$40,000 annually, subject to an aggregate annual limitation of \$1,000,000 for medical claims only. The liability at the end of the year is based on claims already incurred and reported as well as an estimate for claims incurred but not reported at September 30, 2007.

The changes in the claims liability for the years ended September 30, 2007 and 2006 are as follows:

	<b>Beginning of Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Year Liability</b>
2006	\$ 116,765	\$ 1,184,841	\$ 1,130,041	\$ 171,565
2007	171,565	775,108	811,388	135,318

**Road Commission (Component Unit)**

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for Inland Marine and physical damage (building and contents) and medical benefits claims. The Road Commission participates in the Michigan County Road Commission Self-Insurance Pool for claims relating to general liability, excess liability, auto liability, errors and omissions and physical damage (equipment). The Road Commission participates in the County Road Commission Self-Insurance Fund (CRCSIF) for workers' compensation insurance. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past 3 fiscal years.

The County road commissions in the State of Michigan established a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool), pursuant to the provision of Act 138 of the Michigan Public Acts of 1982. The pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State. The Allegan County Road Commission became a member in the pool in April 1984 and became a member in CRCSIF in 1981.

The Michigan County Self-Insurance Pool program operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**NOTE 13: LITIGATION**

In the normal course of its activities, the County is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. Although other actions have been brought, the County has not experienced any additional significant losses or costs. It is the County's opinion that the outcome of any pending actions will not have a material effect on the County's financial position or results of operations.

**NOTE 14: TRANSPORTATION DEPARTMENT SCHEDULES**

The comprehensive annual financial report of the County includes several transit schedules as required by the Bureau of Passenger Transportation (BPT) of the Michigan Department of Transportation. The Allegan County Transportation Department has three approved cost allocation plans: indirect county service, the Job Access Reverse Commute program, and Job Access Cost Allocation. These cost allocation plans were adhered to in the preparation of the transit schedules.

Ineligible expenses, as noted in the accompanying transit schedules, are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (the "Manual"). Audit costs are the only costs in which eligibility differs between the Manual and the Federal OMB Circular A-87. The Allegan County Transportation Department did not incur expenses associated with advertising revenue and, therefore, no expenses are subtracted out as ineligible.

The methodology used for compiling mileage and hours, presented as nonfinancial data, has been reviewed and the recording method found to be adequate and reliable.

**NOTE 15: COMMITMENTS**

The County is a lessor under an operating lease agreement for office space. The original cost of the leased assets constructed in 2002 is \$6,264,137 with accumulated depreciation of \$783,017 at year end. Future lease revenues for these facility leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2008	\$ 394,283
2009	394,283
2010	394,283
2011	394,283
2012	394,283
2013-2017	1,971,415
2018-2022	1,971,415
2023-2024	<u>98,571</u>
<b>Total</b>	<b><u><u>\$ 6,012,816</u></u></b>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2007**

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**NOTE 16: RESTATEMENTS**

Beginning fund balance of the general fund, central dispatch fund, and nonmajor governmental funds was decreased by \$155,123, \$6,244, and \$46,464 to correct an error in accruing the paid time off payouts in the prior year. Beginning fund balance of the mental health fund was decreased by \$321,139 to account for the creation and transfer of cash into a new fund for the accumulation of compensated absences reserves. The net effect on beginning net assets of governmental activities was a decrease of \$528,970.

Beginning net assets of the drain commission/DPW component unit were decreased by \$1,915,309 to remove certain infrastructure capital assets booked in prior years to do not represent property of the County.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**GENERAL FUND**

**COUNTY OF ALLEGAN, MICHIGAN**  
**General Fund**  
**Schedule of Revenues and Other Sources--By Source**  
**Budget and Actual**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Taxes and penalties</b>				
Current property taxes	\$ 18,011,138	\$ 18,011,138	\$18,996,991	\$ 985,853
Delinquent real property taxes	-	-	(195)	(195)
Delinquent personal property taxes	30,000	30,000	40,383	10,383
Payments-in-lieu of taxes	36,000	36,000	36,661	661
Trailer taxes	30,000	30,000	28,525	(1,475)
Commercial forest reserve	500	500	158	(342)
Industrial facility tax	384,000	384,000	226,167	(157,833)
	<u>18,491,638</u>	<u>18,491,638</u>	<u>19,328,690</u>	<u>837,052</u>
<b>Total taxes and penalties</b>				
<b>Licenses and permits</b>				
Pistol permits	4,500	4,500	4,600	100
Concealed weapons licenses	3,400	3,400	416	(2,984)
Dog licenses	50,000	50,000	49,012	(988)
Marriage licenses	17,700	17,700	16,695	(1,005)
Professional registration	50	50	75	25
Explosive permit	-	2	2	-
Soil erosion permit	62,000	2,370	2,370	-
	<u>137,650</u>	<u>78,022</u>	<u>73,170</u>	<u>(4,852)</u>
<b>Total licenses and permits</b>				
<b>Intergovernmental revenue - federal</b>				
Emergency management	28,000	28,000	34,176	6,176
Friend of the court cooperative reimbursement	780,000	780,000	802,910	22,910
Friend of the court cooperative reimbursement - medical	35,000	35,000	7	(34,993)
Friend of the court incentive program	135,000	135,000	202,858	67,858
Marine safety	-	-	2,719	2,719
Hazardous material emergency planning grant	3,570	3,570	4,261	691
Bulletproof vest program	-	-	6,580	6,580
WEMET - sheriff	42,505	42,505	41,439	(1,066)
	<u>1,024,075</u>	<u>1,024,075</u>	<u>1,094,950</u>	<u>70,875</u>
<b>Total intergovernmental revenue - federal</b>				
<b>State grants</b>				
Judicial salaries	335,000	335,000	318,854	(16,146)
Juvenile officer's salary	53,000	53,000	52,776	(224)
Court reimbursement	660,000	660,000	542,717	(117,283)
Jail technical assistance	20,000	20,000	19,695	(305)
Marine safety program	35,000	36,294	71,613	35,319
Secondary road patrol	198,000	198,000	165,883	(32,117)
Liquor law enforcement	21,000	21,000	23,050	2,050

(Continued)

**COUNTY OF ALLEGAN, MICHIGAN**  
**General Fund**  
**Schedule of Revenues and Other Sources--By Source**  
**Budget and Actual (Continued)**  
**For the Year Ended December 31, 2007**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Intergovernmental revenue - state (continued)</b>				
Cigarette tax	\$ 62,000	\$ 62,000	\$ 14,788	\$ (47,212)
Crime victims' rights act	91,600	91,600	89,807	(1,793)
Food stamp fraud	1,000	1,000	1,575	575
Monumentation program	130,000	130,000	132,004	2,004
Convention/tourism tax	370,000	399,000	411,059	12,059
	<hr/>	<hr/>	<hr/>	<hr/>
Total intergovernmental revenue - state	1,976,600	2,006,894	1,843,821	(163,073)
<b>Charges for services</b>				
Circuit court costs	220,450	220,450	214,092	(6,358)
Circuit court bond costs	3,100	3,100	2,850	(250)
Circuit court services	46,750	46,750	46,428	(322)
District court costs	1,129,000	975,000	958,351	(16,649)
District court bond costs	300	300	120	(180)
Juvenile court costs	10,000	10,000	12,238	2,238
Crime victims' rights	12,000	12,000	11,067	(933)
District court fees	176,500	176,500	233,102	56,602
Driver's license reinstatement	38,000	38,000	27,213	(10,787)
Attorney reimbursements	20,000	20,000	21,079	1,079
Friend of the court service fees	57,600	57,600	75,269	17,669
County treasurer services	7,750	7,750	5,186	(2,564)
County clerk services	107,850	112,850	98,835	(14,015)
Drain commission services	28,300	30,930	56,773	25,843
Juvenile court service fees	14,500	14,500	7,698	(6,802)
Probate court services	36,100	36,100	35,467	(633)
Probation - district court fees	170,500	170,500	206,017	35,517
Prosecuting attorney services	3,500	3,500	3,308	(192)
Animal shelter fees	5,500	5,500	5,778	278
WEMET services	-	3,000	5,940	2,940
Sheriff services	124,725	129,443	107,336	(22,107)
Register of deeds services	562,250	562,250	455,137	(107,113)
Real estate transfer tax	600,000	600,000	476,854	(123,146)
Equalization services	1,050	1,050	916	(134)
Computer services	41,000	41,000	21,843	(19,157)
Courier services	14,750	14,750	15,488	738
Prisoners' board	183,500	182,500	178,042	(4,458)
Sale of commissary	22,000	22,000	23,945	1,945
Drug case information	1,400	1,400	1,416	16
Driver license restoration	750	750	884	134
Drunk driving revenue	39,000	55,000	54,647	(353)
Sale - other	47,900	47,900	51,075	3,175
	<hr/>	<hr/>	<hr/>	<hr/>
Total charges for services	3,726,025	3,602,373	3,414,394	(187,979)

(Continued)

**COUNTY OF ALLEGAN, MICHIGAN**  
**General Fund**  
**Schedule of Revenues and Other Sources--By Source**  
**Budget and Actual (Concluded)**  
**For the Year Ended December 31, 2007**

	<u>Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Fines and forfeitures</b>				
Bond forfeitures	\$ 45,000	\$ 25,000	\$ 29,115	\$ 4,115
Ordinance fines	223,100	200,100	194,641	(5,459)
Total fines and forfeits	<u>268,100</u>	<u>225,100</u>	<u>223,756</u>	<u>(1,344)</u>
<b>Interest and rentals</b>				
Interest earned	550,000	550,000	956,812	406,812
Rental income	664,173	644,673	711,076	66,403
Total interest and rentals	<u>1,214,173</u>	<u>1,194,673</u>	<u>1,667,888</u>	<u>473,215</u>
<b>Other revenues</b>				
Other contributions	750	1,750	2,744	994
Inmate reimbursement	7,800	12,800	20,189	7,389
Work release program	16,000	21,700	27,946	6,246
Reimbursements - indirect costs	1,050,000	1,050,000	1,027,786	(22,214)
Other reimbursements and refunds	232,600	262,400	267,948	5,548
Other miscellaneous revenues	1,500	4,570	5,868	1,298
Reimbursements - election	36,000	36,000	38,490	2,490
Cash over (short)	-	-	55	55
Total other revenues	<u>1,344,650</u>	<u>1,389,220</u>	<u>1,391,026</u>	<u>1,806</u>
Total revenues	<u>28,182,911</u>	<u>28,011,995</u>	<u>29,037,695</u>	<u>1,025,700</u>
<b>Other financing sources</b>				
Transfers in	<u>2,020,000</u>	<u>2,020,000</u>	<u>2,029,671</u>	<u>9,671</u>
Total revenues and other financing sources	<u>\$ 30,202,911</u>	<u>\$ 30,031,995</u>	<u>\$ 31,067,366</u>	<u>\$ 1,035,371</u>

(Concluded)

**COUNTY OF ALLEGAN, MICHIGAN**  
**General Fund**  
**Schedule of Expenditures and Other Uses--By Activity**  
**Budget and Actual**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Legislative</b>				
Board of commissioners	\$ 488,229	\$ 488,852	\$ 463,719	\$ (25,133)
<b>Judicial</b>				
Circuit court	970,891	959,691	832,850	(126,841)
District court	1,528,597	1,528,597	1,465,866	(62,731)
Friend of the court	1,216,154	1,216,154	1,130,555	(85,599)
Jury board	4,474	9,204	7,913	(1,291)
Probate court	393,285	393,285	378,960	(14,325)
Probate court--juvenile	576,449	587,649	574,428	(13,221)
Guardian/conservators	56,225	56,225	52,455	(3,770)
Probation-circuit court	5,230	5,230	4,267	(963)
Probation-district court	394,270	394,270	372,840	(21,430)
Family counseling services	13,125	13,125	9,267	(3,858)
Total judicial	<u>5,158,700</u>	<u>5,163,430</u>	<u>4,829,401</u>	<u>(334,029)</u>
<b>General government</b>				
Administrative department	241,442	241,442	238,163	(3,279)
Elections	136,659	136,856	74,759	(62,097)
Accounting department	298,774	297,813	273,456	(24,357)
Auditing services	49,000	49,450	49,450	-
Clerk	591,414	601,337	596,469	(4,868)
Births and deaths	275	275	-	(275)
Equalization	471,078	474,217	421,394	(52,823)
Personnel department	301,475	301,105	279,058	(22,047)
Victim's rights act	106,700	106,700	103,014	(3,686)
Prosecuting attorney	1,201,994	1,248,465	1,228,082	(20,383)
Register of deeds	334,340	328,843	321,249	(7,594)
Treasurer	412,760	415,227	410,904	(4,323)
Cooperative extension	198,573	200,889	193,721	(7,168)
Network system	1,044,167	1,039,255	906,417	(132,838)
Animal shelter building	12,503	11,719	11,071	(648)
Central dispatch building	132,575	132,631	131,673	(958)
Courthouse building	365,886	345,415	330,336	(15,079)
Human services building	248,171	265,313	259,186	(6,127)
Medical care facility building	124,130	141,496	136,559	(4,937)
Economic development	50,000	50,000	18,173	(31,827)
Facilities management	785,960	787,528	768,285	(19,243)
Mail	266,669	262,372	191,255	(71,117)
Community mental health - ADAP building	11,814	10,539	10,083	(456)
Community mental health - administration building	14,399	23,547	23,383	(164)
Jail building	304,752	305,455	289,203	(16,252)
County services building	160,041	164,369	161,095	(3,274)
Dumont Lake complex	64,696	68,196	64,227	(3,969)
Youth home building	126,197	120,897	99,213	(21,684)
Drain commissioner	385,599	325,090	319,623	(5,467)
Records management	207,789	209,927	189,140	(20,787)
Total general government	<u>8,649,832</u>	<u>8,666,368</u>	<u>8,098,641</u>	<u>(567,727)</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**General Fund**  
**Schedule of Expenditures and Other Uses--By Activity**  
**Budget and Actual (Continued)**  
**For the Year Ended December 31, 2007**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Public safety</b>				
Sheriff	\$ 4,115,279	\$ 4,373,746	\$ 4,373,730	\$ (16)
WEMET - Sheriff	95,550	102,476	102,476	-
Secondary road patrol program	289,934	305,773	305,771	(2)
Sheriff reserves	58,903	40,232	40,232	-
Detective bureau	628,236	708,699	708,699	-
Courthouse security	103,242	78,756	78,756	-
Sheriff--radio	30,850	18,504	18,504	-
Marine law enforcement	108,022	143,003	143,004	1
Jail	3,045,431	2,949,488	2,949,486	(2)
Planning commission	16,342	16,342	14,994	(1,348)
Plat board	119	1,439	262	(1,177)
Emergency management	93,903	96,953	96,915	(38)
Lap	34,122	34,122	31,460	(2,662)
Animal shelter	127,360	136,127	135,872	(255)
Livestock claims	1,250	4,250	3,439	(811)
	<u>8,748,543</u>	<u>9,009,910</u>	<u>9,003,600</u>	<u>(6,310)</u>
<b>Public works</b>				
Department of public works	13,951	14,127	11,782	(2,345)
Drains--public benefits	82,958	82,958	82,958	-
Monumentation program	132,004	132,804	132,773	(31)
	<u>228,913</u>	<u>229,889</u>	<u>227,513</u>	<u>(2,376)</u>
<b>Health and welfare</b>				
Substance abuse services	181,001	181,001	166,690	(14,311)
Communicable diseases	16,000	16,000	2,002	(13,998)
Medical examiner	190,860	214,860	214,542	(318)
Family planning program	23,000	23,000	23,000	-
Veterans' burial	28,040	35,925	35,912	(13)
	<u>438,901</u>	<u>470,786</u>	<u>442,146</u>	<u>(28,640)</u>
<b>Other</b>				
Employees' fringe benefits	50,000	50,000	25,489	(24,511)
Retirement--county share	-	370	370	-
Insurance and bonds	535,065	535,065	522,616	(12,449)
Contingencies	790,190	249,754	-	(249,754)
	<u>1,375,255</u>	<u>835,189</u>	<u>548,475</u>	<u>(286,714)</u>
Total other	<u>1,375,255</u>	<u>835,189</u>	<u>548,475</u>	<u>(286,714)</u>
Total expenditures	<u>25,088,373</u>	<u>24,864,424</u>	<u>23,613,495</u>	<u>(1,250,929)</u>

(Continued)

**COUNTY OF ALLEGAN, MICHIGAN**  
**General Fund**  
**Schedule of Expenditures and Other Uses--By Activity**  
**Budget and Actual (Concluded)**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Other financing uses</b>				
Transfers out:				
Law library fund	\$ 30,700	\$ 30,700	\$ 30,700	\$ -
Public improvement fund	269,383	1,312,652	1,312,652	-
Health department	989,934	1,003,434	1,003,434	-
Mental health fund	209,942	209,942	209,942	-
Child care probate fund	2,683,877	2,687,147	2,687,148	1
Medical care facility	144,192	144,192	144,192	-
Park fund	262,970	262,970	262,970	-
Other funds	108,040	108,040	108,040	-
Health fund - cigarette tax	49,563	49,563	49,563	-
Social welfare fund	1,000	1,000	1,000	-
Transportation	40,500	1,673,193	1,673,193	-
Grant match	324,437	289,837	262,057	(27,780)
	<u>5,114,538</u>	<u>7,772,670</u>	<u>7,744,891</u>	<u>(27,779)</u>
 Total transfers out				
	<u>5,114,538</u>	<u>7,772,670</u>	<u>7,744,891</u>	<u>(27,779)</u>
 Total expenditures and other financing uses	<u>\$ 30,202,911</u>	<u>\$ 32,637,094</u>	<u>\$ 31,358,386</u>	<u>\$(1,278,708)</u>

(Concluded)

**NONMAJOR GOVERNMENTAL FUNDS**

**ALLEGAN COUNTY**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2007**

	Special Revenue Funds					
	Parks (2080)	Land Information Systems (2100)	Friend of The Court (2150)	Health Department (2210)	Transportation Grant (2300)	Public Improvement (2450 and 2455)
<b>Assets</b>						
Cash and pooled investments	\$ 110,927	\$ 111,666	\$ 184,227	\$ 290,304	\$ 94,436	\$ 2,940,775
Receivables:						
Accounts	-	3,956	-	21,695	69,327	27,532
Due from other governments	-	-	4,263	349,865	322,317	-
Advances to other funds	-	-	-	-	-	271,557
Prepays	-	-	-	4,663	-	-
Inventory	-	-	-	166,742	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 110,927</u>	<u>\$ 115,622</u>	<u>\$ 188,490</u>	<u>\$ 833,269</u>	<u>\$ 486,080</u>	<u>\$ 3,239,864</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 15,181	\$ 199	\$ 344	\$ 56,624	\$ 113,616	\$ 28,483
Accrued liabilities	8,178	6,237	-	55,815	1,916	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	6,333	-	-
Advance from other funds	-	-	-	-	-	-
Advances from other governments	-	-	-	-	-	-
Deferred revenue	-	-	-	355,781	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>23,359</u>	<u>6,436</u>	<u>344</u>	<u>474,553</u>	<u>115,532</u>	<u>28,483</u>
<b>Fund balances</b>						
Reserved for:						
Advances	-	-	-	-	-	271,557
Prepays	-	-	-	4,663	-	-
Inventory	-	-	-	166,742	-	-
Unreserved:						
Designated for:						
Parks	87,568	-	-	-	-	83,633
Sick and vacation	-	-	-	-	-	-
Undesignated	-	109,186	188,146	187,311	370,548	2,856,191
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>87,568</u>	<u>109,186</u>	<u>188,146</u>	<u>358,716</u>	<u>370,548</u>	<u>3,211,381</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 110,927</u>	<u>\$ 115,622</u>	<u>\$ 188,490</u>	<u>\$ 833,269</u>	<u>\$ 486,080</u>	<u>\$ 3,239,864</u>

