

# Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Unit Name	Iosco County	County	IOSCO	Type	COUNTY	MuniCode	35-0-000
Opinion Date	June 13, 2008	Audit Submitted		Fiscal Year	December 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 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 checked="" 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="6599361"/>
General Fund Expenditure:	<input type="text" value="6352692"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="922755"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="3583799"/>

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)	Gerald	Last Name	Desloover	Ten Digit License Number	1101007126
CPA Street Address	5800 Gratiot	City	Saginaw	State	MI
				Zip Code	48605
CPA Firm Name	Rehmann Robson	Unit's Street Address	P.O. Box 538	City	Tawas City
				Zip Code	48764

# Iosco County

Tawas City, Michigan



Financial Statements

Year Ended December 31, 2007

# IOSCO COUNTY, MICHIGAN

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## INDEPENDENT AUDITORS' REPORT

June 13, 2008

Board of Commissioners  
Iosco County, Michigan  
Tawas City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Iosco County, Michigan***, as of and for the year ended December 31, 2007, which collectively comprise the financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of ***Iosco County, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility, which is a major enterprise fund, and therefore a separate opinion unit. In addition, the Medical Care Facility represents 60% and 92% of the business-type activity assets and program revenues, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, 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. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*. 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.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the amount that would have been reported as assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units

is unknown. In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of ***Iosco County, Michigan***, or the changes in financial position thereof for the year then ended.

Further 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, each major fund, and the aggregate remaining fund information for the primary government of ***Iosco County, Michigan***, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General Fund, Ambulance Service Fund, Revenue Sharing Reserve Fund, and EDC Grant Revolving Loan Fund, for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008, on our consideration of ***Iosco County, 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 listed in the table of contents on pages 3-7, is not a required part of the basic financial statements of the primary government 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise ***Iosco County, Michigan***'s primary government financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, audits of States, Local Governments, and Nonprofit Organizations, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects in relation to the financial statements of the primary government taken as a whole.



**IOSCO COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

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**CONCEPTUAL INFORMATION ABOUT THE COUNTY'S FINANCIAL STATEMENTS**

The adoption of Governmental Accounting Standards Board Statement Number 34 (GASB 34) changes the format for presentation of Iosco County's annual audit. The primary government is presented in two categories, governmental activities and business-type activities. Governmental activities consolidate all general and other governmental funds. This reflects Iosco County as a whole that is inclusive of all general operating and special revenue, debt service, and capital project funds. Business-type activities are limited to the Department of Public Works, Medical Care Facility and the County's Revolving Delinquent Tax Fund. As the audit progresses, these categories are presented as individual funds indicating separate fund activities that make up the total governmental and business type presentation. The statement of net assets again under governmental activities gives you a combined County total of assets net of debt with the difference being a reflection of equity or net assets. Iosco County elected to adopt a \$5,000 threshold for capitalizing assets. Those assets at a cost of less than \$5,000 are expensed in the year purchased. Iosco County capital assets may be found in the notes to financial statement section of the audit.

**FINANCIAL HIGHLIGHTS**

The assets of the County Primary Government exceeded its liabilities at the close of the most recent fiscal year by \$23,844,446 (net assets). This is an increase of \$1,059,132 over 2006 and indicates continued investment in capital assets. Of the total net assets in 2007, \$17,709,844 is unrestricted net assets needed to meet the government's ongoing obligations to citizens.

As of the close of the 2007 fiscal year, the County's governmental funds (this includes the general fund, special revenue, debt service and capital project funds) reported ending fund balances of \$8,800,682, an increase of \$166,321 in comparison over 2006. The County's general fund balance for 2007 increased by \$802,863 to a year end balance of \$922,755 or 14.5% of actual general fund expenditures. The increase in the general fund balance can be attributed to a transfer in of \$500,000 from the delinquent tax fund and revenue over expenditures of \$246,669.

Following is Iosco County's net assets and changes in net assets comparing the current 2007 year to the prior year.

### IOSCO COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current and other assets	\$ 12,637,312	\$ 12,534,260	\$13,550,509	\$ 12,780,274	\$26,187,821	\$ 25,314,534
Capital assets	<u>3,492,851</u>	<u>3,663,168</u>	<u>4,690,181</u>	<u>5,061,221</u>	<u>8,183,032</u>	<u>8,724,389</u>
Total assets	<u>16,130,163</u>	<u>16,197,428</u>	<u>18,240,690</u>	<u>17,841,495</u>	<u>34,370,853</u>	<u>34,038,923</u>
Long-term liabilities						
outstanding	4,263,311	4,071,790	5,034,000	4,252,000	9,297,311	8,323,790
Other liabilities	<u>1,084,262</u>	<u>762,709</u>	<u>1,198,428</u>	<u>1,107,978</u>	<u>2,282,690</u>	<u>1,870,687</u>
Total liabilities	<u>5,347,573</u>	<u>4,834,499</u>	<u>6,232,428</u>	<u>5,359,978</u>	<u>11,580,001</u>	<u>10,194,477</u>
Net assets						
Invested in capital assets, net of related debt	116,615	493,742	4,799,454	5,061,221	4,916,069	5,554,963
Restricted	485,691	579,639	-	-	485,691	579,639
Unrestricted	<u>10,180,284</u>	<u>10,289,548</u>	<u>7,208,808</u>	<u>7,420,296</u>	<u>17,389,092</u>	<u>17,709,844</u>
<b>Total net assets</b>	<b><u>\$ 10,782,590</u></b>	<b><u>\$ 11,362,929</u></b>	<b><u>\$12,008,262</u></b>	<b><u>\$ 12,481,517</u></b>	<b><u>\$22,790,852</u></b>	<b><u>\$ 23,844,446</u></b>

## IOSCO COUNTY'S CHANGE IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,399,814	\$ 4,629,625	\$ 6,447,961	\$ 6,497,655	\$10,847,775	\$ 11,127,280
Operating grants and contributions	1,820,186	1,507,728	394,694	228,373	2,214,880	1,736,101
Capital grants and contributions	13,954	120,210	-	-	13,954	120,210
General revenues						
Property taxes	5,264,226	4,756,206	427,584	457,903	5,691,810	5,214,109
Grants and contributions not restricted to specific programs	75,870	84,918	-	-	75,870	84,918
Unrestricted investment earnings	<u>241,312</u>	<u>259,584</u>	<u>212,761</u>	<u>216,552</u>	<u>454,073</u>	<u>476,136</u>
Total revenues	<u>11,815,362</u>	<u>11,358,271</u>	<u>7,483,000</u>	<u>7,400,483</u>	<u>19,298,362</u>	<u>18,758,754</u>
<b>Expenses</b>						
Legislative	103,075	103,146	-	-	103,075	103,146
Judicial	1,869,252	1,911,565	-	-	1,869,252	1,911,565
General government	3,196,737	3,424,011	-	-	3,196,737	3,424,011
Public safety	2,721,930	2,760,102	-	-	2,721,930	2,760,102
Public works	29,351	-	-	-	29,351	-
Health and welfare	2,919,358	2,861,990	-	-	2,919,358	2,861,990
Culture and recreation	84,060	42,646	-	-	84,060	42,646
Interest on debt	181,597	168,934	-	-	181,597	168,934
Department of Public works	-	-	294,055	244,704	294,055	244,704
Delinquent tax revolving	-	-	78,807	103,962	78,807	103,962
Medical Care Facility	-	-	<u>6,146,588</u>	<u>6,078,562</u>	<u>6,146,588</u>	<u>6,078,562</u>
Total expenses	<u>11,105,360</u>	<u>11,272,394</u>	<u>6,519,450</u>	<u>6,427,228</u>	<u>17,624,810</u>	<u>17,699,622</u>
Increase in net assets before transfers	710,002	85,877	963,550	973,255	1,673,552	1,059,132
Transfers	<u>93,517</u>	<u>500,000</u>	<u>(93,517)</u>	<u>(500,000)</u>	-	-
Increase (decrease) in net assets	803,519	585,877	870,033	473,255	1,673,552	1,059,132
Net assets, beginning of year, restated	<u>9,979,071</u>	<u>10,777,052</u>	<u>11,138,229</u>	<u>12,008,262</u>	<u>21,117,300</u>	<u>22,785,314</u>
Net assets, end of year	<u>\$10,782,590</u>	<u>\$11,362,929</u>	<u>\$12,008,262</u>	<u>\$ 12,481,517</u>	<u>\$22,790,852</u>	<u>\$ 23,844,446</u>

The reasons for the most significant changes from prior year to current year are because of the follow occurrences:

- Property taxes decreased \$500,000 due to the shift of the tax collection from December to July.