**Special Revenue Funds**

<b>MIFPI Community Team (2550)</b>	<b>Register Of Deeds Automation (2560)</b>	<b>Budget Stabilization (2570)</b>	<b>Sick &amp; Vacation Liability (2580)</b>	<b>Drug Law Enforcement (2650 and 2651)</b>	<b>Law Enforcement Training (2660)</b>	<b>Law Library (2690)</b>
\$ -	\$ 531,843	\$ 4,126,023	\$ 1,122,879	\$ 133,083	\$ 64,343	\$ 12,509
-	-	-	-	-	2,185	-
-	-	-	-	-	-	-
-	-	-	-	-	2,200	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 531,843</u>	<u>\$ 4,126,023</u>	<u>\$ 1,122,879</u>	<u>\$ 133,083</u>	<u>\$ 68,728</u>	<u>\$ 12,509</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,299	\$ 1,162	\$ 1,813
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,299	1,162	1,813
-	-	-	-	-	-	-
-	-	-	-	-	2,200	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	531,843	4,126,023	1,122,879	131,784	65,366	10,696
-	531,843	4,126,023	1,122,879	131,784	67,566	10,696
<u>\$ -</u>	<u>\$ 531,843</u>	<u>\$ 4,126,023</u>	<u>\$ 1,122,879</u>	<u>\$ 133,083</u>	<u>\$ 68,728</u>	<u>\$ 12,509</u>

(Continued)

**ALLEGAN COUNTY**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet (Continued)**  
December 31, 2007

	<b>Special Revenue Funds</b>					
	<b>Grant Administration (2710)</b>	<b>Tire Pile Clean Up (2750)</b>	<b>Housing Assistance (2770 and 2771)</b>	<b>Public Safety Grants (2790)</b>	<b>Law Enforcement Road Patrol (2801-2809)</b>	<b>Social Welfare (2900)</b>
<b>Assets</b>						
Cash and pooled investments	\$ 64,287	\$ -	\$ 233,105	\$ 133,504	\$ 24,011	\$ 90,122
Receivables:						
Accounts	-	-	-	11,783	69,056	-
Due from other governments	-	-	-	72,120	-	7,814
Advances to other funds	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
	<u>64,287</u>	<u>-</u>	<u>233,105</u>	<u>217,407</u>	<u>93,067</u>	<u>97,936</u>
Total assets	<u>\$ 64,287</u>	<u>\$ -</u>	<u>\$ 233,105</u>	<u>\$ 217,407</u>	<u>\$ 93,067</u>	<u>\$ 97,936</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 26,362	\$ 390	\$ -
Accrued liabilities	616	-	-	6,603	36,756	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Advances from other governments	-	-	-	-	-	45,000
Deferred revenue	-	-	-	-	-	-
	<u>616</u>	<u>-</u>	<u>-</u>	<u>32,965</u>	<u>37,146</u>	<u>45,000</u>
Total liabilities	<u>616</u>	<u>-</u>	<u>-</u>	<u>32,965</u>	<u>37,146</u>	<u>45,000</u>
<b>Fund balances</b>						
Reserved for:						
Advances	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Unreserved:						
Designated for:						
Parks	-	-	-	-	-	-
Sick and vacation	-	-	-	-	-	-
Undesignated	63,671	-	233,105	184,442	55,921	52,936
	<u>63,671</u>	<u>-</u>	<u>233,105</u>	<u>184,442</u>	<u>55,921</u>	<u>52,936</u>
Total fund balances	<u>63,671</u>	<u>-</u>	<u>233,105</u>	<u>184,442</u>	<u>55,921</u>	<u>52,936</u>
Total liabilities and fund balances	<u>\$ 64,287</u>	<u>\$ -</u>	<u>\$ 233,105</u>	<u>\$ 217,407</u>	<u>\$ 93,067</u>	<u>\$ 97,936</u>

<b>Child Care Probate (2921)</b>	<b>Child Care Welfare (2922)</b>	<b>Veterans' Trust Board (2940)</b>	<b>Farmland Preservation (2960)</b>	<b>Debt Service Fund (3660-3662)</b>	<b>Capital Projects Fund (4660-4663)</b>	<b>Total</b>
\$ 32,140	\$ 2,638	\$ 7,207	\$ 685	\$ 915	\$ 41,502	\$ 10,353,131
23,573	-	-	-	24,031	-	253,138
1,006,650	-	-	-	-	-	1,763,029
-	-	-	-	-	-	271,557
-	-	-	-	-	-	6,863
-	-	-	-	-	-	166,742
<u>\$ 1,062,363</u>	<u>\$ 2,638</u>	<u>\$ 7,207</u>	<u>\$ 685</u>	<u>\$ 24,946</u>	<u>\$ 41,502</u>	<u>\$ 12,814,460</u>
\$ 179,123	\$ -	\$ 1,690	\$ -	\$ -	\$ 21,120	\$ 447,406
98,221	-	-	-	-	-	214,342
250,000	-	-	-	21,000	-	271,000
43,388	-	-	-	-	-	49,721
-	-	-	-	-	-	-
-	-	-	-	-	-	45,000
-	-	-	-	-	-	355,781
<u>570,732</u>	<u>-</u>	<u>1,690</u>	<u>-</u>	<u>21,000</u>	<u>21,120</u>	<u>1,383,250</u>
-	-	-	-	-	-	271,557
-	-	-	-	-	-	6,863
-	-	-	-	-	-	166,742
-	-	-	-	-	-	171,201
-	-	-	-	-	-	1,122,879
<u>491,631</u>	<u>2,638</u>	<u>5,517</u>	<u>685</u>	<u>3,946</u>	<u>20,382</u>	<u>9,691,968</u>
<u>491,631</u>	<u>2,638</u>	<u>5,517</u>	<u>685</u>	<u>3,946</u>	<u>20,382</u>	<u>11,431,210</u>
<u>\$ 1,062,363</u>	<u>\$ 2,638</u>	<u>\$ 7,207</u>	<u>\$ 685</u>	<u>\$ 24,946</u>	<u>\$ 41,502</u>	<u>\$ 12,814,460</u>

(Concluded)

**ALLEGAN COUNTY**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2007**

	<b>Special Revenue Funds</b>					
	<b>Parks (2080)</b>	<b>Land Information Systems (2100)</b>	<b>Friend of the Court (2150)</b>	<b>Health Department (2210)</b>	<b>Transportation Grant (2300)</b>	<b>Public Improvement (2450 and 2455)</b>
<b>Revenues</b>						
Licenses and permits	\$ -	\$ -	\$ -	\$ 364,963	\$ -	\$ -
Intergovernmental revenue:						
Federal	-	-	-	396,607	310,026	-
State	65,000	-	-	601,848	439,111	-
Other local units	-	-	-	-	-	-
Charges for services	130,290	37,339	26,542	755,957	379,410	-
Fines and forfeits	-	-	-	-	-	-
Interest and rentals	-	5,837	11,865	34,770	9,579	104,152
Other revenue	10,287	-	-	124,136	-	-
<b>Total revenues</b>	<b>205,577</b>	<b>43,176</b>	<b>38,407</b>	<b>2,278,281</b>	<b>1,138,126</b>	<b>104,152</b>
<b>Expenditures</b>						
Current:						
Judicial	-	-	4,211	-	-	-
General government	-	169,904	-	-	1,151,223	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	3,461,688	-	-
Recreation and cultural	375,686	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	812,193
<b>Total expenditures</b>	<b>375,686</b>	<b>169,904</b>	<b>4,211</b>	<b>3,461,688</b>	<b>1,151,223</b>	<b>812,193</b>
Revenue over (under) expenditures	(170,109)	(126,728)	34,196	(1,183,407)	(13,097)	(708,041)
<b>Other financing sources (uses)</b>						
Transfers in	262,970	108,040	-	1,052,997	40,500	2,912,652
Transfers out	-	-	(20,368)	-	-	(1,057,000)
Sale of capital assets	-	-	-	-	3,491	10,769
<b>Total other financing sources (uses)</b>	<b>262,970</b>	<b>108,040</b>	<b>(20,368)</b>	<b>1,052,997</b>	<b>43,991</b>	<b>1,866,421</b>
Net change in fund balances	92,861	(18,688)	13,828	(130,410)	30,894	1,158,380
Fund balances, beginning of year, as restated	(5,293)	127,874	174,318	489,126	339,654	2,053,001
<b>Fund balances, end of year</b>	<b>\$ 87,568</b>	<b>\$ 109,186</b>	<b>\$ 188,146</b>	<b>\$ 358,716</b>	<b>\$ 370,548</b>	<b>\$ 3,211,381</b>

**Special Revenue Funds**

<b>MIFPI Community Team (2550)</b>	<b>Register Of Deeds Automation (2560)</b>	<b>Budget Stabilization (2570)</b>	<b>Sick &amp; Vacation Liability (2580)</b>	<b>Drug Law Enforcement (2650 and 2651)</b>	<b>Law Enforcement Training (2640 and 2660)</b>	<b>Law Library (2690)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	14,698	-
-	137,813	-	-	-	-	-
-	-	-	-	1,248	-	6,589
-	30,296	-	96,693	7,893	3,543	485
-	-	-	-	-	24,770	-
-	168,109	-	96,693	9,141	43,011	7,074
-	-	-	-	-	-	-
-	68,212	-	-	-	-	-
-	-	-	-	3,894	39,111	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	36,716
-	68,212	-	-	3,894	39,111	36,716
-	99,897	-	96,693	5,247	3,900	(29,642)
-	-	2,228,333	-	-	-	30,700
(10,797)	-	-	(595,640)	-	-	-
-	-	-	-	-	-	-
(10,797)	-	2,228,333	(595,640)	-	-	30,700
(10,797)	99,897	2,228,333	(498,947)	5,247	3,900	1,058
10,797	431,946	1,897,690	1,621,826	126,537	63,666	9,638
\$ -	\$ 531,843	\$ 4,126,023	\$ 1,122,879	\$ 131,784	\$ 67,566	\$ 10,696

(Continued)

**ALLEGAN COUNTY**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances (Concluded)**  
**For the Year Ended December 31, 2007**

	<b>Special Revenue Funds</b>					
	<b>Grant Administration (2710)</b>	<b>Tire Pile Clean Up (2750)</b>	<b>Housing Assistance (2770 and 2771)</b>	<b>Public Safety Grant (2790)</b>	<b>Law Enforcement Road Patrol (2801-2809)</b>	<b>Social Welfare (2900)</b>
<b>Revenues</b>						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:						
Federal	-	-	-	342,393	-	-
State	-	-	-	173,100	-	316,116
Other local units	-	-	-	-	621,778	-
Charges for services	-	-	17,478	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest and rentals	4,032	-	-	-	-	-
Other revenue	-	-	-	3,825	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,825</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,032</u>	<u>-</u>	<u>17,478</u>	<u>519,318</u>	<u>621,778</u>	<u>316,116</u>
<b>Expenditures</b>						
Current:						
Judicial	-	-	-	-	-	-
General government	29,645	-	-	-	-	-
Public safety	-	-	-	504,814	879,687	-
Health and welfare	-	-	-	-	-	320,816
Recreation and cultural	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>29,645</u>	<u>-</u>	<u>-</u>	<u>504,814</u>	<u>879,687</u>	<u>320,816</u>
Revenue over (under) expenditures	<u>(25,613)</u>	<u>-</u>	<u>17,478</u>	<u>14,504</u>	<u>(257,909)</u>	<u>(4,700)</u>
<b>Other financing sources (uses)</b>						
Transfers in	16,238	-	-	-	269,819	1,000
Transfers out	-	(131)	-	-	(32,375)	-
Sale of capital assets	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>16,238</u>	<u>(131)</u>	<u>-</u>	<u>-</u>	<u>237,444</u>	<u>1,000</u>
Net change in fund balances	(9,375)	(131)	17,478	14,504	(20,465)	(3,700)
Fund balances, beginning of year, as restated	<u>73,046</u>	<u>131</u>	<u>215,627</u>	<u>169,938</u>	<u>76,386</u>	<u>56,636</u>
<b>Fund balances, end of year</b>	<u><u>\$ 63,671</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 233,105</u></u>	<u><u>\$ 184,442</u></u>	<u><u>\$ 55,921</u></u>	<u><u>\$ 52,936</u></u>

**Special Revenue Funds**

<b>Child Care Probate (2921)</b>	<b>Child Care Welfare (2922)</b>	<b>Veterans' Trust Board (2940)</b>	<b>Farmland Preservation (2960)</b>	<b>Debt Service Fund (3660-3662)</b>	<b>Capital Projects Fund (4660-4663)</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 364,963
42,972	-	-	-	-	-	1,091,998
2,114,476	357	13,600	-	-	-	3,738,306
-	-	-	-	99,313	-	721,091
392,977	-	-	-	-	-	1,877,806
-	-	-	-	-	-	7,837
-	-	367	-	-	-	309,512
10,505	-	-	1,080	-	-	174,603
<u>2,560,930</u>	<u>357</u>	<u>13,967</u>	<u>1,080</u>	<u>99,313</u>	<u>-</u>	<u>8,286,116</u>
-	-	-	-	-	-	4,211
-	-	-	-	-	-	1,418,984
-	-	-	-	-	-	1,427,506
4,895,933	286	11,542	-	-	-	8,690,265
-	-	-	-	-	-	375,686
-	-	-	395	-	-	395
-	-	-	-	450,000	-	450,000
-	-	-	-	416,345	-	416,345
-	-	-	-	-	37,839	886,748
<u>4,895,933</u>	<u>286</u>	<u>11,542</u>	<u>395</u>	<u>866,345</u>	<u>37,839</u>	<u>13,670,140</u>
<u>(2,335,003)</u>	<u>71</u>	<u>2,425</u>	<u>685</u>	<u>(767,032)</u>	<u>(37,839)</u>	<u>(5,384,024)</u>
2,687,148	-	-	-	766,732	57,000	10,434,129
-	-	-	-	-	-	(1,716,311)
-	-	-	-	-	-	14,260
<u>2,687,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>766,732</u>	<u>57,000</u>	<u>8,732,078</u>
352,145	71	2,425	685	(300)	19,161	3,348,054
<u>139,486</u>	<u>2,567</u>	<u>3,092</u>	<u>-</u>	<u>4,246</u>	<u>1,221</u>	<u>8,083,156</u>
<u>\$ 491,631</u>	<u>\$ 2,638</u>	<u>\$ 5,517</u>	<u>\$ 685</u>	<u>\$ 3,946</u>	<u>\$ 20,382</u>	<u>\$ 11,431,210</u>

(Concluded)