## **FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The County general fund balance increased by \$802,863 to end the 2007 fiscal year at \$922,755. This is the result of a transfer in of \$500,000 from delinquent tax fund and revenue over expenditures of \$246,669. The increase in fund balance is management's goal to maintain a cash level sufficient to meet payable requirements through July of each year when the annual operating tax roll is billed. It is management's goal to reach and maintain a minimum general fund balance of \$1,500,000 to support a budget approaching \$7,000,000.

## **CAPITAL ASSETS**

The County's investment in capital assets for its governmental activities as of 12/31/07 amounted to \$3,663,168 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The change in net capital assets for 2007 increased by \$170,317. Iosco County adopted a capitalization threshold of \$5,000 or more. Investments in assets less than \$5,000 are expensed in the fiscal year acquired. Additional information on the County's capital assets can be found in Note III.C. to the financial statements.

## **LONG-TERM DEBT**

Iosco County long-term debt is divided into two categories. Governmental activity accounts for the voted debt issue that funded the renovation of the Medical Care Facility and combines net pension obligations, capital leases, and accumulated sick and vacation time. The ending balance of \$4,071,790 is \$191,521 less than the 2006 ending balance. Business-type activity combines general obligation bonds issued with the full faith and credit of Iosco County. These long-term bonds support water and sewer projects for a number of cities and townships throughout Iosco County. The ending balance for 2007 was \$4,252,000 which indicates a reduction of \$782,000 when compared to the 2006 ending balance.

## **IOSCO COUNTY'S FINANCIAL FUTURE**

The year ended 12/31/07 indicates improvement over prior years declining general fund balances by increasing \$802,863. The ending fund balance of \$922,755 represents 14.5% of annual expenditures. Management's goal is to achieve and maintain a fund balance equal to 20% of expenditures to sustain payable levels prior to the annual July tax roll billing for county operating.

It is Management's goal to maintain balanced future budgets to ensure proper fund balances that secure proper cash needs and promote future financial growth.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Iosco County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Iosco County Treasurer, P.O. Box 538, Tawas City, Michigan 48764-0538.

# **FINANCIAL STATEMENTS**

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2007**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 8,364,931	\$ 5,051,437	\$ 13,416,368
Investments	80,000	-	80,000
Accounts receivable	4,022,329	6,050,876	10,073,205
Advance to component units	67,000	-	67,000
Prepaid items and other assets	-	96,777	96,777
Restricted cash	-	1,581,184	1,581,184
Capital assets, net:			
Assets not being depreciated	263,506	1,273	264,779
Assets being depreciated	3,399,662	5,059,948	8,459,610
<b>Total assets</b>	<b>16,197,428</b>	<b>17,841,495</b>	<b>34,038,923</b>
<b>Liabilities</b>			
Accounts payable	274,949	167,420	442,369
Accrued liabilities	110,418	420,503	530,921
Unearned revenue	364,328	504,138	868,466
Interest payable	13,014	15,917	28,931
Noncurrent liabilities:			
Due within one year	258,562	592,000	850,562
Due in more than one year	3,813,228	3,660,000	7,473,228
<b>Total liabilities</b>	<b>4,834,499</b>	<b>5,359,978</b>	<b>10,194,477</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	493,742	5,061,221	5,554,963
Restricted for:			
Debt service	547,767	-	547,767
Other purposes	31,872	-	31,872
Unrestricted	10,289,548	7,420,296	17,709,844
<b>Total net assets</b>	<b>\$ 11,362,929</b>	<b>\$ 12,481,517</b>	<b>\$ 23,844,446</b>

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

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary government</b>					
<b>Governmental activities:</b>					
Legislative	\$ 103,146	\$ -	\$ -	\$ (103,146)	
Judicial	1,911,565	848,250	401,702	(661,613)	
General government	3,424,011	1,255,152	571,191	120,210	(1,477,458)
Public safety	2,760,102	969,635	157,381	-	(1,633,086)
Health and welfare	2,861,990	1,553,588	310,992	-	(997,410)
Culture and recreation	42,646	3,000	39,213	-	(433)
Interest on debt	168,934	-	27,249	-	(141,685)
Total governmental activities	11,272,394	4,629,625	1,507,728	120,210	(5,014,831)
<b>Business-type activities:</b>					
Department of public works	244,704	-	228,373	-	(16,331)
Delinquent tax revolving	103,962	364,321	-	-	260,359
Medical Care Facility	6,078,562	6,133,334	-	-	54,772
Total business-type activities	6,427,228	6,497,655	228,373	-	298,800
<b>Total primary government</b>	<b>\$ 17,699,622</b>	<b>\$ 11,127,280</b>	<b>\$ 1,736,101</b>	<b>\$ 120,210</b>	<b>\$ (4,716,031)</b>

continued...

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

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

Functions/Programs	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets			
Net (expense) revenue	\$ (5,014,831)	\$ 298,800	\$ (4,716,031)
General revenues:			
Property taxes	4,756,206	457,903	5,214,109
Grants and contributions not restricted to specific programs	84,918	-	84,918
Unrestricted investment earnings	259,584	216,552	476,136
Transfers - internal activities	500,000	(500,000)	-
Total general revenues and transfers	5,600,708	174,455	5,775,163
Change in net assets	585,877	473,255	1,059,132
Net assets, beginning of year, as restated	10,777,052	12,008,262	22,785,314
Net assets, end of year	\$ 11,362,929	\$ 12,481,517	\$ 23,844,446

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

**IOSCO COUNTY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<u>GENERAL</u>	<u>AMBULANCE SERVICE FUND</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 738,531	\$ 1,164,670
Investments	-	-
Taxes receivable	222,286	-
Loans receivable	-	-
Interest receivable	1,140	-
Accounts receivable	6,714	1,293,416
Allowance for doubtful accounts	-	(986,324)
Due from other funds	1,030	-
Due from State	67,069	-
Advance to component units	67,000	-
	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 1,103,770</u>	<u>\$ 1,471,762</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
 <b>LIABILITIES</b>		
Accounts payable	\$ 105,650	\$ 98,958
Accrued liabilities and advances	62,061	23,287
Due to other funds	13,304	-
Deferred revenue	-	-
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>181,015</b>	<b>122,245</b>
 <b>FUND EQUITY</b>		
Fund balances:		
Reserved for:		
Advances to component units	67,000	-
Debt service	-	-
Restricted contributions	-	-
Unreserved - undesignated, reported in:		
General fund	855,755	-
Special revenue funds	-	1,349,517
	<hr/>	<hr/>
<b>TOTAL FUND EQUITY</b>	<b>922,755</b>	<b>1,349,517</b>
	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 1,103,770</u>	<u>\$ 1,471,762</u>

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

REVENUE SHARING RESERVE FUND	EDC GRANT REVOLVING LOAN FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ 2,101,725	\$ 1,139,871	\$ 3,068,467	\$ 8,213,264
-	-	80,000	80,000
-	-	354,800	577,086
-	2,464,720	367,496	2,832,216
-	-	3,172	4,312
-	-	67,850	1,367,980
-	-	-	(986,324)
-	-	25,785	26,815
-	-	159,990	227,059
-	-	-	67,000
<u>\$ 2,101,725</u>	<u>\$ 3,604,591</u>	<u>\$ 4,127,560</u>	<u>\$ 12,409,408</u>

\$ -	\$ -	\$ 70,341	\$ 274,949
-	-	25,070	110,418
-	-	13,511	26,815
-	2,464,720	731,824	3,196,544
-	2,464,720	840,746	3,608,726

-	-	-	67,000
-	-	547,767	547,767
-	-	31,872	31,872
-	-	-	855,755
<u>2,101,725</u>	<u>1,139,871</u>	<u>2,707,175</u>	<u>7,298,288</u>
<u>2,101,725</u>	<u>1,139,871</u>	<u>3,286,814</u>	<u>8,800,682</u>
<u>\$ 2,101,725</u>	<u>\$ 3,604,591</u>	<u>\$ 4,127,560</u>	<u>\$ 12,409,408</u>

**IOSCO COUNTY, MICHIGAN  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

Fund balances - total governmental funds	\$	8,800,682
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 not reported in the funds.		3,663,168
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 certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.		
Add: deferred revenues for loans receivable		2,832,157
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.		
Subtract: bonds payable/capital leases		(3,169,426)
Subtract: accrued interest payable		(13,014)
Subtract: incurred but not reported insurance claims		(58,674)
Subtract: compensated absences		(355,699)
Subtract: net pension obligation		(487,991)
Elimination of Internal Service Fund activities		<u>151,726</u>
Net assets of governmental activities	\$	<u><u>11,362,929</u></u>

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

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	GENERAL	AMBULANCE SERVICE FUND	REVENUE SHARING RESERVE FUND
<b>REVENUES</b>			
Taxes	\$ 4,418,154	\$ 536	\$ -
Licenses and permits	16,383	-	-
Intergovernmental:			
Federal grants	122,120	-	-
State grants	555,850	-	-
Contributions from local units	-	-	-
Charges for services	1,048,586	1,552,721	-
Fines and forfeits	60,720	-	-
Interest	103,202	64,383	64,814
Reimbursements and refunds	273,372	-	-
Other	974	11,642	-
<b>TOTAL REVENUES</b>	<b>6,599,361</b>	<b>1,629,282</b>	<b>64,814</b>
<b>EXPENDITURES</b>			
Legislative	102,895	-	-
Judicial	1,315,999	-	-
General government	2,841,658	-	-
Public safety	1,594,126	-	-
Health and welfare	374,003	1,743,401	-
Culture and recreation	7,586	-	-
Capital outlay	17,255	293,732	-
Other	350	-	-
Debt service - principal	84,999	-	-
Debt service - interest and charges	13,821	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,352,692</b>	<b>2,037,133</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>246,669</b>	<b>(407,851)</b>	<b>64,814</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,238,232	-	-
Transfers (out)	(682,038)	(15,550)	(488,232)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>556,194</b>	<b>(15,550)</b>	<b>(488,232)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>802,863</b>	<b>(423,401)</b>	<b>(423,418)</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<b>119,892</b>	<b>1,772,918</b>	<b>2,525,143</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 922,755</b>	<b>\$ 1,349,517</b>	<b>\$ 2,101,725</b>

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

EDC GRANT REVOLVING LOAN FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ -	\$ 337,516	\$ 4,756,206
-	240,300	256,683
-	462,218	584,338
-	554,169	1,110,019
-	52,209	52,209
-	718,509	3,319,816
-	3,431	64,151
5,606	85,976	323,981
-	223,210	496,582
495,065	27,249	534,930
500,671	2,704,787	11,498,915
-	-	102,895
-	590,006	1,906,005
376,205	122,475	3,340,338
-	1,088,081	2,682,207
-	813,256	2,930,660
-	29,169	36,755
-	146,653	457,640
-	-	350
-	121,811	206,810
-	155,113	168,934
376,205	3,066,564	11,832,594
124,466	(361,777)	(333,679)
-	747,488	1,985,720
(41,175)	(258,725)	(1,485,720)
(41,175)	488,763	500,000
83,291	126,986	166,321
1,056,580	3,159,828	8,634,361
\$ 1,139,871	\$ 3,286,814	\$ 8,800,682

**IOSCO COUNTY, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Net change in fund balances - total governmental funds	\$		166,321
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: capital outlay			428,959
Subtract: loss on the disposal of capital assets			(8,385)
Subtract: depreciation expense			(250,257)
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: change in long-term receivables			6,329
Bond proceeds provide current financial resources to governmental funds, but issuing debt 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			
Add: principal payments on long-term liabilities			206,810
Subtract: change in accrued interest payable			(370)
The reduction of the County's long-term liability for the net pension obligation did not provide current financial resources, and was consequently not reported in the funds.			
Add: decrease of net pension obligation			58,207
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 governmental funds.			
Subtract: increase in the accrual of compensated absences			(14,822)
Subtract: increase in the incurred but not reported insurance claims			(58,674)
Internal service funds are used by management to charge the costs of certain activities, such as insurance costs, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.			
Add: interest revenue from internal service fund			417
Add: net operating income from activities accounted for in internal service fund			51,342
			51,342
Change in net assets of governmental activities:	\$		585,877

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

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
<b>REVENUES</b>				
Taxes	\$ 4,075,000	\$ 4,075,000	\$ 4,418,154	\$ 343,154
Licenses and permits	14,000	14,200	16,383	2,183
Intergovernmental:				
Federal grants	103,338	103,338	122,120	18,782
State grants	594,846	602,696	555,850	(46,846)
Charges for services	1,086,497	1,086,497	1,048,586	(37,911)
Fines and forfeits	67,500	67,500	60,720	(6,780)
Interest	80,000	80,000	103,202	23,202
Reimbursements and refunds	314,265	314,265	273,372	(40,893)
Other	1,300	1,300	974	(326)
<b>TOTAL REVENUES</b>	<b>6,336,746</b>	<b>6,344,796</b>	<b>6,599,361</b>	<b>254,565</b>
<b>EXPENDITURES</b>				
Current				
Legislative	103,864	103,864	102,895	(969)
Judicial	1,263,647	1,273,879	1,315,999	42,120
General government	2,993,027	3,006,549	2,841,658	(164,891)
Public safety	1,416,145	1,573,190	1,594,126	20,936
Public works	1,500	1,500	-	(1,500)
Health and welfare	379,174	379,974	374,003	(5,971)
Culture and recreation	5,150	5,150	7,586	2,436
Capital outlay	30,696	36,633	17,255	(19,378)
Other	73,775	35,189	350	(34,839)
Debt service	-	-	98,820	98,820
<b>TOTAL EXPENDITURES</b>	<b>6,266,978</b>	<b>6,415,928</b>	<b>6,352,692</b>	<b>(63,236)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>69,768</b>	<b>(71,132)</b>	<b>246,669</b>	<b>317,801</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	475,000	975,000	1,238,232	263,232
Transfers (out)	(543,667)	(543,667)	(682,038)	138,371
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(68,667)</b>	<b>431,333</b>	<b>556,194</b>	<b>124,861</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,101</b>	<b>360,201</b>	<b>802,863</b>	<b>442,662</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>119,892</b>	<b>119,892</b>	<b>119,892</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 120,993</b>	<b>\$ 480,093</b>	<b>\$ 922,755</b>	<b>\$ 442,662</b>