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Parks Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental revenue - State	\$ 470,250	\$ 470,250	\$ 65,000	\$ (405,250)
Charges for services	121,800	121,800	130,290	8,490
Other revenue	500	2,400	10,287	7,887
Total revenues	<u>592,550</u>	<u>594,450</u>	<u>205,577</u>	<u>(388,873)</u>
<b>Expenditures</b>				
Current:				
Recreation and cultural	<u>855,520</u>	<u>858,755</u>	<u>375,686</u>	<u>(483,069)</u>
Revenues over (under) expenditures	<u>(262,970)</u>	<u>(264,305)</u>	<u>(170,109)</u>	<u>94,196</u>
<b>Other financing sources</b>				
Transfers in	<u>262,970</u>	<u>262,970</u>	<u>262,970</u>	<u>-</u>
Net change in fund balances	-	(1,335)	92,861	94,196
Fund balances (deficit), beginning of year, as restated	<u>(5,293)</u>	<u>(5,293)</u>	<u>(5,293)</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ (5,293)</u></u>	<u><u>\$ (6,628)</u></u>	<u><u>\$ 87,568</u></u>	<u><u>\$ 94,196</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Land Information Systems Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Charges for services	\$ 40,000	\$ 40,000	\$ 37,339	\$ (2,661)
Interest and rentals	-	-	5,837	5,837
	<u>40,000</u>	<u>40,000</u>	<u>43,176</u>	<u>3,176</u>
<b>Expenditures</b>				
Current:				
General government	<u>168,040</u>	<u>172,073</u>	<u>169,904</u>	<u>(2,169)</u>
Revenues over (under) expenditures	(128,040)	(132,073)	(126,728)	5,345
<b>Other financing sources</b>				
Transfers in	<u>108,040</u>	<u>108,040</u>	<u>108,040</u>	<u>-</u>
Net changes in fund balances	(20,000)	(24,033)	(18,688)	5,345
Fund balances, beginning of year, as restated	<u>127,874</u>	<u>127,874</u>	<u>127,874</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 107,874</u></u>	<u><u>\$ 103,841</u></u>	<u><u>\$ 109,186</u></u>	<u><u>\$ 5,345</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Friend of the Court Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Charges for services	\$ 20,500	\$ 20,500	\$ 26,542	\$ 6,042
Interest and rentals	-	-	11,865	11,865
	<u>20,500</u>	<u>20,500</u>	<u>38,407</u>	<u>17,907</u>
<b>Expenditures</b>				
Current:				
Judicial	9,500	9,500	4,211	(5,289)
Capital outlay	10,000	10,000	-	(10,000)
	<u>19,500</u>	<u>19,500</u>	<u>4,211</u>	<u>(15,289)</u>
Total expenditures	<u>19,500</u>	<u>19,500</u>	<u>4,211</u>	<u>(15,289)</u>
Revenues over expenditures	1,000	1,000	34,196	33,196
<b>Other financing uses</b>				
Transfers out	<u>(20,368)</u>	<u>(20,368)</u>	<u>(20,368)</u>	<u>-</u>
Net change in fund balances	(19,368)	(19,368)	13,828	33,196
Fund balances, beginning of year	<u>174,318</u>	<u>174,318</u>	<u>174,318</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 154,950</u></u>	<u><u>\$ 154,950</u></u>	<u><u>\$ 188,146</u></u>	<u><u>\$ 33,196</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Health Department Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Licenses and permits	\$ 316,620	\$ 316,620	\$ 364,963	\$ 48,343
Intergovernmental revenue:				
Federal	479,134	475,556	396,607	(78,949)
State	416,449	466,512	601,848	135,336
Charges for services	734,210	734,210	755,957	21,747
Interest and rentals	2,600	2,600	34,770	32,170
Other revenue	<u>416,167</u>	<u>416,167</u>	<u>124,136</u>	<u>(292,031)</u>
 Total revenues	 2,365,180	 2,411,665	 2,278,281	 (133,384)
<b>Expenditures</b>				
Current:				
Health and welfare	<u>3,696,621</u>	<u>3,707,043</u>	<u>3,461,688</u>	<u>(245,355)</u>
 Revenues over (under) expenditures	 (1,331,441)	 (1,295,378)	 (1,183,407)	 111,971
<b>Other financing sources</b>				
Transfers in	<u>1,089,060</u>	<u>1,052,997</u>	<u>1,052,997</u>	<u>-</u>
 Net change in fund balances	 (242,381)	 (242,381)	 (130,410)	 111,971
 Fund balances, beginning of year, as restated	 <u>489,126</u>	 <u>489,126</u>	 <u>489,126</u>	 <u>-</u>
 <b>Fund balances, end of year</b>	 <u><u>\$ 246,745</u></u>	 <u><u>\$ 246,745</u></u>	 <u><u>\$ 358,716</u></u>	 <u><u>\$ 111,971</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Transportation Grant Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental revenue:				
Federal	\$ 376,848	\$ 514,820	\$ 310,026	\$ (204,794)
State	438,430	472,923	439,111	(33,812)
Charges for services	275,340	275,340	379,410	104,070
Interest and rentals	-	-	9,579	9,579
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,090,618	1,263,083	1,138,126	(124,957)
<b>Expenditures</b>				
Current:				
General government	1,131,118	1,303,583	1,151,223	(152,360)
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	(40,500)	(40,500)	(13,097)	27,403
<b>Other financing sources</b>				
Transfers in	40,500	40,500	40,500	-
Proceeds from sale of capital assets	-	-	3,491	3,491
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	40,500	40,500	43,991	3,491
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	-	30,894	30,894
Fund balances, beginning of year	339,654	339,654	339,654	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances, end of year</b>	<u>\$ 339,654</u>	<u>\$ 339,654</u>	<u>\$ 370,548</u>	<u>\$ 30,894</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Public Improvement Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Interest and rentals	\$ -	\$ -	\$ 104,152	\$ 104,152
<b>Expenditures</b>				
Capital outlay	869,383	1,218,759	812,193	(406,566)
Revenues over (under) expenditures	(869,383)	(1,218,759)	(708,041)	510,718
<b>Other financing sources (uses)</b>				
Transfers in	869,383	2,912,652	2,912,652	-
Transfers out	-	(2,303,269)	(1,057,000)	1,246,269
Sale of capital assets	-	-	10,769	10,769
Total other financing sources (uses)	869,383	609,383	1,866,421	1,257,038
Net changes in fund balances	-	(609,376)	1,158,380	1,767,756
Fund balances, beginning of year	2,053,001	2,053,001	2,053,001	-
<b>Fund balances, end of year</b>	<u>\$ 2,053,001</u>	<u>\$ 1,443,625</u>	<u>\$ 3,211,381</u>	<u>\$ 1,767,756</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**MIFPI Community Team Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>Other financing uses</b>				
Transfers out	-	(10,797)	(10,797)	-
Net changes in fund balances	-	(10,797)	(10,797)	-
Fund balances, beginning of year	<u>10,797</u>	<u>10,797</u>	<u>10,797</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 10,797</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Register of Deeds Automation Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Charges for services	\$ 170,000	\$ 170,000	\$ 137,813	\$ (32,187)
Interest and rentals	-	-	30,296	30,296
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	170,000	170,000	168,109	(1,891)
<b>Expenditures</b>				
Current:				
General government	162,453	162,453	68,212	(94,241)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	7,547	7,547	99,897	92,350
Fund balances, beginning of year	431,946	431,946	431,946	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances, end of year</b>	<u>\$ 439,493</u>	<u>\$ 439,493</u>	<u>\$ 531,843</u>	<u>\$ 92,350</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Budget Stabilization Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes and penalties	\$ -	\$ -	\$ -	\$ -
<b>Other financing sources</b>				
Transfers in	<u>-</u>	<u>2,228,333</u>	<u>2,228,333</u>	<u>-</u>
Net change in fund balances	-	2,228,333	2,228,333	-
Fund balances, beginning of year	<u>1,897,690</u>	<u>1,897,690</u>	<u>1,897,690</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,897,690</u></u>	<u><u>\$ 4,126,023</u></u>	<u><u>\$ 4,126,023</u></u>	<u><u>\$ -</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Sick & Vacation Liability Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Interest and rentals	\$ 50,000	\$ 50,000	\$ 96,693	\$ 46,693
<b>Other financing sources</b>				
Transfers out	-	(595,640)	(595,640)	-
Net change in fund balances	50,000	(545,640)	(498,947)	46,693
Fund balances, beginning of year	<u>1,621,826</u>	<u>1,621,826</u>	<u>1,621,826</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,671,826</u></u>	<u><u>\$ 1,076,186</u></u>	<u><u>\$ 1,122,879</u></u>	<u><u>\$ 46,693</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Drug Law Enforcement Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Fines and forfeits	\$ 8,000	\$ 8,000	\$ 1,248	\$ (6,752)
Interest and rentals	-	-	7,893	7,893
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	8,000	8,000	9,141	1,141
<b>Expenditures</b>				
Current:				
Public safety	8,000	8,000	3,894	(4,106)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	-	5,247	5,247
Fund balances, beginning of year	<hr/> 126,537	<hr/> 126,537	<hr/> 126,537	<hr/> -
<b>Fund balances, end of year</b>	<u><u>\$ 126,537</u></u>	<u><u>\$ 126,537</u></u>	<u><u>\$ 131,784</u></u>	<u><u>\$ 5,247</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Law Enforcement Training Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental revenue - State	\$ 12,500	\$ 14,698	\$ 14,698	\$ -
Interest and rentals	-	-	3,543	3,543
Other revenue	<u>36,500</u>	<u>36,500</u>	<u>24,770</u>	<u>(11,730)</u>
Total revenues	49,000	51,198	43,011	(8,187)
<b>Expenditures</b>				
Current:				
Public safety	<u>63,177</u>	<u>75,503</u>	<u>39,111</u>	<u>(36,392)</u>
Net change in fund balances	(14,177)	(24,305)	3,900	28,205
Fund balances, beginning of year	<u>63,666</u>	<u>63,666</u>	<u>63,666</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 49,489</u></u>	<u><u>\$ 39,361</u></u>	<u><u>\$ 67,566</u></u>	<u><u>\$ 28,205</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Law Library Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Fines and forfeits	\$ 6,500	\$ 6,500	\$ 6,589	\$ 89
Interest and rentals	-	-	485	485
	<u>6,500</u>	<u>6,500</u>	<u>7,074</u>	<u>574</u>
<b>Expenditures</b>				
Capital outlay	<u>40,200</u>	<u>40,200</u>	<u>36,716</u>	<u>(3,484)</u>
Revenues over (under) expenditures	(33,700)	(33,700)	(29,642)	4,058
<b>Other financing sources</b>				
Transfers in	<u>30,700</u>	<u>30,700</u>	<u>30,700</u>	<u>-</u>
Net change in fund balances	(3,000)	(3,000)	1,058	4,058
Fund balances, beginning of year	<u>9,638</u>	<u>9,638</u>	<u>9,638</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 6,638</u></u>	<u><u>\$ 6,638</u></u>	<u><u>\$ 10,696</u></u>	<u><u>\$ 4,058</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Grant Administration Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Interest and rentals	\$ -	\$ -	\$ 4,032	\$ 4,032
<b>Expenditures</b>				
Current:				
General government	<u>36,238</u>	<u>36,527</u>	<u>29,645</u>	<u>(6,882)</u>
Revenues over (under) expenditures	(36,238)	(36,527)	(25,613)	10,914
<b>Other financing sources</b>				
Transfers in	<u>16,238</u>	<u>16,238</u>	<u>16,238</u>	<u>-</u>
Net change in fund balances	(20,000)	(20,289)	(9,375)	10,914
Fund balances, beginning of year	<u>73,046</u>	<u>73,046</u>	<u>73,046</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 53,046</u></u>	<u><u>\$ 52,757</u></u>	<u><u>\$ 63,671</u></u>	<u><u>\$ 10,914</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Tire Pile Clean Up Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Other revenue	\$ -	\$ -	\$ -	\$ -
<b>Other financing uses</b>				
Transfers out	-	-	(131)	(131)
Net changes in fund balances	-	-	(131)	(131)
Fund balances, beginning of year	<u>131</u>	<u>131</u>	<u>131</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 131</u></u>	<u><u>\$ 131</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (131)</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Housing Assistance Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Charges for services	\$ 40,000	\$ 40,000	\$ 17,478	\$ (22,522)
<b>Expenditures</b>				
Current:				
Health and welfare	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Net change in fund balances	-	-	17,478	17,478
Fund balances, beginning of year	<u>215,627</u>	<u>215,627</u>	<u>215,627</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 215,627</u></u>	<u><u>\$ 215,627</u></u>	<u><u>\$ 233,105</u></u>	<u><u>\$ 17,478</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Public Safety Grant Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental revenue:				
Federal	\$ 237,564	\$ 501,394	\$ 342,393	\$ (159,001)
State	145,098	181,246	173,100	(8,146)
Other revenue	-	-	3,825	3,825
	<u>382,662</u>	<u>682,640</u>	<u>519,318</u>	<u>(163,322)</u>
<b>Expenditures</b>				
Current:				
Public safety	435,042	813,381	504,814	(308,567)
Revenues over (under) expenditures	<u>(52,380)</u>	<u>(130,741)</u>	<u>14,504</u>	<u>145,245</u>
<b>Other financing sources</b>				
Transfers in	<u>52,380</u>	<u>46,967</u>	<u>-</u>	<u>(46,967)</u>
Net change in fund balances	-	(83,774)	14,504	98,278
Fund balances, beginning of year	<u>169,938</u>	<u>169,938</u>	<u>169,938</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 169,938</u></u>	<u><u>\$ 86,164</u></u>	<u><u>\$ 184,442</u></u>	<u><u>\$ 98,278</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Law Enforcement Road Patrol Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental - other local units	\$ 715,101	\$ 715,101	\$ 621,778	\$ (93,323)
<b>Expenditures</b>				
Current:				
Public safety	960,920	987,332	879,687	(107,645)
Revenues over (under) expenditures	(245,819)	(272,231)	(257,909)	14,322
<b>Other financing sources (uses)</b>				
Transfers in	245,819	245,819	269,819	24,000
Transfers out	-	(8,376)	(32,375)	(23,999)
Total other financing sources (uses)	245,819	237,443	237,444	1
Net changes in fund balances	-	(34,788)	(20,465)	14,323
Fund balances, beginning of year, as restated	76,386	76,386	76,386	-
<b>Fund balances, end of year</b>	<u>\$ 76,386</u>	<u>\$ 41,598</u>	<u>\$ 55,921</u>	<u>\$ 14,323</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Social Welfare Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental - State	\$ 299,000	\$ 299,000	\$ 316,116	\$ 17,116
<b>Expenditures</b>				
Current:				
Health and welfare	<u>300,000</u>	<u>300,000</u>	<u>320,816</u>	<u>20,816</u>
Revenues under expenditures	(1,000)	(1,000)	(4,700)	(3,700)
<b>Other financing sources</b>				
Transfers in	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net change in fund balances	-	-	(3,700)	(3,700)
Fund balances	<u>56,636</u>	<u>56,636</u>	<u>56,636</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 56,636</u></u>	<u><u>\$ 56,636</u></u>	<u><u>\$ 52,936</u></u>	<u><u>\$ (3,700)</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Child Care Probate Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental revenue:				
Federal	\$ 45,000	\$ 45,000	\$ 42,972	\$ (2,028)
State	2,683,873	2,687,143	2,114,476	(572,667)
Charges for services	513,500	513,500	392,977	(120,523)
Other revenue	<u>5,750</u>	<u>5,750</u>	<u>10,505</u>	<u>4,755</u>
 Total revenues	 3,248,123	 3,251,393	 2,560,930	 (690,463)
<b>Expenditures</b>				
Current:				
Health and welfare	<u>5,932,001</u>	<u>5,938,683</u>	<u>4,895,933</u>	<u>(1,042,750)</u>
 Revenues over (under) expenditures	 (2,683,878)	 (2,687,290)	 (2,335,003)	 352,287
<b>Other financing sources</b>				
Transfers in	<u>2,683,878</u>	<u>2,687,148</u>	<u>2,687,148</u>	<u>-</u>
 Net change in fund balances	 -	 (142)	 352,145	 352,287
 Fund balances, beginning of year, as restated	 <u>139,486</u>	 <u>139,486</u>	 <u>139,486</u>	 <u>-</u>
 <b>Fund balances, end of year</b>	 <u><u>\$ 139,486</u></u>	 <u><u>\$ 139,344</u></u>	 <u><u>\$ 491,631</u></u>	 <u><u>\$ 352,287</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Child Care Welfare Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental - State	\$ 1,200	\$ 1,200	\$ 357	\$ (843)
<b>Expenditures</b>				
Current:				
Health and welfare	<u>1,200</u>	<u>1,200</u>	<u>286</u>	<u>(914)</u>
Net change in fund balances	-	-	71	71
Fund balances, beginning of year	<u>2,567</u>	<u>2,567</u>	<u>2,567</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 2,567</u></u>	<u><u>\$ 2,567</u></u>	<u><u>\$ 2,638</u></u>	<u><u>\$ 71</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Veterans' Trust Board Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Intergovernmental - state	\$ 14,000	\$ 14,000	\$ 13,600	\$ (400)
Interest and rentals	-	-	367	367
	<u>14,000</u>	<u>14,000</u>	<u>13,967</u>	<u>(33)</u>
<b>Expenditures</b>				
Current:				
Health and welfare	<u>14,000</u>	<u>14,000</u>	<u>11,542</u>	<u>(2,458)</u>
Net change in fund balances	-	-	2,425	2,425
Fund balances, beginning of year	<u>3,092</u>	<u>3,092</u>	<u>3,092</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 3,092</u></u>	<u><u>\$ 3,092</u></u>	<u><u>\$ 5,517</u></u>	<u><u>\$ 2,425</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**Farmland Preservation Special Revenue Fund**  
**For the Year Ended December 31, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Other revenue	\$ -	\$ -	\$ 1,080	\$ 1,080
<b>Expenditures</b>				
Current:				
Community and economic development	-	400	395	(5)
Revenues over (under) expenditures	-	(400)	685	1,085
<b>Other financing sources</b>				
Transfers in	-	400	-	(400)
Net change in fund balances	-	-	685	685
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 685</u>	<u>\$ 685</u>

## **INTERNAL SERVICE FUNDS**

**COUNTY OF ALLEGAN, MICHIGAN**

**Internal Service Funds**

**Combining Statement of Net Assets**

**December 31, 2007**

	<b>Self- Insurance (6770)</b>	<b>Mental Health Self- Insurance</b>	<b>Mental Health Vacation Reserve</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Cash and pooled investments	\$ 2,625,486	\$ 256,368	\$ 314,801	\$3,196,655
Prepays	<u>480,927</u>	<u>7,565</u>	<u>-</u>	<u>488,492</u>
Total assets (all current)	<u>3,106,413</u>	<u>263,933</u>	<u>314,801</u>	<u>3,685,147</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	394,547	135,318	-	529,865
Compensated absences	<u>-</u>	<u>-</u>	<u>314,801</u>	<u>314,801</u>
Total liabilities (all current)	<u>394,547</u>	<u>135,318</u>	<u>314,801</u>	<u>844,666</u>
<b>Net assets</b>				
Unrestricted	<u>\$ 2,711,866</u>	<u>\$ 128,615</u>	<u>\$ -</u>	<u>\$2,840,481</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2007**

	<u>Self- Insurance (6770)</u>	<u>Mental Health Self- Insurance</u>	<u>Mental Health Vacation Reserve</u>	<u>Total</u>
<b>Operating revenues</b>				
Charges for services	\$ 7,740,016	\$ 1,176,333	\$ -	\$ 8,916,349
<b>Operating expenses</b>				
Insurance expense	<u>6,742,493</u>	<u>1,062,195</u>	<u>-</u>	<u>7,804,688</u>
Operating income	997,523	114,138	-	1,111,661
<b>Nonoperating revenues</b>				
Interest earned on investments	<u>-</u>	<u>8,981</u>	<u>-</u>	<u>8,981</u>
Change in net assets	997,523	123,119	-	1,120,642
Net assets, beginning of year	<u>1,714,343</u>	<u>5,496</u>	<u>-</u>	<u>1,719,839</u>
<b>Net assets, end of year</b>	<u><u>\$ 2,711,866</u></u>	<u><u>\$ 128,615</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,840,481</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**

**Internal Service Funds**

**Combining Statement of Cash Flows**

**For the Year Ended December 31, 2007**

	<u>Self- Insurance (6770)</u>	<u>Mental Health Self- Insurance</u>	<u>Mental Health Vacation Reserve</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Cash received from interfund services provided	\$ 7,833,727	\$ 1,132,106	\$ -	\$ 8,965,833
Cash payments to employees for services	-	-	(6,338)	(6,338)
Cash payments for insurance claims	<u>(6,790,736)</u>	<u>(1,082,910)</u>	-	<u>(7,873,646)</u>
Net cash provided by (used in) operating activities	1,042,991	49,196	(6,338)	1,085,849
<b>Cash flows from investing activities</b>				
Interest income	<u>-</u>	<u>8,981</u>	-	<u>8,981</u>
Net increase (decrease) in cash and pooled investments	1,042,991	58,177	(6,338)	1,094,830
Cash and pooled investments, beginning of year	<u>1,582,495</u>	<u>198,191</u>	<u>321,139</u>	<u>2,101,825</u>
<b>Cash and pooled investments, end of year</b>	<u><u>\$ 2,625,486</u></u>	<u><u>\$ 256,368</u></u>	<u><u>\$ 314,801</u></u>	<u><u>\$ 3,196,655</u></u>
<b>Cash flows from operating activities</b>				
Operating income	\$ 997,523	\$ 114,138	\$ -	\$ 1,111,661
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
(Increase) decrease in:				
Accounts receivable	93,711	-	-	93,711
Due from other funds	-	54,383	-	54,383
Prepays	43,328	15,532	-	58,860
Accounts payable	(91,571)	(36,247)	-	(127,818)
Compensated absences	-	-	(6,338)	(6,338)
Unearned revenue	<u>-</u>	<u>(98,610)</u>	-	<u>(98,610)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 1,042,991</u></u>	<u><u>\$ 49,196</u></u>	<u><u>\$ (6,338)</u></u>	<u><u>\$ 1,085,849</u></u>

## **FIDUCIARY FUNDS**

**COUNTY OF ALLEGAN, MICHIGAN**  
**Agency Funds**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**December 31, 2007**

	<b>Trust and Agency (7010)</b>	<b>Library Penal Fines (7210)</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and pooled investments	<u>\$ 2,010,125</u>	<u>\$ 80</u>	<u>\$ 2,010,205</u>
 <b>Liabilities</b>			
Assets held on behalf of others	<u>\$ 2,010,125</u>	<u>\$ 80</u>	<u>\$ 2,010,205</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended December 31, 2007**

	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2007</u>
<b>Trust and Agency Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 2,836,154	\$ 89,321,625	\$ 90,147,654	\$ 2,010,125
<b>Liabilities</b>				
Assets held on behalf of others	\$ 2,836,154	\$ 143,697,272	\$ 144,523,301	\$ 2,010,125
<b>Library Penal Fines Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 5,871	\$ 641,410	\$ 647,201	\$ 80
<b>Liabilities</b>				
Assets held on behalf of others	\$ 5,871	\$ 693,298	\$ 699,089	\$ 80
<b>Total All Agency Funds</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 2,842,025	\$ 89,963,035	\$ 90,794,855	\$ 2,010,205
<b>Liabilities</b>				
Assets held on behalf of others	\$ 2,842,025	\$ 144,390,570	\$ 145,222,390	\$ 2,010,205

## **TRANSPORTATION FUND SCHEDULES**

**Schedule 1**

**ALLEGAN COUNTY TRANSPORTATION**

**Local Revenues**

**For the Year Ended December 31, 2007**

	<u>1/1/2007 to 9/30/2007</u>	<u>10/1/2007 to 12/31/2007</u>	<u>Total</u>
<b>Non-urban regular service</b>			
Farebox revenues	\$ 51,363	\$ 23,531	\$ 74,894
Contract with Allegan CMH	68,662	21,234	89,896
Contract with Allegan ISD	95,770	23,719	119,489
Contracts with other agencies	55,633	27,788	83,421
County general fund	22,898	10,525	33,423
Sale of capital assets	3,491	-	3,491
Interest income	-	9,597	9,579
Total - non-urban regular service	<u>297,817</u>	<u>116,394</u>	<u>414,193</u>
<b>Job access reverse commute</b>			
Farebox revenues	<u>3,662</u>	<u>1,294</u>	<u>4,956</u>
<b>Specialized services</b>			
Farebox revenues	5,602	1,152	6,754
County general fund	<u>5,352</u>	<u>1,725</u>	<u>7,077</u>
Total - specialized services	<u>10,954</u>	<u>2,877</u>	<u>13,831</u>
<b>Total local revenue</b>	<u><b>\$ 312,433</b></u>	<u><b>\$ 120,565</b></u>	<u><b>\$ 432,980</b></u>

**SCHEDULE 1A**

**ALLEGAN COUNTY TRANSPORTATION**

**Local Revenues**

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

	<b>10/1/2006 to 12/31/2006</b>	<b>1/1/2007 to 9/30/2007</b>	<b>Total</b>
<b>Non-urban - regular service</b>			
Farebox revenues	\$ 9,061	\$ 51,363	\$ 60,424
Contract with Allegan CMH	20,546	68,662	89,208
Contract with Allegan ISD	24,925	95,770	120,695
Contracts with other agencies	23,893	55,633	79,526
County general fund	-	22,898	22,898
Sale of capital assets	-	3,491	3,491
Interest income	10,294	-	10,294
	<u>88,719</u>	<u>297,817</u>	<u>386,536</u>
<b>Total - non-urban regular service</b>			
<b>Job access reverse commute</b>			
Farebox revenues	<u>904</u>	<u>3,662</u>	<u>4,566</u>
<b>Specialized services</b>			
Farebox revenues	1,749	5,602	7,351
County general fund	<u>3,938</u>	<u>5,352</u>	<u>9,290</u>
	<u>5,687</u>	<u>10,954</u>	<u>16,641</u>
<b>Total - specialized services</b>			
	<u>5,687</u>	<u>10,954</u>	<u>16,641</u>
<b>Total local revenue</b>	<b><u>\$ 95,310</u></b>	<b><u>\$ 312,433</u></b>	<b><u>\$ 407,743</u></b>