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

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**AMBULANCE SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ -	\$ -	\$ 536	\$ 536
Charges for services	1,071,750	1,071,750	1,552,721	480,971
Interest	60,000	60,000	64,383	4,383
Other	20,000	20,000	11,642	(8,358)
<b>TOTAL REVENUES</b>	<b>1,151,750</b>	<b>1,151,750</b>	<b>1,629,282</b>	<b>477,532</b>
EXPENDITURES				
Current				
Health and welfare	1,579,450	1,830,645	1,743,401	(87,244)
Capital outlay	135,000	293,805	293,732	(73)
<b>TOTAL EXPENDITURES</b>	<b>1,714,450</b>	<b>2,124,450</b>	<b>2,037,133</b>	<b>(87,317)</b>
REVENUES OVER (UNDER) EXPENDITURES	(562,700)	(972,700)	(407,851)	564,849
OTHER FINANCING SOURCES (USES)				
Transfers in	578,250	988,250	-	(988,250)
Transfers (out)	(15,550)	(15,550)	(15,550)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>562,700</b>	<b>972,700</b>	<b>(15,550)</b>	<b>(988,250)</b>
NET CHANGE IN FUND BALANCE	-	-	(423,401)	(423,401)
FUND BALANCE, BEGINNING OF YEAR	1,812,156	1,812,156	1,772,918	(39,238)
FUND BALANCE, END OF YEAR	\$ 1,812,156	\$ 1,812,156	\$ 1,349,517	\$ (462,639)

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

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
EDC GRANT REVOLVING LOAN FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Interest	\$ 15,000	\$ 15,000	\$ 5,606	\$ (9,394)
Other	500,000	500,000	495,065	(4,935)
TOTAL REVENUES	515,000	515,000	500,671	(14,329)
EXPENDITURES				
Current				
Health and welfare	500,000	500,000	376,205	(123,795)
REVENUES OVER (UNDER) EXPENDITURES	15,000	15,000	124,466	109,466
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(15,000)	(15,000)	(41,175)	26,175
NET CHANGE IN FUND BALANCE	-	-	83,291	83,291
FUND BALANCE, BEGINNING OF YEAR	337,060	337,060	1,056,580	719,520
FUND BALANCE, END OF YEAR	\$ 337,060	\$ 337,060	\$ 1,139,871	\$ 802,811

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

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
REVENUE SHARING RESERVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 1,232,368	\$ 1,232,368	\$ -	\$ (1,232,368)
Interest	50,000	50,000	64,814	14,814
TOTAL REVENUES	1,282,368	1,282,368	64,814	(1,217,554)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(475,000)	(475,000)	(488,232)	13,232
NET CHANGE IN FUND BALANCES	807,368	807,368	(423,418)	(1,230,786)
FUND BALANCES, BEGINNING OF YEAR	2,525,143	2,525,143	2,525,143	-
FUND BALANCES, END OF YEAR	\$ 3,332,511	\$ 3,332,511	\$ 2,101,725	\$ (1,230,786)

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

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2007**

	ENTERPRISE			
	Medical Care Facility	Delinquent Tax Revolving Fund	East Tawas/ Tawas City Waste Treatment Facility Project	Oscoda Sewer 2003 Project
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 2,855,830	\$ 1,946,605	\$ -	\$ 251,552
Taxes receivable	504,138	-	-	-
Taxes receivable - delinquent	-	943,439	-	-
Loans receivable - current	-	-	402,719	-
Accounts receivable	541,437	-	-	-
Due from other governmental units	-	23,043	-	-
Other current assets	96,777	-	-	-
Restricted assets - cash and cash equivalents	1,581,184	-	-	-
<b>Total current assets</b>	<b>5,579,366</b>	<b>2,913,087</b>	<b>402,719</b>	<b>251,552</b>
Noncurrent assets				
Loans receivable - due in more than one year	-	-	390,000	1,919,365
Capital assets, net:				
Assets not being depreciated	1,273	-	-	-
Assets being depreciated	5,059,948	-	-	-
<b>Total noncurrent assets</b>	<b>5,061,221</b>	<b>-</b>	<b>390,000</b>	<b>1,919,365</b>
<b>TOTAL ASSETS</b>	<b>10,640,587</b>	<b>2,913,087</b>	<b>792,719</b>	<b>2,170,917</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	147,516	-	-	-
Accrued liabilities and advances	420,503	-	7,719	15,917
Unearned revenue	504,138	-	-	-
Current portion of bonds payable	-	-	395,000	65,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,072,157</b>	<b>-</b>	<b>402,719</b>	<b>80,917</b>
Long-term Liabilities				
Bonds payable	-	-	390,000	2,090,000
<b>TOTAL LIABILITIES</b>	<b>1,072,157</b>	<b>-</b>	<b>792,719</b>	<b>2,170,917</b>
<b>NET ASSETS</b>				
Investment in capital assets	5,061,221	-	-	-
Unrestricted	4,507,209	2,913,087	-	-
<b>TOTAL NET ASSETS</b>	<b>\$ 9,568,430</b>	<b>\$ 2,913,087</b>	<b>\$ -</b>	<b>\$ -</b>

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

		INTERNAL SERVICE	
Other Enterprise Funds	Total	Workers' Compensation Insurance	
\$ -	\$ 5,053,987	\$ 151,726	
-	504,138	-	
-	943,439	-	
144,185	546,904	-	
-	541,437	-	
-	23,043	-	
-	96,777	-	
-	1,581,184	-	
144,185	9,290,909	151,726	
1,180,000	3,489,365	-	
-	1,273	-	
-	5,059,948	-	
1,180,000	8,550,586	-	
1,324,185	17,841,495	151,726	
-	147,516	-	
12,185	456,324	-	
-	504,138	-	
132,000	592,000	-	
144,185	1,699,978	-	
1,180,000	3,660,000	-	
1,324,185	5,359,978	-	
-	5,061,221	-	
-	7,420,296	151,726	
\$ -	\$ 12,481,517	\$ 151,726	

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ENTERPRISE			
	Medical Care Facility	Delinquent Tax Revolving Fund	East Tawas/ Tawas City Waste Treatment Facility Project	Oscoda Sewer 2003 Project
OPERATING REVENUES				
Charges for services	\$ 6,132,890	\$ -	\$ -	\$ -
Interest on delinquent taxes	-	183,977	-	-
Collection fees	-	93,954	-	-
Other	-	86,390	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>6,132,890</b>	<b>364,321</b>	<b>-</b>	<b>-</b>
OPERATING EXPENSES				
Salaries	2,981,866	-	-	-
Depreciation	245,818	-	-	-
Other	2,850,878	103,962	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>6,078,562</b>	<b>103,962</b>	<b>-</b>	<b>-</b>
<b>OPERATING INCOME (LOSS)</b>	<b>54,328</b>	<b>260,359</b>	<b>-</b>	<b>-</b>
NONOPERATING REVENUES (EXPENSES)				
Contributions from local units	-	-	63,748	97,800
Interest on investments	189,692	10,529	-	16,331
Other revenue	458,347	-	-	-
Local unit cost of capital improvements	-	-	-	(16,331)
Interest and charges	-	-	(63,748)	(97,800)
<b>TOTAL NONOPERATING REVENUES</b>	<b>648,039</b>	<b>10,529</b>	<b>-</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>702,367</b>	<b>270,888</b>	<b>-</b>	<b>-</b>
TRANSFERS				
Transfers (out)	-	(500,000)	-	-
<b>NET INCOME (LOSS)</b>	<b>702,367</b>	<b>(229,112)</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>8,866,063</b>	<b>3,142,199</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 9,568,430</b>	<b>\$ 2,913,087</b>	<b>\$ -</b>	<b>\$ -</b>