SCHEDULE 2

ALLEGAN COUNTY TRANSPORTATION  
Expenditures of Federal and State Awards  
For The Year Ended December 31, 2007

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	State Number	Program or Award Amount	Current Year's Expenditures			Prior Year's Expenditures	Award Remaining
				Total	Federal	State		
<u>U.S. Department of Transportation</u>								
Passed through MDOT:								
2007 Operating assistance - Section 5311	20.509	2007-0157/Z3	\$ 106,274	\$ 81,268	\$ 81,268	\$ -	\$ 25,487	closed
2008 Operating assistance - Section 5311	20.509	2007-0157/Z8	135,062	30,307	30,307	-	-	104,755
2007 funds used to reconcile 2006 shortage	20.509		-	(481)	(481)	-	-	-
U.S. DOT Operating Grant - RTAP	20.509		-	3,023	3,023	-	-	-
2007 Job Access Reverse Commute - Section 5316	20.516	2007-0157/Z2	39,950	30,440	30,440	-	9,510	closed
2008 Job Access Reverse Commute - Section 5316	20.516	2007-0157/Z2	41,000	10,250	10,250	-	-	30,750
<u>Michigan Department of Transportation</u>								
Operating assistance - Act 51 (2007)	N/A		245,367	181,074	-	181,074	60,360	closed
Operating assistance - Act 51 (2008)	N/A		263,172	76,290	-	76,290	-	194,697
FY2004 Audit Final Payback	N/A		-	(233)	-	(233)	-	-
2006 Audit Reconciliation	N/A	FY2006	-	(4,742)	-	(4,742)	-	-
Specialized Services 2007	N/A	2007-0157/Z1	106,704	63,639	-	63,639	24,274	closed
Funds passed through to Allegan CMH 2007			-	18,791	-	18,791	-	-
Specialized Services 2008	N/A	2007-0157/Z7	106,704	19,453	-	19,453	-	81,907
Funds pass through to Allegan CMH 2008			-	5,344	-	5,344	-	-
2007 Job Access Reverse Commute - MDOT 50%	N/A	2007-0157/Z2	39,950	30,440	-	30,440	9,510	closed
2008 Job Access Reverse Commute - MDOT 50%	N/A	2007-0157/Z9	41,000	10,250	-	10,250	-	30,750
<b>Total Operating Assistance</b>			<b>\$ 1,125,183</b>	<b>\$ 555,113</b>	<b>\$ 154,807</b>	<b>\$ 400,306</b>	<b>\$ 129,141</b>	<b>\$ 442,859</b>
<u>U.S. Department of Transportation</u>								
Passed through MDOT:								
Capital assistance - Section 5313(b)	20.515	2002-0003/Z6	\$ 27,252	\$ 22,929	\$ 22,929	\$ -	\$ -	\$ 4,323
Capital assistance - Section 5309	20.500	2002-0003/Z16	134,800	40,116	40,116	-	94,684	closed
Capital assistance - Section 5309	20.500	2002-0003/Z17	325,600	92,174	92,174	-	-	110,597
<u>Michigan Department of Transportation</u>								
Capital assistance	N/A	2002-0003/Z6	6,813	5,732	-	5,732	-	1,081
Capital assistance	N/A	2002-0003/Z16	33,700	10,030	-	10,030	23,670	closed
Capital assistance	N/A	2002-0003/Z17	81,400	23,043	-	23,043	-	27,649
<b>Total Capital Assistance</b>			<b>\$ 609,565</b>	<b>\$ 194,024</b>	<b>\$ 155,219</b>	<b>\$ 38,805</b>	<b>\$ 118,354</b>	<b>\$ 143,650</b>

Schedule 2A

**ALLEGAN COUNTY TRANSPORTATION**  
**Federal and State Awards**  
**For the Year Ended December 31, 2007**

	<b>1/1/2007 to 9/30/2007</b>	<b>10/1/2007 to 12/31/2007</b>	<b>Total</b>
<b>Michigan Department of Transportation</b>			
Local bus operating (Act 51)	\$ 181,074	\$ 76,290	\$ 257,364
FY2004 Audit Final Payback	(233)	-	(233)
2006 audit reconciliation	(4,742)	-	(4,742)
<b>Total local bus operating</b>	<b>176,099</b>	<b>76,290</b>	<b>252,389</b>
<b>Job Access Reverse Commute - MDOT 50%</b>			
Contract 2007-0157/Z2	30,440	-	30,440
Contract 2007-0157/Z9	-	10,250	10,250
<b>Specialized Services - Contract 2007-0157/Z1</b>			
Specialized Services - Contract 2007-0157/Z7	63,639	-	63,639
Specialized Services - Contract 2007-0157/Z1	-	19,453	19,453
Specialized Services - Contract 2007-0157/Z1	18,791	-	18,791
Specialized Services - Contract 2007-0157/Z7	-	5,344	5,344
<b>Total Michigan Department of Transportation</b>	<b>288,969</b>	<b>111,337</b>	<b>400,306</b>
<b>Federal Transit Administration</b>			
<b>U.S. DOT Operating Grant - Section 5311</b>			
Contract 2007-0157/Z3	81,268	-	81,268
Contract 2007-0157/Z8	-	30,307	30,307
2007 funds used to reconcile 2006 shortage	(481)	-	(481)
<b>Total DOT operating grant</b>	<b>2,920</b>	<b>103</b>	<b>3,023</b>
<b>Job Access Reverse Commute - U.S. DOT 50%</b>			
Contract 2007-0157/Z2	30,440	-	30,440
Contract 2007-0157/Z9	-	10,250	10,250
<b>Total Federal Transit Administration</b>	<b>114,147</b>	<b>40,660</b>	<b>154,807</b>
<b>Total revenues - state and federal</b>	<b>\$ 403,116</b>	<b>\$ 151,997</b>	<b>\$ 555,113</b>

**Schedule 2B**

**ALLEGAN COUNTY TRANSPORTATION  
Federal and State Awards  
For the Year Ended September 30, 2007**

	<b>10/1/2006 to 12/31/2006</b>	<b>1/1/2007 to 9/30/2007</b>	<b>Total</b>
<b>Michigan Department of Transportation</b>			
Local Bus Operating (Act 51)	\$ 60,360	\$ 181,074	\$ 241,434
2004 Audit Final Payback	-	(233)	(233)
2006 Audit Reconciliation	-	(4,742)	(4,742)
	<hr/>	<hr/>	<hr/>
Total local bus operating	60,360	176,099	236,459
Job Access Reverse Commute - MDOT 50% Contract 2007-0157/Z2	9,510	30,440	39,950
Specialized Services - Contract 2007-0157/Z1	17,889	63,639	81,528
Specialized Services - Contract 2007-0157/Z7	-	-	-
	<hr/>	<hr/>	<hr/>
Total Michigan Department of Transportation	87,759	270,178	357,937
	<hr/>	<hr/>	<hr/>
<b>Federal Transit Administration</b>			
U.S. DOT Operating Grant - Section 5311 Contract 2007-0157/Z3	25,487	81,268	106,755
FY2004 Audit Reconciliation	2,373	-	2,373
U.S. DOT Operating Grant - RTAP	-	2,920	2,920
Job Access Reverse Commute - U.S. DOT 50% Contract 2007-0157/Z2	9,510	30,440	39,950
	<hr/>	<hr/>	<hr/>
Total Federal Transit Administration	37,370	114,628	151,998
	<hr/>	<hr/>	<hr/>
<b>Total revenues - state and federal</b>	<b>\$ 125,129</b>	<b>\$ 384,806</b>	<b>\$ 509,935</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Schedule 3

**ALLEGAN COUNTY TRANSPORTATION**  
**Operating and Contract Expenses**  
**For the Year Ended December 31, 2007**

	<u>Non-urban</u>	<u>Job Access Reverse Commute</u>	<u>Pass-through Specialized Services</u>	<u>Specialized Services</u>	<u>Total</u>
Labor	\$ 439,119	\$ 48,374	\$ -	\$ 56,827	\$ 544,320
Fringe benefits	105,041	11,572	-	13,652	130,265
Services	19,755	2,177	-	2,550	24,482
Materials and supplies	119,950	13,221	-	15,541	148,712
Utilities	14,142	1,557	-	1,817	17,516
Casualty and liability costs	11,297	1,253	-	1,497	14,047
Taxes and fees	786	85	-	100	971
Miscellaneous	4,336	147	-	168	4,651
Leases and rentals	41,758	4,599	-	5,399	51,756
Allegan CMH pass-through	-	-	24,135	-	24,135
<b>Total transit programs</b>	<u>756,184</u>	<u>82,985</u>	<u>24,135</u>	<u>97,551</u>	<u>960,855</u>
Less: ineligible expenses	<u>(6,389)</u>	<u>(103)</u>	<u>-</u>	<u>(133)</u>	<u>(6,625)</u>
<b>Total eligible expenses</b>	<u><b>\$ 749,795</b></u>	<u><b>\$ 82,882</b></u>	<u><b>\$ 24,135</b></u>	<u><b>\$ 97,418</b></u>	<u><b>\$ 954,230</b></u>

Schedule 3A

**ALLEGAN COUNTY TRANSPORTATION**  
**Operating and Contract Expenses**  
**For the Year Ended December 31, 2007**

	Non-urban			Job Access Reverse Commute			Specialized Services		
	1/1/2007 to 9/30/2007	10/1/2007 to 12/31/2007	Total	1/1/2007 to 9/30/2007	10/1/2007 to 12/31/2007	Total	1/1/2007 to 9/30/2007	10/1/2007 to 12/31/2007	Total
Labor	\$ 328,088	\$ 111,031	\$ 439,119	\$ 36,380	\$ 11,994	\$ 48,374	\$ 43,903	\$ 12,924	\$ 56,827
Fringe benefits	77,415	27,626	105,041	8,588	2,984	11,572	10,436	3,216	13,652
Services	13,383	6,372	19,755	1,489	688	2,177	1,808	742	2,550
Materials and supplies	89,065	30,885	119,950	9,885	3,336	13,221	11,946	3,595	15,541
Utilities	9,765	4,377	14,142	1,084	473	1,557	1,307	510	1,817
Casualty and liability costs	9,818	1,479	11,297	1,093	160	1,253	1,325	172	1,497
Taxes and fees	786	-	786	85	-	85	100	-	100
Miscellaneous	3,535	801	4,336	72	75	147	87	81	168
Leases and rentals	30,760	10,998	41,758	3,411	1,188	4,599	4,119	1,280	5,399
Allegan CMH pass-through	-	-	-	-	-	-	18,791	5,344	24,135
<b>Total transit programs</b>	<b>\$ 562,615</b>	<b>\$ 193,569</b>	<b>\$ 756,184</b>	<b>\$ 62,087</b>	<b>\$ 20,898</b>	<b>\$ 82,985</b>	<b>\$ 93,822</b>	<b>\$ 27,864</b>	<b>\$ 121,686</b>

Schedule 3B

**ALLEGAN COUNTY TRANSPORTATION**

**Operating and Contract Expenses  
For the Year Ended September 30, 2007**

	<u>Non-urban</u>			<u>Job Access Reverse Commute</u>			<u>Specialized Services</u>		
	<u>10/1/2006</u> <u>to</u> <u>12/31/2006</u>	<u>1/1/2007</u> <u>to</u> <u>9/30/2007</u>	<u>Total</u>	<u>10/1/2006</u> <u>to</u> <u>12/31/2006</u>	<u>1/1/2007</u> <u>to</u> <u>9/30/2007</u>	<u>Total</u>	<u>10/1/2006</u> <u>to</u> <u>12/31/2006</u>	<u>1/1/2007</u> <u>to</u> <u>9/30/2007</u>	<u>Total</u>
Labor	\$ 91,188	\$ 328,088	\$ 419,276	\$ 10,887	\$ 36,380	\$ 47,267	\$ 13,126	\$ 43,903	\$ 57,029
Fringe benefits	21,165	77,415	98,580	2,527	8,588	11,115	3,047	10,436	13,483
Services	3,456	13,383	16,839	413	1,489	1,902	497	1,808	2,305
Materials and supplies	22,441	89,065	111,506	2,680	9,885	12,565	3,230	11,946	15,176
Utilities	3,047	9,765	12,812	364	1,084	1,448	439	1,307	1,746
Casualty and liability costs	3,887	9,818	13,705	464	1,093	1,557	559	1,325	1,884
Taxes and fees	105	786	891	13	85	98	15	100	115
Miscellaneous	704	3,535	4,239	84	72	156	101	87	188
Leases and rentals	13,299	30,760	44,059	1,588	3,411	4,999	1,915	4,119	6,034
Allegan CMH pass-through	-	-	-	-	-	-	6,264	18,791	25,055
<b>Total transit programs</b>	<b>\$ 159,292</b>	<b>\$ 562,615</b>	<b>\$ 721,907</b>	<b>\$ 19,020</b>	<b>\$ 62,087</b>	<b>\$ 81,107</b>	<b>\$ 29,193</b>	<b>\$ 93,822</b>	<b>\$ 123,015</b>

Schedule 4R (Nonurban)

**ALLEGAN COUNTY TRANSPORTATION**  
**Schedule of Nonurban Regular Service Revenue**  
**For the Year Ended September 30, 2007**

Code	Description	Amount
401 :	Farebox revenue	
40100	Passenger fares	\$ 60,424
40200	Contract fares	289,429
407 :	Non-transportation revenue	
40760	Gains from the sale of capital assets (vehicles)	3,491
409 :	Local revenue	
40910	Local operating assistance (county general fund)	22,898
411 :	State formula and contracts	
41101	State operating assistance	241,434
41113	Capital contract reimbursement for admin expense (vehicle purchase 2% admin 2002-0003/Z17)	323
413 :	Federal contracts	
41301	Federal section 5311 (operating funds only) (17% of budgeted)	106,274
41313	Capital contract reimbursement for admin expense (vehicle purchase 2% admin 2002-0003/Z17)	1,294
41398	RTAP	2,920
41400	Interest income	10,294
	Total revenues	<u>\$ 738,781</u>

**Schedule 4E (Nonurban)**

**ALLEGAN COUNTY TRANSPORTATION**  
**Schedule of Nonurban Regular Service Expense**  
**For the Year Ended September 30, 2007**

<b>Code</b>	<b>Description</b>	<b>Operations</b>	<b>Maintenance</b>	<b>Gen. Admin.</b>	<b>Total</b>
501 :	Labor				
50101	Operators' salaries and wages	\$ 251,863	\$ -	\$ -	\$ 251,863
50102	Other salaries and wages	7,150	41,149	77,610	125,909
50103	Dispatchers' salaries and wages	41,504	-	-	41,504
502 :	Fringe benefits				
50200	Other fringe benefits	60,087	8,234	30,259	98,580
503 :	Services				
50302	Advertising fees	-	-	1,933	1,933
50305	Audit costs	-	-	316	316
50399	Other services		4,059	10,531	14,590
504 :	Materials and supplies				
50401	Fuel and lubricants	68,557	16,356	-	84,913
50402	Tires and tubes	3,780	-	-	3,780
50499	Other materials and supplies	13,804	1,679	7,330	22,813
505 :	Utilities				
50500	Utilities	-	-	12,812	12,812
506 :	Insurance				
50603	Liability insurance	10,712	2,035	-	12,747
50699	Other insurance	-	-	958	958
507 :	Taxes and fees				
50700	Taxes and fees	891	-	-	891
509 :	Miscellaneous expense				
50902	Travel, meetings and training	-	-	3,434	3,434
50903	Association dues and subscriptions	-	-	805	805
512 :	Operating leases and rentals				
51200	Operating leases and rentals	15,633	-	28,426	44,059
550 :	Ineligible expenses				
55008	Other ineligible expenses	-	-	(919)	(919)
55009	Ineligible percentage of association dues (7.05% of \$700 MPTA)	-	-	(49)	(49)
574 :	Ineligible expenses				
57402	Ineligible RTAP	-	-	(2,920)	(2,920)
576 :	Ineligible expenses				
57603	Ineligible admin expense paid by capital contract (vehicle purchase 2% admin 2002-0003/z17)	-	-	(1,617)	(1,617)
	<b>Total expenses</b>	<b>\$ 473,981</b>	<b>\$ 73,512</b>	<b>\$ 168,909</b>	<b>\$ 716,402</b>

Schedule 4N (Nonurban)

**ALLEGAN COUNTY TRANSPORTATION**  
**Schedule of Nonurban Regular Service Nonfinancial Data (Unaudited)**  
**Public Service**  
**For the Year Ended September 30, 2007**

<b>Code</b>	<b>Description</b>	<b>Weekday</b>	<b>Saturday</b>	<b>Sunday</b>	<b>Total</b>
610	Vehicle hours	14,770	1	-	14,771
611	Vehicle miles	347,283	17	-	347,300
615	Passengers - regular	15,047	14	-	15,061
616	Passengers - elderly	1,694	-	-	1,694
617	Passengers - persons w/ disabilities	11,603	-	-	11,603
618	Passengers - elderly persons w/ disabilities	673	-	-	673
622	Total demand-response passengers	29,017	14	-	29,031
625	Days operated	255	1	-	256
	<b>Total passengers</b>				<b>29,031</b>
 <u>Vehicle Information</u>					
655	Total demand-response vehicles				18
656	Demand-response vehicle w/ lifts				14
658	Total transit vehicles				18
	<b>Total vehicles</b>				<b>18</b>
 <u>Miscellaneous Information</u>					
660	Diesel/gasoline gallons consumed				35,524
661	Total transit agency employees (FT equivalents)				18
662	Total revenue vehicle operators (FT equivalents)				13
663	Number of accidents				6

Schedule 4N (Specialized Services)

**ALLEGAN COUNTY TRANSPORTATION**  
**Schedule of Nonurban Regular Service Nonfinancial Data (Unaudited)**  
**Public Service**  
**For the Year Ended September 30, 2007**

<b>Code</b>	<b>Description</b>	<b>Agency</b>	<b>Volunteer</b>	<b>Total</b>
611	Vehicle miles	67,960	-	67,960
615	Passengers - regular	56	-	56
616	Passengers - elderly	4,423	-	4,423
617	Passengers - persons w/ disabilities	1,414	-	1,414
618	Passengers - elderly persons w/ disabilities	479	-	479
	<b>Total passengers</b>			<b>6,372</b>
<u>Vehicle Information</u>				
655	Total demand-response vehicles			18
656	Demand-response vehicle w/ lifts			14
658	Total transit vehicles			54
	<b>Total vehicles</b>			<b>18</b>

Schedule 4R (JARC)

**ALLEGAN COUNTY TRANSPORTATION**  
**Schedule of Job Access Reverse Commute Service Revenue**  
**For the Year Ended September 30, 2007**

<b>Code</b>	<b>Description</b>	<b>Amount</b>
401 :	Farebox revenue	
40100	Passenger fares	\$ 4,566
411 :	State formula and contracts	
41199	Other state contracts and reimbursements	<u>79,900</u>
	Total revenues	<u><u>\$ 84,466</u></u>

**Schedule 4E (JARC)**

**ALLEGAN COUNTY TRANSPORTATION**  
**Schedule of Job Access Reverse Commute Service Expenses**  
**For the Year Ended September 30, 2007**

<b>Code</b>	<b>Description</b>	<b>Operations</b>	<b>Maintenance</b>	<b>Gen. Admin.</b>	<b>Total</b>
501 :	Labor				
50101	Operators' salaries and wages	\$ 28,359	\$ -	\$ -	\$ 28,359
50102	Other salaries and wages	806	4,636	8,790	14,232
50103	Dispatchers' salaries and wages	4,676	-	-	4,676
502 :	Fringe benefits				
50200	Other fringe benefits	6,758	926	3,431	11,115
503 :	Services				
50302	Advertising fees	-	-	219	219
50399	Other services	-	459	1,224	1,683
504 :	Materials and supplies				
50401	Fuel and lubricants	2,834	33	6,708	9,575
50402	Tires and tubes	436	-	-	436
50499	Other materials and supplies	1,545	189	820	2,554
505 :	Utilities				
50500	Utilities	-	-	1,448	1,448
506 :	Insurance				
50603	Liability insurance	1,223	231	-	1,454
50699	Other insurance	-	-	103	103
507 :	Taxes and fees				
50700	Taxes and fees	98	-	-	98
509 :	Miscellaneous expense				
50902	Travel, meetings and training	-	-	62	62
50903	Association dues and subscriptions	-	-	94	94
512 :	Operating leases and rentals				
51200	Operating leases and rentals	1,765	-	3,234	4,999
550 :	Ineligible expenses				
55008	Other ineligible expenses	-	-	(103)	(103)
	<b>Total expenses</b>	<b>\$ 48,500</b>	<b>\$ 6,474</b>	<b>\$ 26,030</b>	<b>\$ 81,004</b>

Schedule 4N (Specialized Services)

**ALLEGAN COUNTY TRANSPORTATION**  
**Schedule of Job Access Reverse Commute Nonfinancial Data (Unaudited)**  
**Public Service**  
**For the Year Ended September 30, 2007**

<b>Code</b>	<b>Description</b>	<b>Weekday</b>	<b>Saturday</b>	<b>Sunday</b>	<b>Total</b>
610 :	Vehicle hours	1,664			1,664
611 :	Vehicle miles	54,390			54,390
615 :	Passengers - regular	2,490			2,490
617 :	Passengers - persons w/ disabilities	2,076			2,076
622 :	Total demand-response passengers	4,566			4,566
625 :	Days operated	255			255
	<b>Total passengers</b>				<b>4,566</b>
<u>Vehicle Information</u>					
655 :	Total demand-response vehicles				18
656 :	Demand-response vehicle w/ lifts				14
658 :	Total transit vehicles				36
	<b>Total vehicles</b>				<b>18</b>
<u>Miscellaneous Information</u>					
660	Diesel/gasoline gallons consumed				6,799
661	Total transit agency employees (FT equivalents)				16
662	Total revenue vehicle operators (FT equivalents)				10
663	Number of accidents				4

Schedule 5

**ALLEGAN COUNTY TRANSPORTATION**  
**Operating Assistance Calculation**  
**Year Ended September 30, 2007**

	<u>Nonurban</u>
Total expenses	\$ 756,184
Less ineligible expenses:	
Other ineligible	(919)
RTAP	(2,920)
Association dues	(49)
Capital admin fees	<u>(1,617)</u>
Total ineligible expenses	<u>(5,505)</u>
Total state eligible expenses	<u>750,679</u>
Eligible expenses for state reimbursement	750,679
x Reimbursement percentage	<u>38.62%</u>
<b>State operating assistance</b>	<b><u><u>\$ 289,912</u></u></b>
State operating assistance received	<u>\$ 241,434</u>
Amount due from state	<u><u>\$ 48,478</u></u>
Total federal eligible expenses	\$ 750,679
Less additional federal expenses ineligible per A-87	
Audit costs	<u>(316)</u>
Eligible expenses for federal reimbursement	750,363
x Reimbursement percentage	<u>17.00%</u>
<b>Federal operating assistance</b>	<b><u><u>\$ 127,562</u></u></b>
Federal operating assistance received	<u>\$ 106,274</u>
Amount due from federal	<u><u>\$ 21,288</u></u>

**Non Financial Data Summary**

**ALLEGAN COUNTY TRANSPORTATION**

**Mileage / Hourly Data (Unaudited)**

**Year Ended December 31, 2007**

		<b>Nonurban Transportation Mileage</b>	<b>JARC Transportation Mileage</b>	<b>Specialized Services Transportation Mileage</b>	<b>Total Transportation Mileage</b>
<b>County</b>					
First Quarter	1/07 - 3/07	103,149	15,630	17,098	135,877
Second Quarter	4/07 - 6/07	90,534	13,130	17,599	121,263
Third Quarter	7/07 - 9/07	81,081	12,500	18,355	111,936
Fourth Quarter	10/07 - 12/07	95,970	13,080	16,211	125,261
Total Operation		370,734	54,340	69,263	494,337
<b>County</b>		<b>Hours</b>	<b>Hours</b>	<b>Hours</b>	<b>Hours</b>
First Quarter	1/07 - 3/07	4,206	450	510	5,166
Second Quarter	4/07 - 6/07	3,738	425	511	4,674
Third Quarter	7/07 - 9/07	3,657	410	527	4,594
Fourth Quarter	10/07 - 12/07	4,036	436	469	4,941
Total Operation		15,637	1,721	2,017	19,375

The methodology used for compiling mileage and hours has been reviewed and found to be an adequate and reliable method for recording vehicle mileage and hours of service.

## **COMPONENT UNITS**

**DRAIN/DPW COMPONENT UNIT**

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007**

	<u>Debt Service</u>			<u>Capital Projects</u>
	<u>General Funds Drain (8010)</u>	<u>Water No. 7 Casco/ South Haven (3658 and 3667)</u>	<u>Fillmore Water And Sewer No. 8 (3668)</u>	<u>Bear Swamp (8129)</u>
<b>Assets</b>				
Cash and pooled investments	\$ 1,186,293	\$ 5	\$ 3,348	\$ 1,232,060
Receivables:				
Accounts	7,390	-	-	-
Due from other governments	-	-	-	25,119
Accrued interest	-	-	-	7,200
Special assessments	3,274,881	-	-	-
Leases	-	2,599,995	3,434,320	-
Due from other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 4,468,564</u>	<u>\$ 2,600,000</u>	<u>\$ 3,437,668</u>	<u>\$ 1,264,379</u>
<b>Liabilities</b>				
Accounts payable	\$ 6,265	\$ -	\$ -	\$ 30,117
Due to other funds	96,338	-	-	-
Advance from primary government	-	-	-	-
Notes payable	80,966	-	-	-
Deferred revenue	3,274,881	2,599,995	3,434,320	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	3,458,450	2,599,995	3,434,320	30,117
<b>Fund balances</b>				
Unreserved, reported in nonmajor debt service funds	-	-	-	-
Unreserved, reported in nonmajor capital projects funds	-	-	-	-
Unreserved	1,010,114	5	3,348	1,234,262
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	1,010,114	5	3,348	1,234,262
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 4,468,564</u>	<u>\$ 2,600,000</u>	<u>\$ 3,437,668</u>	<u>\$ 1,264,379</u>

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 428,371	\$ 2,850,077
160	7,550
-	25,119
-	7,200
-	3,274,881
7,180,503	13,214,818
96,338	96,338
<u>\$ 7,705,372</u>	<u>\$ 19,475,983</u>

\$ 161	\$ 36,543
-	96,338
180,000	180,000
-	80,966
<u>7,180,503</u>	<u>16,489,699</u>
7,360,664	16,883,546
235,870	235,870
108,838	108,838
-	2,247,729
<u>344,708</u>	<u>2,592,437</u>
<u>\$ 7,705,372</u>	<u>\$ 19,475,983</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Reconciliation of Fund Balances on the Balance Sheet**  
**for Governmental Funds to Net Assets of**  
**Governmental Activities on the Statement of Net Assets**  
**December 31, 2007**

Fund balances - total governmental funds \$ 2,592,437

Amounts reported for governmental activities in the statement of net assets are different because:

Agreements with local governments for the payment of principal and interest on debt utilized to finance water and sewer system constructed for the local units (treated as a capital lease).

Add - accrued interest on lease agreements	147,697
Add - receivable from local governments deferred for the fund statements	13,214,818
Add - special assessments deferred in the fund statements	3,274,881

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets not being depreciated	853,800
Add - capital assets being depreciated, net	3,310,746

An internal service fund is used by management to charge the costs of certain equipment usage and self-insurance to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service fund	85,630
----------------------------------------------------------------------------------------	--------

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds payable	(16,482,985)
Deduct - accrued interest on bonds payable	(154,412)

Net assets of governmental activities	<u><u>\$ 6,842,612</u></u>
---------------------------------------	----------------------------

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2007**

	General Funds Drain (8010)	Debt Service		Capital Projects
		Water No. 7 Casco/ South Haven (3658 and 3667)	Fillmore Water And Sewer No. 8 (3668)	Bear Swamp (8129)
<b>Revenues</b>				
Special assessments	\$ 703,768		\$ -	\$ -
Intergovernmental revenue:				
State	-	-	-	66,872
Other local units	-	405,295	165,663	588,943
Interest earned	37,641	118	1,220	23,760
Other revenue	143,730	-	-	-
<b>Total revenues</b>	<b>885,139</b>	<b>405,413</b>	<b>166,883</b>	<b>679,575</b>
<b>Expenditures</b>				
Debt service:				
Principal	1,634,186	320,000	50,000	-
Interest and fiscal charges	59,745	93,113	139,763	-
Capital outlay	697,462	-	-	418,589
<b>Total expenditures</b>	<b>2,391,393</b>	<b>413,113</b>	<b>189,763</b>	<b>418,589</b>
Revenues over (under) expenditures	(1,506,254)	(7,700)	(22,880)	260,986
<b>Other financing sources (uses)</b>				
Issuance of long-term debt	268,497	-	-	2,520,789
Transfers in	1,684,809	4,866	-	-
Transfers (out)	(330,772)	(4,463)	-	(1,547,513)
<b>Total other financing sources (uses)</b>	<b>1,622,534</b>	<b>403</b>	<b>-</b>	<b>973,276</b>
Change in fund balances	116,280	(7,297)	(22,880)	1,234,262
Fund balances, beginning of year	893,834	7,302	26,228	-
<b>Fund balances, end of year</b>	<b>\$ 1,010,114</b>	<b>\$ 5</b>	<b>\$ 3,348</b>	<b>\$ 1,234,262</b>

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,663	\$ 708,431
27,316	94,188
852,689	2,012,590
24,260	86,999
-	143,730
908,928	3,045,938
770,431	2,774,617
363,263	655,884
196,657	1,312,708
1,330,351	4,743,209
(421,423)	(1,697,271)
59,211	2,848,497
330,772	2,020,447
(137,699)	(2,020,447)
252,284	2,848,497
(169,139)	1,151,226
513,847	1,441,211
\$ 344,708	\$ 2,592,437

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Change in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2007**

Net change in fund balances - total governmental funds \$ 1,151,226

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 and reported as depreciation expense.

Deduct - depreciation expense (73,792)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities 2,774,617  
Deduct - issuance of long-term debt (2,848,497)

An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenue (expense) of the fund attributable to those funds is reported with governmental activities.

Add - net operating income from governmental activities in internal service fund 58,197

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in deferred long-term receivables 1,880,545  
Add - decrease in accrued interest payable 9,835

Change in net assets of governmental activities \$ 2,952,131

**ALLEGAN COUNTY**  
**Drain/DPW Component Unit**  
**Statement of Fund Net Assets**  
**Internal Service Fund**  
**December 31, 2007**

	<b>Drain Equipment (6390)</b>
<b>Assets</b>	
Current assets:	
Cash and pooled investments	\$ 78,885
Accounts receivable	<u>10,230</u>
Total assets	<u>89,115</u>
 <b>Liabilities</b>	
Current liabilities:	
Accounts payable	2,147
Accrued liabilities	<u>1,338</u>
Total liabilities (all current)	<u>3,485</u>
 <b>Net assets</b>	
Unrestricted	<u><u>\$ 85,630</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Statement of Revenues, Expenses**  
**and Changes in Net Assets**  
**Internal Service Fund**  
**For the Year Ended December 31, 2007**

	<b>Drain Equipment (6390)</b>
<b>Operating revenues</b>	
Charges for services	\$ 157,676
<b>Operating expenses</b>	
Administrative	<u>99,479</u>
Change in net assets	58,197
Net assets, beginning of year	<u>27,433</u>
<b>Net assets, end of year</b>	<u><u>\$ 85,630</u></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Statement of Cash Flows**  
**Internal Service Fund**  
**For the Year Ended December 31, 2007**

	<b>Drain Equipment (6390)</b>
<b>Cash flows from operating activities</b>	
Cash received from interfund charges	\$ 147,446
Cash payments to suppliers for goods and services	(31,117)
Cash payments to employees for services	(69,240)
	47,089
Net cash provided by operating activities	47,089
Cash and pooled investments, beginning of year	31,796
	31,796
<b>Cash and pooled investments, end of year</b>	<b>\$ 78,885</b>
<b>Cash flows from operating activities</b>	
Operating income	\$ 58,197
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	(10,230)
Accounts payable	(962)
Accrued liabilities	84
	84
Net cash provided by operating activities	<b>\$ 47,089</b>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2007**

**Debt Service**

	<b>Fillmore Township Sewage (3645)</b>	<b>Sewer Wayland (3646)</b>	<b>Wastewater Casco/ South Haven (3651)</b>	<b>Sewer No. 15 Wayland (3652)</b>	<b>Sewer No. 12 Allegan Township (3653)</b>	<b>Sewer No. 13 Saugatuck (3654)</b>
<b>Assets</b>						
Cash and pooled investments	\$ 1,112	\$ 888	\$ -	\$ 890	\$ 997	\$ 791
Receivables:						
Accounts	-	-	-	-	-	-
Leases	923,888	1,274,112	-	1,224,110	199,003	449,209
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 925,000</b>	<b>\$ 1,275,000</b>	<b>\$ -</b>	<b>\$ 1,225,000</b>	<b>\$ 200,000</b>	<b>\$ 450,000</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advance from primary government	-	-	-	-	-	-
Deferred revenue	923,888	1,274,112	-	1,224,110	199,003	449,209
<b>Total liabilities</b>	<b>923,888</b>	<b>1,274,112</b>	<b>-</b>	<b>1,224,110</b>	<b>199,003</b>	<b>449,209</b>
<b>Fund balances</b>						
Unreserved	1,112	888	-	890	997	791
<b>Total liabilities and fund balances</b>	<b>\$ 925,000</b>	<b>\$ 1,275,000</b>	<b>\$ -</b>	<b>\$ 1,225,000</b>	<b>\$ 200,000</b>	<b>\$ 450,000</b>

**Debt Service**

Sewer No. 5 Saugatuck (3655)	Sewer Dorr/Leighton (3656)	Water & Sewer No. 3 Otsego Township (3657 and 3666)	Otsego Water And Sewer (3664)	Martin Village (3665)	Otsego Water And Sewer Refunding (3669)	Chapter 20 Debt - 1 Gunplain (8212)	Bear Swamp (8229)	Glennshore Drain (8262)
\$ -	\$ 1,624	\$ 4,028	\$ 1,230	\$ 895	\$ 1,220	\$ -	\$ 125,979	\$ -
-	-	-	-	-	-	-	-	-
-	-	510,972	123,770	1,216,085	963,780	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,624</u>	<u>\$ 515,000</u>	<u>\$ 125,000</u>	<u>\$ 1,216,980</u>	<u>\$ 965,000</u>	<u>\$ -</u>	<u>\$ 125,979</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	510,972	123,770	1,216,085	963,780	-	-	-
-	-	510,972	123,770	1,216,085	963,780	-	-	-
-	1,624	4,028	1,230	895	1,220	-	125,979	-
<u>\$ -</u>	<u>\$ 1,624</u>	<u>\$ 515,000</u>	<u>\$ 125,000</u>	<u>\$ 1,216,980</u>	<u>\$ 965,000</u>	<u>\$ -</u>	<u>\$ 125,979</u>	<u>\$ -</u>

(Continued)

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Concluded)**  
**December 31, 2007**

	<u>Debt Service</u>					<u>Capital Projects</u>
	<u>McConnell Drain (8272)</u>	<u>Gudith Drain (8282)</u>	<u>Kuipers Drain (8292)</u>	<u>Sunset Shores (8302)</u>	<u>Nelson Gilkey (8312)</u>	<u>Otsego Water And Sewer Construction (4664)</u>
<b>Assets</b>						
Cash and pooled investments	\$ 49,426	\$ 32,618	\$ 4,022	\$ 1,051	\$ 9,099	\$ -
Receivables:						
Accounts	-	-	-	-	-	-
Leases	295,574	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
 Total assets	 <u>\$ 345,000</u>	 <u>\$ 32,618</u>	 <u>\$ 4,022</u>	 <u>\$ 1,051</u>	 <u>\$ 9,099</u>	 <u>\$ -</u>
 <b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advance from primary government	-	-	-	-	-	-
Deferred revenue	295,574	-	-	-	-	-
 Total liabilities	 295,574	 -	 -	 -	 -	 -
 <b>Fund balances</b>						
Unreserved	49,426	32,618	4,022	1,051	9,099	-
 Total liabilities and fund balances	 <u>\$ 345,000</u>	 <u>\$ 32,618</u>	 <u>\$ 4,022</u>	 <u>\$ 1,051</u>	 <u>\$ 9,099</u>	 <u>\$ -</u>

**Capital Projects**

<b>Martin Village Water No. 8 (4665)</b>	<b>Fillmore Township (4668)</b>	<b>Revolving Drain (6010)</b>	<b>Byron/Dorr Construction (8213)</b>	<b>McConnell Drain (8271)</b>	<b>Gudith Drain (8281)</b>	<b>Sunset Shores (8301)</b>	<b>Nelson Gilkey (8311)</b>	<b>Total</b>
\$ 6,506	\$ 102,332	\$ 83,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,371
-	-	160	-	-	-	-	-	160
-	-	-	-	-	-	-	-	7,180,503
-	-	96,338	-	-	-	-	-	96,338
<u>\$ 6,506</u>	<u>\$ 102,332</u>	<u>\$ 180,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,705,372</u>
\$ -	\$ -	\$ 161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161
-	-	180,000	-	-	-	-	-	180,000
-	-	-	-	-	-	-	-	7,180,503
-	-	180,161	-	-	-	-	-	7,360,664
<u>6,506</u>	<u>102,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,708</u>
<u>\$ 6,506</u>	<u>\$ 102,332</u>	<u>\$ 180,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,705,372</u>

(Concluded)

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2007**

**Debt Service**

	<b>Fillmore Township Sewage (3645)</b>	<b>Sewer Wayland (3646)</b>	<b>Wastewater Casco/ South Haven (3651)</b>	<b>Sewer No. 15 Wayland (3652)</b>	<b>Sewer No. 12 Allegan Township (3653)</b>	<b>Sewer No. 13 Saugatuck (3654)</b>
<b>Revenues</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:						
State	-	-	-	-	-	-
Other local units	118,750	117,450	-	129,738	63,700	77,113
Interest earned	210	72	-	77	443	439
Total revenues	<u>118,960</u>	<u>117,522</u>	<u>-</u>	<u>129,815</u>	<u>64,143</u>	<u>77,552</u>
<b>Expenditures</b>						
Debt service:						
Principal	75,000	50,000	-	75,000	50,000	50,000
Interest and fiscal charges	44,250	67,300	-	54,788	13,700	27,413
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>119,250</u>	<u>117,300</u>	<u>-</u>	<u>129,788</u>	<u>63,700</u>	<u>77,413</u>
Revenues over (under) expenditures	<u>(290)</u>	<u>222</u>	<u>-</u>	<u>27</u>	<u>443</u>	<u>139</u>
<b>Other financing sources (uses)</b>						
Issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(403)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(403)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(290)	222	(403)	27	443	139
Fund balances, beginning of year	<u>1,402</u>	<u>666</u>	<u>403</u>	<u>863</u>	<u>554</u>	<u>652</u>
<b>Fund balances, end of year</b>	<u>\$ 1,112</u>	<u>\$ 888</u>	<u>\$ -</u>	<u>\$ 890</u>	<u>\$ 997</u>	<u>\$ 791</u>

**Debt Service**

Sewer No. 5 Saugatuck (3655)	Sewer Dorr/Leighton (3656)	Water & Sewer No. 3 Otsego Township (3657 and 3666)	Otsego Water And Sewer (3664)	Martin Village (3665)	Otsego Water and Sewer Refunding (3669)	Chapter 20 Debt - 1 Gunplain (8212)	Bear Swamp (8229)	Glenshore Drain (8262)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	75,698	57,209	106,644	40,330	-	66,057	-
-	114	805	436	296	337	-	711	(738)
-	114	76,503	57,645	106,940	40,667	-	66,768	(738)
-	-	60,000	50,000	48,580	-	-	-	-
979	-	20,173	8,176	60,065	41,030	-	-	-
-	-	-	-	-	-	-	-	-
979	-	80,173	58,176	108,645	41,030	-	-	-
(979)	114	(3,670)	(531)	(1,705)	(363)	-	66,768	(738)
-	-	-	-	-	-	-	59,211	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(10,855)
-	-	-	-	-	-	-	59,211	(10,855)
(979)	114	(3,670)	(531)	(1,705)	(363)	-	125,979	(11,593)
979	1,510	7,698	1,761	2,600	1,583	-	-	11,593
\$ -	\$ 1,624	\$ 4,028	\$ 1,230	\$ 895	\$ 1,220	\$ -	\$ 125,979	\$ -