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

		INTERNAL SERVICE	
Other Enterprise Funds	Total	Workers' Compensation Insurance	
\$ -	\$ 6,132,890	\$ -	
-	183,977	-	
-	93,954	-	
-	86,390	51,342	
-	6,497,211	51,342	
-	2,981,866	-	
-	245,818	-	
-	2,954,840	-	
-	6,182,524	-	
-	314,687	51,342	
66,825	228,373	-	
-	216,552	417	
-	458,347	-	
-	(16,331)	-	
(66,825)	(228,373)	-	
-	658,568	417	
-	973,255	51,759	
-	(500,000)	-	
-	473,255	51,759	
-	12,008,262	99,967	
\$ -	\$ 12,481,517	\$ 151,726	

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ENTERPRISE			
	Medical Care Facility	Delinquent Tax Revolving Fund	East Tawas/ Tawas City Waste Treatment Facility Project	Oscoda Sewer 2003 Project
Cash flows from operating activities				
Cash received from customers	\$ 5,345,632	\$ 135,796	\$ -	\$ (32,240)
Cash received from other operating activities:	704,144	86,390	-	-
Cash payments to employees and suppliers	(5,913,371)	(103,962)	-	(410)
Net cash provided (used) by operating activities:	136,405	118,224	-	(32,650)
Cash flows from noncapital financing activities:				
Transfers	-	(500,000)	-	-
Cash received from property tax levy	457,903	-	-	-
Patient trust deposits, net	488	-	-	-
Other	444	-	-	-
Net cash provided (used) by noncapital financing activities:	458,835	(500,000)	-	-
Cash flows from capital and related financing activities:				
Purchases of capital assets	(616,858)	-	-	-
Contributions from local units	-	-	413,748	97,800
Cash payments for capital improvements	-	-	-	(16,331)
Principal paid on bonds	-	-	(350,000)	(60,000)
Interest and paying agent fees on bonds	-	-	(63,748)	(97,800)
Net cash provided (used) by capital and related financing activities:	(616,858)	-	-	(76,331)
Cash flows from investing activities:				
Interest received	189,692	10,529	-	16,331
Net increase (decrease) in cash and cash equivalents:	168,074	(371,247)	-	(92,650)
Cash and cash equivalents, beginning of year	4,268,940	2,317,852	-	344,202
Cash and cash equivalents, end of year	\$ 4,437,014	\$ 1,946,605	\$ -	\$ 251,552
Statement of net assets classification of cash and cash equivalents:				
Cash and cash equivalents	\$ 2,855,830	\$ 1,946,605	\$ -	\$ 251,552
Restricted assets	1,581,184	-	-	-
Cash and cash equivalents, end of year	\$ 4,437,014	\$ 1,946,605	\$ -	\$ 251,552
Non-cash investing capital and financing transactions				
All dividends and interest income were immediately reinvested in the cash management fund:				
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 54,328	\$ 260,359	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	245,818	-	-	-
Changes in assets and liabilities which increase (decrease) cash:				
Receivables	(83,114)	(142,135)	353,442	(32,240)
Inventories	24,660	-	-	-
Accounts payable	(122,117)	-	-	-
Accrued and other liabilities	16,830	-	(353,442)	(410)
Net cash provided (used) by operating activities:	\$ 136,405	\$ 118,224	\$ -	\$ (32,650)

The accompanying notes are an integral part of these financial statements

		INTERNAL SERVICE	
Other Enterprise Funds	Total	Workers' Compensation Insurance	
\$ -	\$ 5,449,188	\$ -	
-	790,534	51,342	
-	(6,017,743)	-	
-	221,979	51,342	
-	(500,000)	-	
-	457,903	-	
-	488	-	
-	444	-	
-	(41,165)	-	
-	(616,858)	-	
438,825	950,373	-	
-	(16,331)	-	
(372,000)	(782,000)	-	
(66,825)	(228,373)	-	
-	(693,189)	-	
-	216,552	417	
-	(295,823)	51,759	
-	6,930,994	99,967	
\$ -	\$ 6,635,171	\$ 151,726	
\$ -	\$ 5,053,987	\$ 151,726	
-	1,581,184	-	
\$ -	\$ 6,635,171	\$ 151,726	
\$ -	\$ 314,687	\$ 51,342	
-	245,818	-	
7,896	103,849	-	
(7,896)	16,764	-	
-	(122,117)	-	
-	(337,022)	-	
\$ -	\$ 221,979	\$ 51,342	

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2007**

<u>ASSETS</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 2,135,248
Investments	25,000
Accounts receivable	<u>74,701</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,234,949</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 44,615
Unallocated property taxes	276,984
Undistributed receipts	124,692
Undistributed penal fines	85,752
Due to other governmental units	<u>1,702,906</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 2,234,949</u>

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

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of *Iosco County*, (the “County”), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

#### A. REPORTING ENTITY

The accompanying financial statements are for the primary government of Iosco County, and do not include the financial data of the component units of the County. The component units discussed below are considered to be part of the County’s reporting entity because of the significance of their operational or financial relationship with the County.

The financial statements of the Iosco County 1984 Building Authority have been consolidated with the County’s related debt service funds as required by the State of Michigan.

The following are the component units of the County, which have been excluded from the accompanying financial statements. If these component units had been included, they would have been presented as discrete component units:

**Road Commission** - The County appoints all members of the governing Board of the Road Commission. The Road Commission deposits receipts with the County. The Road Commission also has a balance in the County’s common bank account and has investments through the County. A complete financial statement can be obtained from the Iosco County Road Commission, 3939 M-55, Tawas City, Michigan 48764.

**County Drain Commission** - The County elected the Drain Commissioner, who is responsible for the activities of the Drain Commission. The County Treasurer collects the receipts and the Clerk makes disbursements after the Drain Commissioner approves the invoices. The Drain Commission also has balances in the County’s common bank account and investments through the County. A complete financial statement can be obtained from the Iosco County Drain Commission, 420 Lake Street, Tawas City, Michigan 48764.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### JOINT OPERATIONS

#### *District Health Department*

The counties of Ogemaw, Oscoda, Alcona and Iosco participate jointly in the operation of the District Health Department. The financial operations of the District Health Department are recorded in the records of the Ogemaw County Health Fund.

The funding formula approved by the member counties is based pro rata on each unit's population and equalized valuation to the district's total population and valuation. Member counties' percentages of the net operating budget for 2006 were:

Ogemaw	28%	Oscoda	13%
Alcona	21%	Iosco	38%

Iosco County's appropriation to the District Health Department for 2007 was \$166,503.

#### *Mental Health Authority*

The AuSable Valley Community Mental Health Services Board is a three County Authority with each County appointing two members to the governing Board. The Mental Health Services Board deposits their receipts with the Iosco County Treasurer. The Mental Health Services Board is part of Iosco County's common bank account and has investments through the County. The County's contribution to the Mental Health Services Board was \$69,070 for the current fiscal year. A complete financial statement of the Mental Health Services Board can be obtained from the AuSable Valley Community Mental Health Services Board, 1199 Harris Avenue, Tawas City, Michigan 48764.

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (e.g., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

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Property taxes, franchise taxes, licenses, intergovernmental revenues 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 government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *ambulance service fund* accounts for the collection of a separate tax millage that is used to fund the operations of ambulance services.

The *revenue sharing reserve fund* accounts for tax millage funds as required by Public Act 357 of 2004.

The *EDC Grant Revolving Loan Fund* accounts for the operations of a service providing low interest loans to assist professional, commercial, and industrial entities in rehabilitation and expansion of existing businesses and construction of new business within the county.

The government reports the following major proprietary funds:

The *medical care facility fund* accounts for the operations of the County's medical care facility.

The *delinquent tax revolving fund* accounts for the purchase of delinquent taxes from other local taxing units.

The *East Tawas/Tawas City Waste Treatment Facility Fund* accounts for the accumulation of funds for the payment of interest and principal on the East Tawas/Tawas City Waste Treatment Facility Bonds.

The *Oscoda Sewer 2003 Project Fund* accounts for the financial resources used for the repayment of the Oscoda Sewer 2003 Bonds.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

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Additionally, the County reports the following fund types:

*Internal service funds* account for the insurance fund services provided to other departments or agencies of the government on a cost reimbursement basis.

*Agency funds* are used to account for assets held for other governments in an agency capacity, including tax collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary 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 government 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.

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

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 delinquent tax revolving and the medical care facility enterprise funds are charges to customers for sales and services and interest collected on delinquent taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### **D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

#### **1. DEPOSITS AND INVESTMENTS**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments are recorded at fair value.

#### **2. RECEIVABLES AND PAYABLES**

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." There were no internal balances at the end of the fiscal year.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### **3. INVENTORY AND PREPAID ITEMS**

Inventories of expendable supplies have not been recorded and the amount of any such inventories is not considered material. The cost of such inventories has been treated as an expenditure at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### 4. RESTRICTED ASSETS

Restricted assets are assets that have been set aside for future capital purchases in the Medical Care Facility.

### 5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County of Iosco), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	10-40 years
Equipment	5-10 years
Vehicles	5-7 years
Infrastructure	5-50 years

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### 6. COMPENSATED ABSENCES

#### *Compensated Absence Liability Recognition*

Accumulated PTO is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured.

The portion of unpaid PTO pay that is applicable to governmental fund types is reported in the Statement of Net Assets.

### 7. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 sources while discounts 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.

### 8. FUND EQUITY

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

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

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### **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. BUDGETS AND BUDGETARY ACCOUNTING**

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- Prior to December 1, the departments submit to the Board of Commissioners a proposed departmental operating budget for the fiscal year commencing the following January 1. This operating budget includes proposed expenditures and means of financing them.
- Public hearings are conducted at the governmental center to obtain taxpayer comments.
- Prior to January 1, the budget is legally enacted through passage of an ordinance.
- All budget appropriations lapse at year end. Budgetary amounts reported herein are as originally adopted, or as amended by the Board of Commissioners throughout the operating year.
- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis, while the Internal Service and Enterprise Fund informational budgets are prepared using the accrual basis of accounting. Both methods are consistent with generally accepted accounting principles (GAAP).
- The legal level of control is at the activity level for the General Fund and Special Revenue Funds.
- The County Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures in the General Fund must be approved by the County Board of Commissioners.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

The General Fund and other County Funds had expenditures exceeding budgeted appropriations at the activity level, which is the County's legal level of budgetary control for the year ended December 31, 2007.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>GENERAL FUND</b>			
<b>JUDICIAL</b>			
Circuit Court	\$ 403,165	\$ 436,894	\$ (33,729)
District Court	409,119	423,549	(14,430)
<b>GENERAL GOVERNMENT</b>			
County council	20,000	47,019	(27,019)
County clerk	252,974	259,838	(6,864)
Equalization department	108,483	110,343	(1,860)
Prosecuting attorney	185,851	197,392	(1,541)
County treasurer	171,457	174,382	(2,925)
<b>PUBLIC SAFETY</b>			
Sheriff Department	279,172	281,945	(2,773)
Cooperative extension - marine agent	15,062	15,097	(35)
Jail	1,082,534	1,131,468	(48,934)
Emergency services office	26,942	27,262	(320)
<b>HEALTH AND WELFARE</b>			
Substance abuse agency	82,343	82,611	(268)
Medical examiner	23,000	25,132	(2,132)
Veterans burials and foundations	9,500	10,140	(640)
<b>CULTURE AND RECREATION</b>			
Parks and recreations board	5,150	7,586	(2,436)

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>DEBT SERVICE</b>			
Principal	-	84,999	(84,999)
Interest	-	13,821	(13,821)
<b>TRANSFERS OUT</b>			
Other funds	\$ -	\$ 253,776	\$ (253,776)
Veterans trust	-	451	(451)
Friend of court	46,598	54,767	(8,169)
<b>SPECIAL REVENUE FUNDS</b>			
Revenue Sharing Reserve			
Transfer out	475,000	488,232	(13,232)
EDC Grant Revolving-			
Transfer Out	15,000	41,175	(26,175)

### III. DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

State statutes authorize the County to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. 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.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County's investment policy allows for all of these types of investments.

A reconciliation of cash and investments as shown in the financial statements to the County's deposits and investments is as follows:

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 13,416,368
Investments	80,000
Restricted cash	1,581,184
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	2,135,248
Investments	<u>25,000</u>
Total	<u>\$ 17,237,800</u>
Deposits and Investments:	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	<u>\$ 17,237,800</u>

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### Deposit risk

*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 does not have a policy for deposit custodial credit risk. As of year end \$12,392,537 of the County's bank balance of \$12,997,537 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Investment Risk.* The County does not have any investment policies that are more restrictive than state statutes regarding interest rate risk, credit risk, or custodial credit risk.

### B. RECEIVABLES

Receivables in the primary government are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes	\$ 577,086	\$ 1,447,577
Accounts	1,367,980	543,987
Interest	4,312	-
Loan		
Due within one year	580,777	592,000
Due after one year	2,251,439	3,444,269
Intergovernmental		
Due within one year	227,059	23,043
Less: allowance for uncollectible accounts	<u>(986,324)</u>	<u>-</u>
Total	<u>\$ 4,022,329</u>	<u>\$ 6,050,876</u>

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

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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. Governmental funds also 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 and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (Nonmajor Governmental Funds)	\$ -	\$ 354,800
Loans Receivable (EDC Grant Revolving Loan Fund)	2,464,720	-
Loans Receivable (Nonmajor Governmental Funds)	367,496	-
Grant drawdowns prior to meeting all eligibility requirements	-	9,528
Total	<u>\$ 2,832,216</u>	<u>\$ 364,328</u>

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

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

### C. CAPITAL ASSETS

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

#### Primary Government

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 263,506	\$ -	\$ -	\$ 263,506
Total capital assets not being depreciated	263,506	-	-	263,506
Capital assets being depreciated:				
Buildings & improvements	3,704,869	8,500	-	3,713,369
Equipment	574,991	226,059	(19,500)	781,550
Vehicles	691,608	194,400	(49,146)	836,862
Total capital assets being depreciated	4,971,468	428,959	(68,646)	5,331,781
Less accumulated depreciation				
Buildings & improvements	(1,150,032)	(107,256)	-	(1,257,288)
Equipment	(250,941)	(53,962)	14,625	(290,278)
Vehicles	(341,150)	(89,039)	45,636	(384,553)
Total accumulated depreciation	(1,742,123)	(250,257)	60,261	(1,932,119)
Total capital assets being depreciated, net	3,229,345	178,702	(8,385)	3,399,662
<b>Governmental activities capital assets, net</b>	<b>\$ 3,492,851</b>	<b>\$ 178,702</b>	<b>\$ (8,385)</b>	<b>\$ 3,663,168</b>