(Continued)

**COUNTY OF ALLEGAN, MICHIGAN**  
**Drain/DPW Component Unit**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Concluded)**  
**For the Year Ended December 31, 2006**

	<b>Debt Service</b>					<b>Capital Projects</b>
	<b>McConnell Drain (8272)</b>	<b>Gudith Drain (8282)</b>	<b>Kuipers Drain (8292)</b>	<b>Sunset Shores (8302)</b>	<b>Nelson Gilkey (8312)</b>	<b>Otsego Water And Sewer Construction (4664)</b>
<b>Revenues</b>						
Special assessments	\$ 4,513	\$ -	\$ -	\$ 150	\$ -	\$ -
Intergovernmental revenue:						
State	-	-	-	-	-	-
Other local units	-	-	-	-	-	-
Interest earned	3,711	2,277	281	-	635	-
Total revenues	<u>8,224</u>	<u>2,277</u>	<u>281</u>	<u>150</u>	<u>635</u>	<u>-</u>
<b>Expenditures</b>						
Debt service:						
Principal	85,000	60,000	29,600	94,826	42,425	-
Interest and fiscal charges	14,800	3,599	1,770	2,123	3,097	-
Capital outlay	-	-	-	-	-	109
Total expenditures	<u>99,800</u>	<u>63,599</u>	<u>31,370</u>	<u>96,949</u>	<u>45,522</u>	<u>109</u>
Revenues over (under) expenditures	<u>(91,576)</u>	<u>(61,322)</u>	<u>(31,089)</u>	<u>(96,799)</u>	<u>(44,887)</u>	<u>(109)</u>
<b>Other financing sources (uses)</b>						
Issuance of long-term debt	-	-	-	-	-	-
Transfers in	93,330	63,600	31,370	96,950	45,522	-
Transfers (out)	-	-	-	(13,236)	-	-
Total other financing sources (uses)	<u>93,330</u>	<u>63,600</u>	<u>31,370</u>	<u>83,714</u>	<u>45,522</u>	<u>-</u>
Net changes in fund balances	1,754	2,278	281	(13,085)	635	(109)
Fund balances, beginning of year	<u>47,672</u>	<u>30,340</u>	<u>3,741</u>	<u>14,136</u>	<u>8,464</u>	<u>109</u>
<b>Fund balances, end of year</b>	<u>\$ 49,426</u>	<u>\$ 32,618</u>	<u>\$ 4,022</u>	<u>\$ 1,051</u>	<u>\$ 9,099</u>	<u>\$ -</u>

**Capital Projects**

<b>Martin Village Water No. 8 (4665)</b>	<b>Fillmore Township (4668)</b>	<b>Revolving Drain (6010)</b>	<b>Byron/Dorr Construction (8213)</b>	<b>McConnell Drain (8271)</b>	<b>Gudith Drain (8281)</b>	<b>Sunset Shores (8301)</b>	<b>Nelson Gilkey (8311)</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,663
27,316	-	-	-	-	-	-	-	27,316
-	-	-	-	-	-	-	-	852,689
-	14,154	-	-	-	-	-	-	24,260
<u>27,316</u>	<u>14,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>908,928</u>
-	-	-	-	-	-	-	-	770,431
-	-	-	-	-	-	-	-	363,263
<u>21,537</u>	<u>175,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,657</u>
<u>21,537</u>	<u>175,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,330,351</u>
<u>5,779</u>	<u>(160,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(421,423)</u>
-	-	-	-	-	-	-	-	59,211
-	-	-	-	-	-	-	-	330,772
-	-	-	(1,822)	-	(40,044)	-	(71,339)	(137,699)
-	-	-	(1,822)	-	(40,044)	-	(71,339)	252,284
5,779	(160,857)	-	(1,822)	-	(40,044)	-	(71,339)	(169,139)
<u>727</u>	<u>263,189</u>	<u>-</u>	<u>1,822</u>	<u>-</u>	<u>40,044</u>	<u>-</u>	<u>71,339</u>	<u>513,847</u>
<u>\$ 6,506</u>	<u>\$ 102,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,708</u>

(Concluded)

## **STATISTICAL SECTION**

**COUNTY OF ALLEGAN, MICHIGAN**  
**Net Assets By Component**  
**Last Seven Years**

	<b>Fiscal Year</b>						
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 15,678,499	\$ 17,259,699	\$ 17,849,670	\$ 16,648,976	\$ 14,859,243	\$ 12,390,103	\$ 12,151,565
Restricted	26,335,267	29,829,647	19,442,872	13,077,111	8,406,904	7,998,739	5,293,177
Unrestricted	12,796,204	5,157,395	9,655,101	9,157,618	8,542,217	9,480,950	10,087,589
Total governmental activities net assets	<u>\$ 54,809,970</u>	<u>\$ 52,246,741</u>	<u>\$ 46,947,643</u>	<u>\$ 38,883,705</u>	<u>\$ 31,808,364</u>	<u>\$ 29,869,792</u>	<u>\$ 27,532,331</u>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 5,900	\$ 5,900	\$ 5,900
Unrestricted	17,557,915	16,848,100	16,976,408	17,003,822	17,166,324	17,374,065	16,822,780
Total business-type activities net assets	<u>\$ 17,557,915</u>	<u>\$ 16,848,100</u>	<u>\$ 16,976,408</u>	<u>\$ 17,003,822</u>	<u>\$ 17,172,224</u>	<u>\$ 17,379,965</u>	<u>\$ 16,828,680</u>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 15,678,499	\$ 17,259,699	\$ 17,849,670	\$ 16,648,976	\$ 14,865,143	\$ 12,396,003	\$ 12,157,465
Restricted	26,335,267	29,829,647	19,442,872	13,077,111	8,406,904	7,998,739	5,293,177
Unrestricted	30,354,119	22,005,495	26,631,509	26,161,440	25,708,541	26,855,015	26,910,369
Total primary government net assets	<u>\$ 72,367,885</u>	<u>\$ 69,094,841</u>	<u>\$ 63,924,051</u>	<u>\$ 55,887,527</u>	<u>\$ 48,980,588</u>	<u>\$ 47,249,757</u>	<u>\$ 44,361,011</u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Changes in Nets Assets**  
**Last Seven Years**

	Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001
<b>Expenses</b>							
Governmental activities:							
Legislative	\$ 443,855	\$ 550,747	\$ 459,332	\$ 387,025	\$ 515,679	\$ 526,990	\$ 509,739
Judicial	4,643,641	4,683,694	4,764,584	4,799,771	4,719,598	4,342,898	4,208,988
General government	10,262,286	9,481,375	9,866,595	9,515,668	9,451,800	9,314,221	7,722,224
Public safety	11,957,908	12,184,395	12,400,966	11,451,528	10,680,996	9,965,442	9,639,850
Public works	226,862	230,284	258,728	238,545	272,410	272,168	306,843
Health and welfare	33,952,980	33,587,858	32,360,872	33,020,021	30,989,236	29,170,529	28,473,474
Recreation and cultural	381,720	426,829	1,031,580	400,780	531,380	979,733	559,517
Community and economic development	395	-	-	-	-	-	-
Interest on long-term debt	400,017	435,474	484,070	581,857	903,246	874,872	375,708
Total governmental activities expenses	<u>62,269,664</u>	<u>61,580,656</u>	<u>61,626,727</u>	<u>60,395,195</u>	<u>58,064,345</u>	<u>55,446,853</u>	<u>51,796,343</u>
Business-type activities expenses:							
Delinquent tax collections/forfeitures	163,073	166,803	133,837	44,763	35,480	64,319	124,413
Information technology	-	-	-	16,804	19,189	27,742	33,386
Assessing / mapping activities	-	-	-	5,900	2,503	21,028	23,278
Total business-type activities	<u>163,073</u>	<u>166,803</u>	<u>133,837</u>	<u>67,467</u>	<u>57,172</u>	<u>113,089</u>	<u>181,077</u>
Total primary government expenses	<u>\$ 62,432,737</u>	<u>\$ 61,747,459</u>	<u>\$ 61,760,564</u>	<u>\$ 60,462,662</u>	<u>\$ 58,121,517</u>	<u>\$ 55,559,942</u>	<u>\$ 51,977,420</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
Judicial	\$ 2,205,651	\$ 2,595,796	\$ 2,353,909	\$ 2,271,577	\$ 2,223,087	\$ 1,885,254	\$ 1,888,613
General government	2,700,652	3,209,086	2,969,759	2,755,450	3,090,718	2,173,861	1,895,575
Public safety	1,666,271	1,623,561	1,662,208	1,799,459	1,497,891	1,332,089	1,175,105
Health and welfare	22,339,971	22,426,292	21,782,623	21,045,512	20,478,378	19,517,915	19,284,160
Other functions	140,577	137,233	242,972	135,578	167,893	212,945	86,923
Operating grants and contributions	12,506,055	13,125,208	12,825,899	12,822,467	10,818,223	10,970,718	11,078,730
Capital grants and contributions	244,024	303,126	506,062	102,080	-	-	-
Total government activities program revenue	<u>41,803,201</u>	<u>43,420,302</u>	<u>42,343,432</u>	<u>40,932,123</u>	<u>38,276,190</u>	<u>36,092,782</u>	<u>35,409,106</u>
Business-type activities							
Charges for services - delinquent tax collection	1,438,041	1,008,687	1,108,084	1,144,115	1,185,711	1,361,344	1,027,662
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>1,438,041</u>	<u>1,008,687</u>	<u>1,108,084</u>	<u>1,144,115</u>	<u>1,185,711</u>	<u>1,361,344</u>	<u>1,027,662</u>
Total primary government revenues	<u>\$ 43,241,242</u>	<u>\$ 44,428,989</u>	<u>\$ 43,451,516</u>	<u>\$ 42,076,238</u>	<u>\$ 39,461,901</u>	<u>\$ 37,454,126</u>	<u>\$ 36,436,768</u>
<b>Net (Expense) Revenue</b>							
Governmental activities	\$ (20,466,463)	\$ (18,160,354)	\$ (19,283,295)	\$ (19,463,072)	\$ (19,788,155)	\$ (19,354,071)	\$ (16,387,237)
Business-type activities	1,274,968	841,884	974,247	1,076,648	1,128,539	1,248,255	846,585
Total primary government net expense	<u>\$ (19,191,495)</u>	<u>\$ (17,318,470)</u>	<u>\$ (18,309,048)</u>	<u>\$ (18,386,424)</u>	<u>\$ (18,659,616)</u>	<u>\$ (18,105,816)</u>	<u>\$ (15,540,652)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Property taxes	\$ 20,361,051	\$ 23,717,741	\$ 25,139,166	\$ 23,711,496	\$ 17,805,163	\$ 16,863,012	\$ 15,500,839
State shared revenue not restricted to specific programs	-	-	-	673,382	1,890,402	2,184,916	2,372,080
Other taxes	425,847	385,421	412,860	378,363	362,708	399,327	372,252
Unrestricted investment earnings	1,400,536	1,311,028	411,062	249,585	346,619	981,875	1,748,180
Gain on sale of capital assets	4,496	-	6,776	32,718	10,201	62,402	2,173
Transfers	1,366,732	1,481,681	1,523,118	1,553,825	994,513	1,200,000	(30,000)
Total governmental activities	<u>23,558,662</u>	<u>26,895,871</u>	<u>27,492,982</u>	<u>26,599,369</u>	<u>21,409,606</u>	<u>21,691,532</u>	<u>19,965,524</u>
Business-type activities:							
Unrestricted investment earnings	801,579	511,489	521,457	308,775	190,261	503,030	845,753
Transfers	(1,366,732)	(1,481,681)	(1,523,118)	(1,553,825)	(994,513)	(1,200,000)	-
Total business-type activities	<u>(565,153)</u>	<u>(970,192)</u>	<u>(1,001,661)</u>	<u>(1,245,050)</u>	<u>(804,252)</u>	<u>(696,970)</u>	<u>845,753</u>
Total primary government	<u>\$ 22,993,509</u>	<u>\$ 25,925,679</u>	<u>\$ 26,491,321</u>	<u>\$ 25,354,319</u>	<u>\$ 20,605,354</u>	<u>\$ 20,994,562</u>	<u>\$ 20,811,277</u>
<b>Change in Net Assets</b>							
Governmental activities	\$ 3,092,199	\$ 8,735,517	\$ 8,209,687	\$ 7,136,297	\$ 1,621,451	\$ 2,337,461	\$ 3,578,287
Business-type activities	<u>709,815</u>	<u>(128,308)</u>	<u>(27,414)</u>	<u>(168,402)</u>	<u>324,287</u>	<u>551,285</u>	<u>1,692,338</u>
Total primary government	<u>\$ 3,802,014</u>	<u>\$ 8,607,209</u>	<u>\$ 8,182,273</u>	<u>\$ 6,967,895</u>	<u>\$ 1,945,738</u>	<u>\$ 2,888,746</u>	<u>\$ 5,270,625</u>

Table 3

**COUNTY OF ALLEGAN, MICHIGAN**  
**Fund Balances - Governmental Funds**  
**Last Ten Years**

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>General Fund</b>										
Reserved	\$ 213,484	\$ 63,123	\$ 210,341	\$ 182,926	\$ 190,429	\$ 185,518	\$ 185,765	\$ 181,890	\$ 180,000	\$ 180,000
Unreserved	5,207,737	5,649,118	1,149,037	1,281,963	1,319,488	1,792,219	2,292,918	2,107,246	2,143,059	4,578,389
Total general fund	\$ 5,421,221	\$ 5,712,241	\$ 1,359,378	\$ 1,464,889	\$ 1,509,917	\$ 1,977,737	\$ 2,478,683	\$ 2,289,136	\$ 2,323,059	\$ 4,758,389
<b>All Other Governmental Funds</b>										
Reserved	\$ 412,686	\$ 522,195	\$ 7,727,484	\$ 4,434,572	\$ 377,018	\$ 32,621	\$ 31,066	\$ 26,945	\$ 31,811	\$ -
Unreserved, reported in:										
Special revenue funds	30,984,359	28,850,691	17,835,451	15,662,084	20,820,495	24,618,833	11,317,439	9,939,090	9,077,646	3,505,254
Debt service funds	3,946	4,246	31,590	42,570	64,069	22,737	95,540	1,151	701	1
Capital projects funds	20,382	1,221	-	787,055	-	-	17,103,913	1,794,736	35,997	121,281
Total all other governmental funds	\$ 31,421,373	\$ 29,378,353	\$ 25,594,525	\$ 20,926,281	\$ 21,261,582	\$ 24,674,191	\$ 28,547,958	\$ 11,761,922	\$ 9,146,155	\$ 3,626,536
<b>Total fund balance of all governmental funds</b>	\$ 36,842,594	\$ 35,090,594	\$ 26,953,903	\$ 22,391,170	\$ 22,771,499	\$ 26,651,928	\$ 31,026,641	\$ 14,051,058	\$ 11,469,214	\$ 8,384,925

Table 4

**COUNTY OF ALLEGAN, MICHIGAN**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Years**

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Revenues</b>										
Taxes and penalties	\$ 20,282,860	\$ 23,296,895	\$ 25,139,166	\$ 23,711,496	\$ 17,807,487	\$ 16,863,525	\$ 15,462,216	\$ 14,805,739	\$ 11,716,148	\$ 10,927,963
Licenses and permits	438,133	465,895	468,204	394,267	387,322	346,012	339,561	310,933	247,751	255,508
Intergovernmental	11,590,905	12,966,431	12,662,224	13,068,920	12,526,350	12,845,490	13,067,104	11,780,431	11,869,958	11,785,968
Charges for services	26,949,841	26,344,957	26,022,468	24,846,784	25,361,009	22,935,484	21,987,304	20,993,006	18,873,470	14,302,798
Fines and forfeits	231,593	359,400	268,805	325,680	271,488	195,670	257,359	289,660	425,184	393,249
Interest and rentals	2,660,600	2,320,477	1,342,906	1,050,808	1,179,274	1,394,514	2,176,338	1,815,961	1,099,039	1,290,105
Other revenue/reimbursements	2,693,331	3,779,586	3,076,299	3,287,786	2,086,265	3,956,318	2,777,758	2,738,837	2,407,389	5,226,289
<b>Total revenues</b>	<b>64,847,263</b>	<b>69,533,641</b>	<b>68,980,072</b>	<b>66,685,741</b>	<b>59,619,195</b>	<b>58,537,013</b>	<b>56,067,640</b>	<b>52,734,567</b>	<b>46,638,939</b>	<b>44,181,880</b>
<b>Expenditures</b>										
Current:										
Legislative	463,719	546,707	459,332	387,025	511,862	526,990	525,692	354,516	318,586	274,306
Judicial	4,833,612	4,649,312	4,888,605	4,829,771	4,689,170	4,342,898	4,261,906	3,661,856	3,715,599	3,453,759
General government	9,517,625	9,111,175	8,967,416	8,289,747	7,962,418	7,576,371	7,183,630	6,973,375	6,578,861	5,340,022
Public safety	12,598,512	11,939,455	12,257,469	11,230,020	10,760,303	10,064,567	9,824,511	9,644,493	8,831,619	7,524,590
Public works	227,513	230,284	258,728	238,545	271,231	272,168	308,671	223,084	218,981	175,882
Health and welfare	34,157,625	33,901,374	32,588,460	32,672,559	30,731,934	29,817,175	29,013,171	27,264,191	25,712,949	22,854,796
Recreation and cultural	375,686	418,582	1,016,954	386,154	516,788	966,916	562,558	514,661	407,986	279,489
Community and economic development	395	-	-	-	-	-	-	-	-	-
Other	548,475	532,129	258,445	1,207,807	780,976	227,931	197,617	611,406	1,142,761	176,276
Debt service:										
Principal	450,000	425,000	1,670,000	2,850,000	2,750,000	2,275,000	25,000	25,000	4,212	48,943
Interest	416,345	435,838	482,929	557,862	729,855	844,625	294,449	64,394	21	1,856
Capital outlay	886,748	691,169	3,106,196	6,284,529	3,094,114	7,291,697	5,962,025	1,513,355	1,452,238	3,225,082
<b>Total expenditures</b>	<b>64,476,255</b>	<b>62,881,025</b>	<b>65,954,534</b>	<b>68,934,019</b>	<b>62,798,651</b>	<b>64,206,338</b>	<b>58,159,230</b>	<b>50,850,331</b>	<b>48,383,813</b>	<b>43,355,001</b>
Revenues over (under) expenditures	371,008	6,652,616	3,025,538	(2,248,278)	(3,179,456)	(5,669,325)	(2,091,590)	1,884,236	(1,744,874)	826,879
<b>Other financing sources (uses)</b>										
Transfers in	12,817,934	7,768,219	11,053,342	10,288,971	11,544,400	9,190,620	5,032,025	7,151,217	10,489,363	3,986,841
Transfers out	(11,451,202)	(6,286,538)	(9,530,224)	(8,560,288)	(10,559,003)	(7,990,620)	(5,062,025)	(6,466,475)	(5,958,007)	(3,411,841)
Sales of capital assets	14,260	2,394	14,077	139,266	13,949	94,612	2,173	12,866	135,661	37,105
Issuance of long-term debt	-	-	-	-	-	-	19,095,000	-	-	-
Partial defeasance of bonds	-	-	-	-	(1,700,319)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,380,992</b>	<b>1,484,075</b>	<b>1,537,195</b>	<b>1,867,949</b>	<b>(700,973)</b>	<b>1,294,612</b>	<b>19,067,173</b>	<b>697,608</b>	<b>4,667,017</b>	<b>612,105</b>
<b>Net change in fund balances</b>	<b>1,752,000</b>	<b>8,136,691</b>	<b>4,562,733</b>	<b>(380,329)</b>	<b>(3,880,429)</b>	<b>(4,374,713)</b>	<b>16,975,583</b>	<b>2,581,844</b>	<b>2,922,143</b>	<b>1,438,984</b>
Fund balances, beginning of year	35,090,594	26,953,903	22,391,170	22,771,499	26,651,928	31,026,641	14,051,058	11,469,214	8,547,071	6,945,941
<b>Fund balances, end of year</b>	<b>\$ 36,842,594</b>	<b>\$ 35,090,594</b>	<b>\$ 26,953,903</b>	<b>\$ 22,391,170</b>	<b>\$ 22,771,499</b>	<b>\$ 26,651,928</b>	<b>\$ 31,026,641</b>	<b>\$ 14,051,058</b>	<b>\$ 11,469,214</b>	<b>\$ 8,384,925</b>
<b>Debt service as a percentage of noncapital expenditures</b>	1%	1%	4%	6%	6%	6%	1%	0%	0%	0%

**COUNTY OF ALLEGAN, MICHIGAN**  
**Assessed Value and Estimated Actual Value of Taxable Property (1)**  
**Last Ten Years**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other</b>	<b>Personal Property Valuation</b>	<b>Total Taxable Assessed Valuation</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2007	\$ 3,905,141,182	\$ 503,120,078	\$ 237,432,690	\$ 638,407,231	\$ 352,425,790	\$ 5,636,526,971	5.8974	\$ 11,348,281,299	49.7%
2006	3,604,475,510	472,415,004	236,604,130	587,045,845	344,222,584	5,244,763,073	5.8686	10,543,085,156	49.7%
2005	3,289,935,397	442,590,990	225,273,010	591,499,870	335,960,115	4,885,259,382	6.6275	9,813,628,108	49.8%
2004	3,034,886,745	415,500,647	225,893,450	568,718,410	346,868,635	4,591,867,887	6.6275	9,230,685,357	49.7%
2003	2,782,309,683	394,617,859	218,463,250	548,774,946	331,719,278	4,275,885,016	6.6879	8,603,206,758	49.7%
2002	2,530,571,890	369,134,486	211,645,450	520,689,600	336,502,096	3,968,543,522	6.7583	7,977,787,260	49.7%
2001	2,320,398,836	335,249,812	185,625,870	494,346,148	342,992,835	3,678,613,501	6.7631	7,394,810,033	49.7%
2000	2,090,967,981	287,304,871	166,248,670	353,709,052	307,346,960	3,205,577,534	6.8551	6,142,428,331	52.2%
1999	1,874,687,984	256,885,810	153,096,850	313,984,690	300,936,919	2,899,592,253	6.9406	5,799,184,506	50.0%
1998	1,647,121,724	249,809,430	133,776,721	287,320,610	290,873,165	2,608,901,650	6.0164	5,217,803,300	50.0%

(1) Property taxes for the years listed are levied December 1 of the preceding year based on assessed values as of that date.