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

#### Business-type activities

Activity for the Iosco County Medical Care Facility for the year ended December 31, 2007, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Construction in progress	\$ 153,792	\$ 1,273	\$ (153,792)	\$ 1,273
Capital assets being depreciated:				
Building & improvements	5,693,160	746,759	-	6,439,919
Equipment	1,552,456	22,618	(6,864)	1,568,210
Total capital assets being depreciated	7,245,616	769,377	(6,864)	8,008,129
Less accumulated depreciation				
Building & improvements	(1,574,721)	(177,032)	-	(1,751,753)
Equipment	(1,134,506)	(68,786)	6,864	(1,196,428)
Total accumulated depreciation	(2,709,227)	(245,818)	6,864	(2,948,181)
Total capital assets being depreciated, net	4,536,389	523,559	-	5,059,948
<b>Business-type activities capital assets, net</b>	<b>\$ 4,690,181</b>	<b>\$ 524,832</b>	<b>\$ (153,792)</b>	<b>\$ 5,061,221</b>

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

#### Governmental activities:

General government	\$ 103,582
Public safety	38,479
Health and welfare	93,489
Culture and Recreation	14,707

**Total depreciation expense – governmental activities** **\$ 250,257**

#### Business-type activities

**Total depreciation expense – Medical Care Facility** **\$ 245,818**

**IOSCO COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

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

**D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

<b>Due to</b>	<b>Due From</b>		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 1,030	\$ 1,030
Nonmajor governmental funds	13,304	12,481	25,785
<b>Total</b>	<b>\$ 13,304</b>	<b>\$ 13,511</b>	<b>\$ 26,815</b>

The balances are a result of time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Advances to/from component units**

General	\$ 67,000	\$ -
Drain commission	-	67,000
<b>Total</b>	<b>\$ 67,000</b>	<b>\$ 67,000</b>

<b>Transfers From</b>	<b>Transfers To</b>		
	General Fund	Nonmajor Governmental Funds	Total
General	\$ -	\$ 682,038	\$ 682,038
Ambulance Service Fund	-	15,550	15,550
Revenue Sharing Reserve	488,232	-	488,232
EDC Loan Fund	-	41,175	41,175
Delinquent Tax Revolving Fund	500,000	-	500,000
Nonmajor governmental funds	250,000	8,725	258,725
<b>Total</b>	<b>\$ 1,238,232</b>	<b>\$ 747,488</b>	<b>\$ 1,985,720</b>

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move revenue from the Revenue Sharing Reserve Fund to the General Fund for the 2007 allowable amount per Public Act 357 of 2004.

### E. LONG-TERM DEBT

#### Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$3,290,000 and \$12,934,463 for governmental and business-type activities respectively.

General obligation bonds and notes are direct obligation bonds and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 40-year serial bonds with varying amounts of principal maturing each year. General obligation and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities		
Building Authority Bonds		
Medical Care Facility		
Enterprise Fund	5.0-5.5%	<u>\$ 2,790,000</u>
Business-type activities		
Public Works Bonds	2.75 – 7.0%	<u>\$ 4,252,000</u>

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

<u>Year Ending December 31</u>	<u>Primary Government Governmental Activities General Obligations</u>		<u>Primary Government Business-Type Activities General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 100,000	\$ 144,925	\$ 592,000	\$ 200,902
2009	125,000	139,300	592,000	169,676
2010	150,000	132,425	212,000	138,453
2011	150,000	124,925	252,000	129,812
2012	175,000	116,756	257,000	119,100
2013-2017	1,175,000	417,088	932,000	453,577
2018-2022	915,000	78,994	1,010,000	695,208
2023-2024	<u>-</u>	<u>-</u>	<u>405,000</u>	<u>29,730</u>
<b>Totals</b>	<b><u>\$ 2,790,000</u></b>	<b><u>\$1,154,413</u></b>	<b><u>\$ 4,252,000</u></b>	<b><u>\$1,936,458</u></b>

Minimum capital lease payments for each of the years succeeding December 31, 2007, for the County are as follows:

<u>Year</u>	<u>Capital Lease Payments</u>
2008	\$ 67,587
2009	67,327
2010	67,327
2011	67,327
2012	67,327
2013-2014	<u>95,379</u>
Total minimum lease payments	432,274
Less amounts representing interest	<u>52,848</u>
Present value of net minimum lease payments	<u>\$ 379,426</u>

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

#### Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Building Authority-					
General obligation bonds	\$ 2,890,000	\$ -	\$ (100,000)	\$ 2,790,000	\$ 100,000
Net pension obligation	546,198	-	(58,207)	487,991	-
Capital leases	486,236	-	(106,810)	379,426	100,888
Incurred but not reported					
Insurance claims	-	58,674	-	58,674	57,674
Compensated absences	<u>340,877</u>	<u>14,822</u>	<u>-</u>	<u>355,699</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 4,263,311</u>	<u>\$ 73,496</u>	<u>\$ (265,017)</u>	<u>\$ 4,071,790</u>	<u>\$ 258,562</u>
<b>Business-type activities</b>					
General obligation bonds	<u>\$ 5,034,000</u>	<u>\$ -</u>	<u>\$ (782,000)</u>	<u>\$ 4,252,000</u>	<u>\$ 592,000</u>

For governmental activities, compensated absences, incurred but not reported insurance claims, and the net pension obligation are generally liquidated by the general fund.

#### Health Insurance

The self-insurance program for health insurance is accounted for in the General Fund. An independent administrator (Blue Cross) is hired to process the daily claims. The County has a stop loss of \$75,000. The County is also responsible for paying administrative charges. The liability at the end of the year is based on claims already incurred and reported and on estimates of incurred but not reported claims as provided by Blue Cross. No annuity contracts have been purchased to satisfy claim liabilities. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the Health Insurance claims liability for the years ended December 31, are as follows:

	<u><b>12/31/2007</b></u>
Claims liability, beginning of year	\$ -
Claims and damages incurred	1,207,314
Claims payments	<u>(1,148,640)</u>
Claims liability, end of year	<u>\$ 58,674</u>

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### IV. OTHER INFORMATION

#### A. DEFINED BENEFIT PENSION PLAN

*Plan Description.* The County's defined benefit pension plan provides retirement and disability benefits, 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. Act No. 427 of the Public Acts 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 required to be contributed on annual covered payroll is 12.50% for general employees, 16.02% for members of the police officers union, 6.82% for medical care facility employees, 0% for members of the United Steel Workers Union, 0% for members of the Central Dispatch, 13.85% for Chemical Workers Union, 22.12% for Elected and Non-Union employees, and 23.94% for the Director. Employees are required to contribute between 0.0% to 2.0% to the Plan, depending on contract or union agreement. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2007

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to MERS for the current year were as follows:

Annual required contribution	\$ 541,878
Interest on net pension obligation	43,696
Adjustment to annual required contribution	<u>(101,903)</u>
Annual pension cost	483,671
Contributions made	<u>(541,878)</u>
Decrease in net pension obligation	(58,207)
Net pension obligation, beginning of year	<u>546,198</u>
<b>Net pension obligation, end of year</b>	<b><u>\$ 487,991</u></b>

The annual required contribution for the current year was determined as a 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%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.00% to 4.16% 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 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.