SOURCE: Allegan County Equalization Reports

**COUNTY OF ALLEGAN, MICHIGAN**  
**Property Tax Rates (1)**  
**Direct and Overlapping Governments**  
**Last Ten Years**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Direct</b>	<b>Overlapping Rates</b>				<b>Total</b>
		<b>County Millage</b>	<b>City/Village Millages</b>	<b>Townships Millages</b>	<b>School Millages (2)</b>	<b>State Education</b>	
2007	2005	5.8974	14.4790	3.9117	5.9280	6.0000	36.2161
2006	2005	5.8686	13.5520	3.9474	5.9563	6.0000	35.3243
2005	2004	6.6275	13.6023	4.1005	6.0580	6.0000	36.3883
2004	2003	6.6275	14.7390	4.1151	6.0934	6.0000	37.5750
2003	2002	6.6879	14.6429	4.1916	5.7130	6.0000	37.2354
2002	2001	6.7583	15.0278	4.2763	5.5799	6.0000	37.6423
2001	2000	6.7631	15.0618	3.9981	5.4678	6.0000	37.2908
2000	1999	6.8551	15.0434	4.2265	5.1780	6.0000	37.3030
1999	1998	6.9406	15.2663	4.2692	5.2275	6.0000	37.7036
1998	1997	6.0164	15.4757	4.3900	5.1010	6.0000	36.9831

(1) Per \$1,000 of equalized value.

(2) Includes intermediate school districts (i.e., special education and vocational) and community colleges.

SOURCE: Allegan County Equalization Department

Table 7

**COUNTY OF ALLEGAN, MICHIGAN**  
**Principal Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
L. Perrigo Company	\$ 64,846,986	1	1.15%	\$ 55,561,588	3	2.13%
Consumers Energy	61,098,566	2	1.08%	67,035,903	1	2.57%
Johnson Controls	43,265,297	3	0.77%	-		0.00%
Haworth Inc.	37,950,163	4	0.67%	62,497,000	2	2.40%
USG Corporation	18,684,900	5	0.33%	-		0.00%
Saugatuck LLC	17,966,000	6	0.32%	-		0.00%
Packerland Plainwell Inc.	12,218,180	7	0.22%	-		0.00%
Lakeshore Dunes LLC	10,867,820	8	0.19%	-		0.00%
Parker Hannifin Corporation	10,081,634	9	0.18%	15,683,515	8	0.60%
Meijer Inc.	7,124,363	10	0.13%	-		0.00%
Planters Life Savers Co.	-		-	39,248,619	4	1.50%
Menasha Corp.	-		-	38,341,048	5	1.47%
Prince Corporation	-		-	32,899,800	6	1.26%
Sandy Pines Wilderness	-		-	17,893,000	7	0.69%
Plainwell Paper Co.	-		-	13,401,528	9	0.51%
Herman Miller	-		-	12,172,968	10	0.47%
	<u>\$ 284,103,909</u>		<u>5.42%</u>	<u>\$ 354,734,969</u>		<u>13.60%</u>

Source: Allegan County Equalization Department

Table 8

**COUNTY OF ALLEGAN, MICHIGAN**  
**Property Taxes Levied and Collected (1)**  
**Last Ten Years**

(2) Year Ended	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percent of Levy
12/31/2007	\$ 20,878,382	\$ 19,398,536	92.9%	\$ -	\$ 19,398,536	92.9%
12/31/2006	22,749,816	21,716,874	95.5%	1,032,942	(3) 22,749,816	100.0%
12/31/2005	20,400,401	19,254,137	94.4%	1,146,264	(3) 20,400,401	100.0%
12/31/2004	22,583,954	21,161,490	93.7%	1,422,464	(3) 22,583,954	100.0%
12/31/2003	21,292,353	19,709,026	92.6%	1,583,327	(3) 21,292,353	100.0%
12/31/2002	20,404,418	19,359,833	94.9%	1,044,585	(3) 20,404,418	100.0%
12/31/2001	19,088,904	18,028,422	94.4%	1,060,482	(3) 19,088,904	100.0%
12/31/2000	17,724,247	16,207,627	91.4%	1,516,620	(3) 17,724,247	100.0%
12/31/1999	16,060,678	14,730,082	91.7%	1,330,596	(3) 16,060,678	100.0%
12/31/1998	13,731,607	12,582,199	91.6%	1,149,408	(3) 13,731,607	100.0%

SOURCES: Allegan County Equalization Department and Allegan County Finance Department

- (1) Includes all real and personal property taxes levied in Allegan County.
- (2) Property taxes are levied December 1 of the preceding year and become delinquent March 1 of the current year. Delinquent real property taxes of all taxing districts in the County are purchased by the County's Delinquent Tax Revolving Fund. Uncollected personal property taxes must be collected by the applicable local treasurers. Beginning in 2005 the County began to levy a portion of its general taxes on July 1 due to change in law. Taxes continue to not be considered delinquent until March 1 of the following year.
- (3) Personal property tax delinquencies are maintained at the local unit (not county) level. The amounts remaining uncollected are unknown and not accounted for as management has no control over collections and believes the amounts to be immaterial.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Ratios of Outstanding Debt By Type**  
**Last Seven Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>			<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>		
2007	\$ 8,440,000	\$ -	\$ 8,440,000	n/a	75
2006	8,890,000	-	8,890,000	0.3%	79
2005	9,315,000	-	9,315,000	0.3%	83
2004	10,985,000	-	10,985,000	0.4%	99
2003	13,835,000	-	13,835,000	0.5%	126
2002	22,315,000	-	22,315,000	0.8%	205
2001	20,395,000	-	20,395,000	0.7%	189

n/a - data not available

**COUNTY OF ALLEGAN, MICHIGAN**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

Year Ended	(1) Population	Taxable Value	(2) Gross Bonded Debt	Less Debt Service Fund Amounts	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
12/31/2007	112,761	\$ 5,636,526,971	\$ 8,440,000	\$ 915	\$ 8,439,085	0.15%	\$ 75
12/31/2006	112,370	5,244,763,073	8,890,000	4,246	8,885,754	0.17%	79
12/31/2005	112,062	4,885,259,382	9,315,000	31,590	9,283,410	0.19%	83
12/31/2004	111,243	4,591,867,887	10,985,000	42,570	10,942,430	0.24%	98
12/31/2003	109,981	4,275,885,016	13,835,000	64,069	13,770,931	0.32%	125
12/31/2002	108,839	3,968,543,522	22,315,570	30,489	22,285,081	0.56%	205
12/31/2001	107,767	3,678,613,501	20,395,000	103,292	20,291,708	0.55%	188
12/31/2000	105,665	3,205,577,534	1,325,000	1,151	1,323,849	0.04%	13
12/31/1999	103,406	2,899,592,253	1,350,000	701	1,349,299	0.19%	13
12/31/1998	101,680	2,608,901,650	1,375,000	1	1,374,999	0.57%	14

(1) From EC Demograph

(2) Amounts do not include special assessment debt, revenue bonds or debt of discretely presented component units.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Computation of Direct and Overlapping Bonded Debt**  
**Current Year**

	(1) Net Debt Outstanding	Percentage Applicable to Allegan County	Amount Applicable to Allegan County
<b>Direct:</b>			
Building authority bonds	\$ 8,440,000	100.00%	\$ 8,440,000
Drain Commission bonds and notes	16,563,951	100.00%	16,563,951
County Road Commission debt	-	100.00%	-
	<u>\$ 25,003,951</u>		<u>25,003,951</u>
<b>Overlapping:</b>			
School Districts	\$ 824,401,418	31.51%	259,792,393
Cities and Villages	57,932,515	43.91%	25,435,402
Townships	22,186,410	100.00%	22,186,410
Authority	7,635,000	33.41%	2,550,854
Community Colleges	32,305,000	0.34%	109,837
Library	3,630,000	69.44%	2,520,672
Intermediate School Districts	<u>7,395,000</u>	16.94%	<u>1,252,713</u>
Net overlapping debt	<u>\$ 955,485,343</u>		<u>313,848,281</u>
<b>Net direct and overlapping debt</b>			<u><u>\$ 338,852,232</u></u>

(1) Excludes self-supporting debt or that portion paid directly by benefiting municipalities.

SOURCE: Municipal Advisory Council of Michigan

**COUNTY OF ALLEGAN, MICHIGAN**  
**Computation of Legal Debt Margin**  
**Last Ten Years**

<b>Legal Debt Margin Calculation for Fiscal Year 2007</b>	
Assessed value, real and personal property	\$ 5,636,526,971
Legal debt margin	
Debt limitation (10% of total valuation)	\$ 563,652,697
Debt applicable to limit:	
General obligation bonds	8,440,000
Water and Sewer Project Bonds	-
Total net debt applicable to limit	8,440,000
Legal debt margin	\$ 555,212,697

Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2007	\$ 563,652,697	\$ 8,440,000	\$ 555,212,697	1.50%
2006	524,476,307	8,885,754	515,590,553	1.69%
2005	488,525,938	9,283,410	479,242,528	1.90%
2004	459,186,789	10,942,430	448,244,359	2.38%
2003	427,588,502	13,770,931	413,817,571	3.22%
2002	396,854,352	18,097,263	378,757,089	4.56%
2001	367,861,350	20,325,720	347,535,630	5.53%
2000	320,557,753	1,323,849	319,233,904	0.41%
1999	289,959,225	1,349,299	288,609,926	0.47%
1998	260,890,165	1,375,000	259,515,165	0.53%

**COUNTY OF ALLEGAN, MICHIGAN**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<b>Year</b>	<b>Population (estimated)</b>	<b>Personal Income (amounts in thousands)</b>	<b>Per capita Personal Income</b>	<b>Unemployment Rate</b>
2007	112,761	n/a	n/a	6.8%
2006	112,370	\$ 3,385,245	\$ 30,126	6.0%
2005	112,062	3,262,540	29,114	6.2%
2004	111,243	3,091,801	27,793	6.7%
2003	109,981	2,950,142	26,824	6.9%
2002	108,839	2,850,429	26,189	5.8%
2001	107,767	2,919,626	27,092	4.6%
2000	105,665	2,801,345	26,512	3.0%
1999	103,406	2,637,134	25,503	2.9%
1998	101,680	2,440,589	24,003	2.9%

<b>Year</b>	<b>Population (census)</b>
2000	105,665
1990	90,509
1980	81,555
1970	66,575
1960	57,729
1950	47,493

n/a - data not available

**SOURCES:**

Population - [www.census.gov](http://www.census.gov)

Unemployment Rate - [www.michlmi.org](http://www.michlmi.org)

Personal income - [www.bea.gov](http://www.bea.gov)

**COUNTY OF ALLEGAN, MICHIGAN**  
**Principal Employers**  
**Current Year and Seven Years Ago**

<b>Employer</b>	<b>2007</b>			<b>2000</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Haworth Inc	4,000	1	7.7%	3,700	2	6.9%
L Perrigo Company	3,000	2	5.8%	4,000	1	7.5%
Packerland	850	3	1.6%			
Johnson Controls	650	4	1.2%			
Herman Miller Inc	530	5	1.0%			
Parker Hannifin Corporation	500	6	1.0%	600	5	1.1%
Tiara Yachts Inc	500	7	1.0%			
Wayland Union School District	486	8	0.9%			
Allegan Public School District	302	9	0.6%			
Allegan General Hospital	300	10	0.6%			
Murco				850	3	1.6%
Prince Corporation				650	4	1.2%
S-2 Yachts Inc.				500	6	0.9%
Pullman Industries Inc.				400	7	0.7%
Plainwell Paper Company				360	8	0.7%
Menasha				300	9	0.6%
Campbell's Fresh Inc.				300	10	0.6%
Total employees in County	52,125			53,544		

Data was not available prior to year 2000

Source: www.bls.gov

Table 15

**COUNTY OF ALLEGAN, MICHIGAN**  
**Full-Time Equivalent County Government Employees By Function/Program**  
**Last Ten Years**

Function/Program	Full-time Equivalent Employees as of Fiscal Year End									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Judicial:										
Circuit Court	20	20	20	20	N/A	N/A	N/A	N/A	N/A	N/A
District Court	28	28	28	29	N/A	N/A	N/A	N/A	N/A	N/A
Friend of the Court	19	19	19	19	N/A	N/A	N/A	N/A	N/A	N/A
Probate Court:	7	7	7	10	N/A	N/A	N/A	N/A	N/A	N/A
Family Court	4	4	4	4	N/A	N/A	N/A	N/A	N/A	N/A
General Government:										
Board of commissioners	11	11	11	11	N/A	N/A	N/A	N/A	N/A	N/A
Central Dispatch	20	20	17	19	N/A	N/A	N/A	N/A	N/A	N/A
County Administration	2	2	2	3	N/A	N/A	N/A	N/A	N/A	N/A
Clerk	11	11	11	11	N/A	N/A	N/A	N/A	N/A	N/A
Drain	6	6	5	6	N/A	N/A	N/A	N/A	N/A	N/A
Emergency Management	2	2	2	1	N/A	N/A	N/A	N/A	N/A	N/A
Equalization	6	6	7	7	N/A	N/A	N/A	N/A	N/A	N/A
Facilities Management	23	23	24	24	N/A	N/A	N/A	N/A	N/A	N/A
Finance	3	3	3	3	N/A	N/A	N/A	N/A	N/A	N/A
Grant Administration	1	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Human Resources	3	3	2	3	N/A	N/A	N/A	N/A	N/A	N/A
Information Administration	9	9	10	10	N/A	N/A	N/A	N/A	N/A	N/A
Land Information Services	3	3	3	2	N/A	N/A	N/A	N/A	N/A	N/A
MSU Cooperative Extension	3	3	3	4	N/A	N/A	N/A	N/A	N/A	N/A
Parks	2	2	2	2	N/A	N/A	N/A	N/A	N/A	N/A
Register of Deeds	5	5	5	5	N/A	N/A	N/A	N/A	N/A	N/A
Treasurer	7	7	8	8	N/A	N/A	N/A	N/A	N/A	N/A
Public Safety:										
Prosecuting Attorney	17	17	16	17	N/A	N/A	N/A	N/A	N/A	N/A
Sheriff	49	49	49	48	N/A	N/A	N/A	N/A	N/A	N/A
Law Enforcement	64	64	66	67	N/A	N/A	N/A	N/A	N/A	N/A
Jail	39	39	37	31	N/A	N/A	N/A	N/A	N/A	N/A
Social Services:										
Health Department	30	30	33	36	N/A	N/A	N/A	N/A	N/A	N/A
Transportation	1	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>395</b>	<b>395</b>	<b>396</b>	<b>402</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

N/A - information was not tracked prior to 2004

Table 16

**COUNTY OF ALLEGAN, MICHIGAN**  
**Operating Indicators By Function/Program**  
**Last Ten Years**

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Judicial:</b>										
Circuit Court:										
# of petitions opened	574	610	629	705	747	953	1,086	1,096	1,055	1,049
# of charges	575	610	629	706	748	953	1,089	1,096	1,057	1,069
Family Division:										
# of Petitions filed	505	507	535	579	515	659	787	729	698	713
# of Petitions Authorized	353	324	302	314	337	349	296	215	249	258
District Court:										
New Felony Cases	723	836	954	911	1,014	957	875	623	620	784
New Misdemeanor Cases	1,655	1,884	1,955	1,973	2,228	2,719	3,073	2,921	2,824	2,801
New Traffic & Civil Infractions	16,201	18,558	20,423	21,456	21,753	20,581	20,890	20,988	22,710	22,705
New Civil Cases	3,870	4,441	4,412	4,433	4,927	4,877	4,070	3,287	3,093	3,014
New Drunk Driving Cases	839	958	953	932	1,035	980	1,060	932	976	916
Probate Court:										
Cases Filed	443	551	571	565	562	562	562	562	562	562
<b>Public Safety (Sheriff):</b>										
# of calls received	20,000	18,567	19,129	20,492	20,651	20,110	20,547	19,257	17,514	17,871
# of Citations	8,137	10,110	11,669	13,346	12,947	11,903	10,013	5,545	6,033	5,977
# of traffic crashes	1,738	1,878	2,000	2,319	2,329	2,145	2,188	2,301	2,098	1,989
# of Fatal Crashes	13	12	15	15	16	18	11	9	18	12
<b>Health and Welfare:</b>										
Recycling Operations:										
# of Households served	25,300	25,250	25,614	23,304	23,304	22,982	N/A	N/A	N/A	N/A
Vision & Hearing:										
# of Hearing Screenings	2,900	2,880	2,793	10,350	9,940	9,503	N/A	N/A	N/A	N/A

Table 17

**COUNTY OF ALLEGAN, MICHIGAN**  
**Capital Asset Statistics By Function/Program**  
**Last Ten Years**

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>General Government</b>										
# of Square Footage of Buildings	199,383	199,383	N/A							
# of IT servers	17	17	15	14	14	13	11	10	8	5
<b>Public Safety</b>										
# of Square Footage of Buildings	29,889	29,889	N/A							
Satellite Offices	3	3	N/A							
Vehicles - Sheriff	79	79	80	87	88	N/A	N/A	N/A	N/A	N/A
Vehicles - Transit	20	15	14	12	7	N/A	N/A	N/A	N/A	N/A
Vehicles - Other Dept	61	52	27	29	25	N/A	N/A	N/A	N/A	N/A
# of K-9 Dogs	4	4	4	4	3	2	2	N/A	N/A	N/A
<b>Health and Welfare:</b>										
# of Square Footage of Building	60,000	60,000	N/A							
<b>Culture &amp; Recreation</b>										
County Museum:										
# of Square Footage of Building	11,700	11,700	N/A							
Parks:										
# of acres	566	566	N/A							

N/A - information was not tracked for all prior years

Source: County Finance Office



**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

**COUNTY OF ALLEGAN, MICHIGAN  
SINGLE AUDIT REPORT**

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**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP

**INDEPENDENT AUDITORS' 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**

June 30, 2008

County Board of Commissioners  
of the County of Allegan, Michigan  
Allegan, Michigan

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 the *County of Allegan, Michigan* (the "County") as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. 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. We did not audit the financial statements of the Road Commission Component Unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our report on these financial statements insofar as it relates to the amounts included for the Road Commission was based solely on the report of other auditors.

**Internal Control Over Financial Reporting**

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

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

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 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 over financial reporting. We consider the deficiencies described in items 2007-1, 2007-2, and 2007-3 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or 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 County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider each of the significant deficiencies identified above to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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 statements 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*.

We noted certain matters that we reported to management of the County in a separate letter dated June 30, 2008.

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

This report is intended solely for the information and use of management, the County Commissioners, 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.

A handwritten signature in cursive script that reads "Lehmann Johnson".



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

June 30, 2008

County Board of Commissioners  
of the County of Allegan, Michigan  
Allegan, Michigan

### **Compliance**

We have audited the compliance of the *County of Allegan, Michigan* (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

### **Internal Control Over Compliance**

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

#### **Schedule of Expenditures of Federal Awards**

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 the County of Allegan, Michigan as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County of Allegan, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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 financial statements taken as a whole.

This report is intended solely for the information and use of management, the County Board of Commissioners, 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.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2007**

<b>Federal Agency/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Disbursements/ Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Passed through the Michigan Department of Education:		
Commodities & Bonus Commodities	10.550	\$ 4,068
School Breakfast	10.553	13,005
School Lunch	10.555	<u>25,899</u>
<b>Total U.S. Department of Agriculture</b>		<b><u>42,972</u></b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Passed through the Michigan Department of Community Health:		
Supportive Housing Program	14.235	57,998
HUD Grant	14.xxx	<u>63,404</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<b><u>121,402</u></b>
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Direct funding:		
Bullet Proof Vest Partnership Program	16.607	<u>6,580</u>
Passed through Ottawa County:		
WEMET - Drug Enforcement - 2006-2007	16.579	28,779
WEMET - Drug Enforcement - 2007-2008	16.579	<u>12,660</u>
		<u>41,439</u>
Passed through Michigan Department of Community Health		
Methamphetamine Cognitive Skills	16.738	<u>38,377</u>
<b>Total U.S. Department of Justice</b>		<b><u>86,396</u></b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
Passed through the Michigan Department of Transportation:		
Capital Assistance - Section 5309 - Z16	20.500	40,116
Capital Assistance - Section 5309 - Z17	20.500	92,174
2007 Operating Assistance Section 5311	20.509	81,268

continued...

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended December 31, 2007**

<b>Federal Agency/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Disbursements/ Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION (CONTINUED)</b>		
Passed through Michigan Department of Transportation (Continued):		
2008 Operating Assistance Section 5311	20.509	\$ 30,307
Current funding used to cover prior year deficit	20.509	(481)
RTAP Training Funds	20.509	3,023
Capital Assistance - Section 5313(b) - Z6	20.515	22,929
2007 Job Access Reverse Commute - Section 5316	20.516	30,440
2008 Job Access Reverse Commute - Section 5316	20.516	10,250
		<u>310,026</u>
Passed through the Michigan Department of State Police:		
Highway Safety Program	20.601	35,761
Hazardous Material Emergency Planning Grant	20.703	4,261
		<u>40,022</u>
Passed through the Saugatuck-Douglas Police:		
Spotlight Grant - Youth Alcohol Enforcement	20.601	3,442
		<u>3,442</u>
<b>Total U.S. Department of Transportation</b>		<b><u>353,490</u></b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
Passed through the Michigan Department of Environmental Quality:		
Operator Certification	66.471	10,350
Great Lakes Beach Monitoring	66.472	5,290
		<u>15,640</u>
<b>Total Environmental Protection Agency</b>		<b><u>15,640</u></b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed through the Lake Shore Coordinating Council:		
Substance Abuse Block Grant	93.959	90,845
Substance Abuse Block Grant - Tobacco Grant	93.959	2,630
Methamphetamine Prevention	93.959	17,288
		<u>110,763</u>

continued....

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended December 31, 2007**

<b>Federal Agency/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Disbursements/ Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>		
Passed through the Michigan Department of Human Services:		
Promoting Safe and Stable Families	93.556	\$ 2,608
Friend of the Court Incentive	93.563	202,858
Cooperative Reimbursement Program	93.563	802,910
Cooperative Reimbursement Program - Medical	93.563	7
		<u>1,008,383</u>
Passed through the Michigan Department of Community Health:		
Projects to Assist in Transition from Homelessness	93.150	41,413
PATH Supportive Services	93.150	24,919
Immunization - IAP	93.268	48,602
Childhood Immunization Program - Vaccines	93.268	787
Bioterrorism Pandemic Flu	93.283	66,169
Bioterrorism Focus A	93.283	152,504
Developmental Disabilities Basic Support and Advocacy Grants:		
Creating Meaningful Lives	93.630	30,000
Community Employment	93.630	70,427
Housing Unlimited	93.630	66,937
Medical Assistance Program	93.778	23,744
OBRA/PSARR	93.778	69,998
HIV Prevention Act	93.940	19,230
Wrap-around - SF/SC	93.956	13,760
Block Grant For Community Mental Health Services:		
Anti-Stigma	93.958	4,358
Wrap-around Respite Grant	93.958	50,000
Wrap-around - Older Adults	93.958	55,036
Drop In Center Enhancement	93.958	9,200
School Based Serv. - Early Risers Program	93.958	61,705
Hispanic Services	93.958	66,858
Juvenile Justice Diversion Project	93.958	50,000
Substance Abuse Prevention and Treatment Block Grant:		
Substance Abuse Block Grant - Hispanic	93.959	9,783
Substance Abuse Shelter Plus Care	93.959	14,563
Maternal and Child Health Services Block Grant (Local MCH)	93.994	49,077
Maternal and Child Health Services Block Grant (Case Mgmt Services)	93.994	20,854
		<u>1,019,924</u>
<b>Total U.S. Department of Health and Human Services</b>		<u><b>2,139,070</b></u>

continued....

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Expenditures of Federal Awards (Concluded)**  
**For the Year Ended December 31, 2007**

<b>Federal Agency/Pass-through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Disbursements/ Expenditures</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
Passed through the Michigan Department of State Police:		
Cooperating Technical Partners	97.045	\$ 35,648
Emergency Management Performance Program	97.042	34,176
2005 Homeland Security Grant Program	97.067	209,983
2006 Homeland Security Grant Program	97.067	<u>16,552</u>
		<u>296,359</u>
Passed through the Michigan Department of Natural Resources:		
Boating Safety Financial Assistance	97.012	1,294
Boating Safety Financial Assistance - Equipment	97.012	<u>1,425</u>
		<u>2,719</u>
<b>Total U.S. Department of Homeland Security</b>		<u><b>299,078</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$ 3,058,048</b></u>

**COUNTY OF ALLEGAN, MICHIGAN**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2007**

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**Note 1. Basis of Presentation**

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

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the County of Allegan, Michigan passed through federal awards to subrecipients in the amount of \$102,056 from Homeland Security Equipment Support (CFDA #97.067).

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2007**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued: *Unqualified*

Internal controls over financial reporting

    Material weakness(es) identified?                      x   yes           no

    Significant deficiency(ies) identified not  
     considered to be material weaknesses?                   yes      x   none reported

Noncompliance material to financial  
statements noted?                                                   yes      x   no

**Federal Awards**

Internal Control over major programs:

    Material weakness(es) identified?                           yes      x   no

    Significant deficiency(ies) identified not  
     considered to be material weaknesses?                   yes      x   none reported

Type of auditors’ report issued on compliance  
for major programs: *Unqualified*

Any audit findings disclosed that are required to be  
reported in accordance with Circular A-133,  
Section 510(a)                                                       yes      x   no

**Identification of Major Programs**

**CFDA Number**

**Name of Federal Program or Cluster**

93.563	Child Support Enforcement
93.630	Developmental Disabilities Basic Support and Advocacy Grants
93.958	Community Mental Health Services Block Grant
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish  
between Type A and Type B programs:                      \$ 300,000  

Auditee qualified as low-risk auditee?                           yes      x   no

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2007**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2007-1 – Preparation of Financial Statements in Accordance with GAAP**

**Criteria:** All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

**Condition:** As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

**Cause:** This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

**Effect:** As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

**View of Responsible Officials:** The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

**Finding 2007-2 – Material Audit Adjustments**

**Criteria:** Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

**Condition:** During our audit, we identified and proposed several material adjustments (which were approved and posted by management) to adjust the County's general ledger to the appropriate balances. These adjustments affected a variety of balance sheet accounts and opinion units, and included recording a prior period adjustment for DPW infrastructure which is not owned by the County.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2007**

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**SECTION II – FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2007-2 – Material Audit Adjustments (continued)**

**Cause:** This condition was caused by management’s decision that it is most cost effective for the County to rely on its external auditors to assist in adjusting some of the year-end balances.

**Effect:** As a result of this condition, the County’s accounting records were initially misstated by amounts material to the financial statements.

**View of Responsible Officials:** Management has made significant strides in reducing the number of audit adjustments required in recent years and will continue to carefully review all year-end account balances to further reduce the need for such adjustments.

**Finding 2007-3 – Unreconciled/Unsupported Agency Liabilities**

**Criteria:** The County uses its agency funds to account for assets held on behalf of outside parties, including other governments. Accordingly, the County is required to keep accurate subsidiary records of the amounts held in each liability account. These accounts should be analyzed and reconciled on a regular basis (e.g., monthly or quarterly.)

**Condition:** During our audit, we requested support for various accounts held as part of the County’s agency fund. We were able to substantiate the offsetting cash balances in their entirety; however the County was able to provide support for bonds payable in the amount of \$181,024 of the total liability of \$224,493 and for \$125,394 of total restitutions payable of \$270,209.

**Cause:** The County does not have an established policy requiring the periodic reconciliation of its agency fund liabilities. However, it has been the County’s current practice to reconcile such balances monthly or quarterly, and to continue investigating into the unreconciled portion, attributable to prior years, as time allows.

**Effect:** As a result of this condition, the County is exposed to an increased risk of error or fraud as disbursements from agency funds are not subject to the normal budgetary oversight found in other funds. Accordingly, it is especially important that these funds be reconciled regularly. While the related cash balances were reconciled, this only confirms the amounts actually on hand, not the balances that should be on hand.

**Recommendation:** We recommend that the County segregate any unreconciled amounts into separate general ledger accounts. Any amounts that cannot be reconciled after reasonable efforts should either be escheated to the State of Michigan, or disbursed in accordance with applicable laws and regulations.

**COUNTY OF ALLEGAN, MICHIGAN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2007**

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**SECTION II – FINANCIAL STATEMENT FINDINGS (continued)**

**Finding 2007-3 – Unreconciled/Unsupported Agency Liabilities (continued)**

<b>View of Responsible Officials:</b>	Management has made significant efforts and progress in identifying and reconciling these liability accounts. Upon completion of this project, the County will work with the Courts and Court staff to determine the proper classification of any unidentified funds.
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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

- Finding 2006-1** The County lacked internal controls over the preparation of financial statements in accordance with GAAP, and instead relied, in part, on its external auditors for assistance. Repeated as finding 2007-1.
- Finding 2006-2** Material audit adjustments were required to correct the amounts recorded for property taxes. Repeated as finding 2007-2.
- Finding 2006-3** The County was unable to produce subsidiary detail for certain liability accounts in the agency funds. While significant progress has been made in this area, the issue was not fully resolved. Refer to finding 2007-3.
- Finding 2006-4** The County charged personnel costs to several federal grants without sufficient documentation as required by OMB Circular A-87. This finding has been corrected.

\* \* \* \* \*



# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP

June 30, 2008

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

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 the *County of Allegan, Michigan* (the "County") for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. Professional standards require that we provide you with the following information related to our audit.

## **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133**

As stated in our engagement letter dated March 12, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County'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 assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting regarding planning matters on April 28, 2008.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

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 accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectation for collection of various account balances.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

*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 trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, as noted in finding 2007-2 in the County's single audit report, we proposed several material audit adjustments which were posted by management, to adjust property tax revenues and receivables to their appropriate year-end balances, to adjust special assessments and leases receivable, and the related deferrals to their appropriate year-end balances, and to record a prior period adjustment for DPW/Drains infrastructure capitalized in the prior year for which the County does not have ownership. In our judgment, these adjustments had a significant effect on the County's financial reporting process.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 30, 2008.

*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 Entity'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.

This information is intended solely for the use of the governing body and management of the County of Allegan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Lehmann Johnson". The signature is written in black ink and is centered on the page.

# County of Allegan, Michigan

## Comments and Recommendations

For the Year Ended December 31, 2007

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In planning and performing our audit of the financial statements of the County of Allegan, Michigan as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or 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 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. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

A *material weakness* is a significant deficiency, or 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. The deficiencies we noted that we consider to be material weaknesses are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

### **Other Matters**

#### *Independent Review and Approval of Journal Entries*

As part of our audit, we selected a random sample of general journal entries for testing. Out of this sample, we noted that two entries lacked evidence of independent review and approval. We understand that the County has adopted a procedure requiring all journal entries to be reviewed and signed by an independent, knowledgeable individual. We consider such review to be a key element of effective internal control, and encourage the County to require strict adherence to this policy in the future.

## County of Allegan, Michigan

### Comments and Recommendations

For the Year Ended December 31, 2007

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#### *Review/Approval of Child Support Enforcement Reports*

The child support enforcement program uses monthly position expense reports, prepared by a third-party, as part of the State reporting requirement. These reports are reviewed and signed by the County before submission, but a signed copy is not retained. We recommend that in order to document the review by the County, a signed copy of the reports be retained and filed.

#### *Stagnant Liability Accounts*

During our auditing procedures over accounts payable and other liabilities, we noted that the County has certain stagnant liability accounts in the trust and agency fund for which the balances have remained unchanged for at least a year. While the aggregate dollar amount of these liabilities is clearly immaterial to the financial statements taken as a whole (22 small accounts totaling \$22,800), we recommend that the County continue its ongoing efforts to determine the rightful recipients of such funds, or escheat the money to the State in accordance with applicable laws and regulations.

#### *Other Postemployment Benefits*

The Governmental Accounting Standards Board (GASB) has issued two new pronouncements (GASB Statements No. 43 and 45) related to postemployment benefits other than pension plans (commonly referred to as "other postemployment benefits" or "OPEB".) Effective for the year ended December 31, 2007, local governments with total revenues of at least \$10 million that offer postemployment benefits are now required to have an actuarial valuation completed at least biennially. Based on the results of that valuation, governments are then required to disclose the "actuarially required contribution" (ARC) necessary to pre-fund these benefits. Governments are not required to actually pre-fund their OPEB liabilities. However, if they elect not to do so (i.e., continue to finance OPEB costs on the pay-as-you-go method), then they must disclose a liability for the difference between the amount actually paid and the ARC beginning with the fiscal year ended December 31, 2008.

The County provides health insurance benefits to certain retirees. The benefit is equal to \$12/month for each year of service at the County, up to a maximum benefit of \$300/month. An actuarial valuation of the County's liability for these benefits in accordance with GASB Statement No. 43 has not been performed, though we did calculate an estimated liability, using an alternative method permitted by the GASB for small plans, which amounted to approximately \$314,000.

**County of Allegan, Michigan**

**Comments and Recommendations**

**For the Year Ended December 31, 2007**

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Management has determined, and we have concurred, that any actuarially accrued liability would likely be immaterial to the financial statements taken as a whole, and has indicated this in the notes to the County's financial statements. While we agree with management that the actuarially accrued liability would likely be immaterial to the financial statements, we nevertheless recommend that for the year ended December 31, 2008, the County consider obtaining a formal actuarial valuation to confirm this estimate, and to aid in its consideration of possible funding options.

\* \* \* \* \*

Allegan County  
Schedule of Adjustments Passed (SOAP)  
For the December 31, 2007 Audit

In accordance with the provisions of SAS 89, *Audit Adjustments*, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. Also in accordance with SAS 89, we are providing this schedule to both management and the audit committee to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Fund Balance	Revenue	Expenses/ Expenditures
<b>General Fund</b>					
Effect of prior year unposted difference in recalculated accrued interest	\$ -	\$ -	\$ (12,834)	\$ 12,834	\$ -
Unposted variance in accrued interest receivable	(3,928)	-	-	(3,928)	-
Total general fund	(3,928)	-	(12,834)	8,906	-
<b>Nonmajor Governmental Funds</b>					
Effect of prior year unposted difference between A/R subsidiary detail and the general ledger	-	-	(3,605)	3,605	-
Effect of prior year unposted difference between A/P subsidiary detail and the general ledger balance	-	-	(5,248)	-	(5,248)
Total nonmajor governmental funds	-	-	(8,853)	3,605	(5,248)
Total governmental activities	\$ (3,928)	\$ -	\$ (21,687)	\$ 12,511	\$ (5,248)
<b>Delinquent Tax Enterprise Fund</b>					
Variance between delinquent taxes receivable subsidiary detail and the general ledger balance	\$ (5,131)	\$ -	\$ -	\$ (5,131)	\$ -
<b>Drain Commission/BPW</b>					
<b>Component Unit</b>					
Expenditures of federal awards in prior years not recognized as revenue until 2007	\$ -	\$ -	\$ (20,863)	\$ 20,863	\$ -

# Allegan County Administrative Offices



County Services Building  
3283 – 122<sup>nd</sup> Avenue  
Allegan, MI 49010  
269.673.0203

June 30, 2008

Rehmann Robson  
2330 East Paris Avenue  
Grand Rapids, MI 49546

We are providing this letter in connection with your audit of the financial statements of the *County of Allegan* as of December 31, 2007 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County and the respective changes in financial position and, where applicable, cash flows thereof in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of June 30, 2008 the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all—
  - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.

**ADMINISTRATION**  
Robert J. Sarro  
County Administrator  
Fax 269.686.5331  
administration@allegancounty.org

**BUDGET and FINANCE**  
David B. Van de Roovaert  
Director  
Fax 269.686.4676  
finance@allegancounty.org

**HUMAN RESOURCES**  
Dabbie Daniels  
Director  
Fax 269.673.0367  
humanresources@allegancounty.org

5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both *individually and in the aggregate*, to the financial statements taken as a whole. In addition, you have proposed adjusting journal entries that have been posted. We are in agreement with those adjustments.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
11. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
12. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
13. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and affiliated governmental units that are not included in the financial statements as part of the reporting entity.
  - b. Guarantees, whether written or oral, under which the County is contingently liable.
  - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.

14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no---
  - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Financial Accounting Standards Board (FASB) Statement No. 5 or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
  - d. Reservations or designation of fund equity that were not properly authorized and approved.
16. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
17. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
18. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
20. The financial statements properly classify all funds and activities.
21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
22. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
28. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
29. The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
30. Required supplementary information (RSI) is measured and presented within prescribed guidelines.
31. With respect to federal award programs:
  - a. We are responsible for complying and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
  - b. We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
  - c. We are responsible for complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

- d. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies (including material weaknesses) reported in the schedule of findings and questioned costs.
- e. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs.
- f. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- g. We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- h. Amounts claimed or used for matching were determined in accordance with relevant guidelines in *OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments*, and *OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- i. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- j. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- l. We have charged costs to federal awards in accordance with applicable cost principles.
- m. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- n. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of *OMB Circular A-133*.
- o. We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements to ensure that subrecipients have taken the appropriate and timely corrective action on findings.
- p. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

- q. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- r. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133, and we are responsible for preparing and implementing a corrective action plan for each audit finding.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Robert J. Lane  
Signature

David A. [unclear]  
Signature

County Administrator  
Title

Finance Director  
Title