#### 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	\$ 694,094	77%	\$ 406,231
12/31/06	687,834	79%	546,198
12/31/07	483,671	112%	487,991

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) -Entry Age (b)</u>	<u>Accrued Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/04	\$11,533,689	\$16,109,387	\$4,575,698	72%	\$6,150,927	74%
12/31/05	12,361,549	16,966,006	4,604,457	73	5,828,966	79
12/31/06	13,426,459	18,319,019	4,892,560	73	6,367,154	77

#### B. DEFINED CONTRIBUTION PENSION PLAN

##### Plan Description

The Iosco County Employees Defined Contribution Pension Plan (the "Plan") is a single employer defined contribution pension plan, established by the County and administered by an outside third-party administrator. All County employees hired after January 2000, with the exception of certain bargaining units, are required to participate in the Plan. As the union contracts of the non-participating bargaining units are renegotiated, new employees of these units are added to the Plan. All other County employees that are not vested in the County's Defined Benefit Plan have the option of becoming a participant in the Defined Contribution Plan. Employees vest in the County's contributions completely after one year.

At December 31, 2007, there were 23 plan members. Plan members are not required to contribute to the Plan; however, employees may contribute up to 8% of their annual salary. The County is required to contribute 7% of the employees' annual salary. The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners.

Employer contributions to the Plan for the year ended December 31, 2007, amounted to \$48,829 and employee contributions were \$13,644.

A stand-alone pension plan report has not been issued for the defined contribution plan.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

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

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#### **C. PROPERTY TAXES**

The County property tax is levied each July 1st and December 1st through 2007 on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's 2007 ad valorem tax is levied and collectible by December 1, 2007, it is the County's policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy will be shifting over three years from winter to summer.

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Iosco County for the 2007 levy had a taxable value of \$1,106,317,655 on which ad valorem taxes levied for County general operating purposes was 3.9129 mills, for Library was .4954, for Medical Care Operations was .4557, and for Medical Care Facility debt service was .3354.

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the Trust and Agency Fund for distribution to the General Fund. The property taxes levied December 1 are accrued as current tax receivable with the appropriate deferral, and are budgeted as revenue in the subsequent year in the governmental funds.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2007. This activity is recorded in the Delinquent Tax Revolving Funds.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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### D. RESTATEMENTS

In the prior year, the JAIBG grant fund reported a receivable that was never received. The beginning of the year fund balance has been restated to properly account for this activity. The restatement had the same effect on the government-wide financial statements for governmental activities.

	<b><u>JAIBG Fund</u></b>
Beginning fund balance, as previously reported	\$ 5,538
Adjustment	<u>(5,538)</u>
Beginning fund balance, as restated	<u>\$ -</u>

	<b><u>Governmental Activities Net Assets</u></b>
Beginning net assets, as previously reported	\$ 10,782,590
Adjustment for accounts receivable	<u>(5,538)</u>
Beginning net assets, as restated	<u>\$ 10,777,052</u>

### E. CONTINGENCIES AND PENDING LITIGATION

The County is a defendant in several matters which involve various claims against Iosco County related to disciplinary proceedings, unfair labor practices and property tax appeals. Outside counsel has advised that the possibility of unfavorable outcomes does exist, but believes that this is not likely. If an unfavorable outcome does occur, legal counsel is currently unable to predict the amount of range of potential loss.

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

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**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
<b>CIRCUIT COURT</b>				
Charges for services	\$ 3,100	\$ 3,100	\$ 1,754	\$ (1,346)
Reimbursements and refunds	72,990	72,990	57,386	(15,604)
<b>TOTAL CIRCUIT COURT</b>	<b>76,090</b>	<b>76,090</b>	<b>59,140</b>	<b>(16,950)</b>
<b>DISTRICT COURT</b>				
Intergovernmental:				
State	8,000	8,000	12,444	4,444
Charges for services	464,000	464,000	467,313	3,313
Fines and forfeits	67,500	67,500	59,370	(8,130)
Reimbursements and refunds	26,500	26,500	26,237	(263)
<b>TOTAL DISTRICT COURT</b>	<b>566,000</b>	<b>566,000</b>	<b>565,364</b>	<b>(636)</b>
<b>PROBATE COURT</b>				
Charges for services	52,000	52,000	54,658	2,658
<b>DECISIONS TO ACTION</b>				
Intergovernmental:				
State	15,860	15,860	13,111	(2,749)
<b>COUNTY CLERK</b>				
Licenses and permits	200	200	1,345	1,145
Fines	-	-	1,350	1,350
Charges for services	98,500	98,500	106,696	8,196
Reimbursements and refunds	775	775	418	(357)
<b>TOTAL COUNTY CLERK</b>	<b>99,475</b>	<b>99,475</b>	<b>109,809</b>	<b>10,334</b>
<b>PROSECUTOR</b>				
Intergovernmental:				
Federal	20,000	20,000	41,881	21,881
<b>EQUALIZATION</b>				
Charges for services	7,425	7,425	8,828	1,403
<b>REMONUMENTATION PROJECT</b>				
Intergovernmental:				
State	68,187	68,187	68,187	-
<b>REGISTER OF DEEDS</b>				
Charges for services	249,650	249,650	222,973	(26,677)
<b>TREASURER</b>				
Taxes	4,075,000	4,075,000	4,418,154	343,154
Licenses and permits	6,500	6,500	5,839	(661)
Intergovernmental:				
Federal	75,000	75,000	71,981	(3,019)
State	464,574	464,574	443,232	(21,342)
Charges for services	12,500	12,500	17,035	4,535
Interest	80,000	80,000	103,202	23,202
Reimbursements and refunds	214,000	214,000	189,331	(24,669)
<b>TOTAL TREASURER</b>	<b>4,927,574</b>	<b>4,927,574</b>	<b>5,248,774</b>	<b>321,200</b>

**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
COMPUTER FACILITY				
Charges for services	\$ 15,120	\$ 15,120	\$ 20,665	\$ 5,545
COOPERATIVE EXTENSION				
Intergovernmental:				
State - MDA	11,775	11,775	1,574	(10,201)
SHERIFF				
Licenses and permits	7,500	7,500	9,199	1,699
Charges for services	51,000	51,000	42,693	(8,307)
State grant	8,150	8,150	-	(8,150)
Other	1,000	1,000	152	(848)
TOTAL SHERIFF	67,650	67,650	52,044	(15,606)
MARINE SAFETY				
Intergovernmental:				
State	18,000	18,000	15,157	(2,843)
Other	300	300	822	522
TOTAL MARINE SAFETY	18,300	18,300	15,979	(2,321)
ORV GRANT				
Intergovernmental:				
State	-	8,150	2,145	(6,005)
JAIL				
Charges for services	122,352	122,352	98,130	(24,222)
EMERGENCY SERVICES				
Intergovernmental:				
Federal	8,338	8,338	8,258	(80)
ANIMAL SHELTER				
Charges for services	9,450	9,450	7,494	(1,956)
ANIMAL CONTROL				
Charges for services	1,400	1,400	347	(1,053)
TOTAL REVENUES	6,336,646	6,344,796	6,599,361	254,565
OTHER FINANCING SOURCES				
Transfers in	475,000	975,000	1,238,232	263,232
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 6,811,646	\$ 7,319,796	\$ 7,837,593	\$ 517,797

**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
<b>LEGISLATIVE</b>				
Board of Commissioners	\$ 103,864	\$ 103,864	\$ 102,895	\$ (969)
<b>JUDICIAL</b>				
Circuit Court	403,165	403,165	436,894	33,729
District Court	404,132	409,119	423,549	14,430
Probate Court	388,637	393,882	390,843	(3,039)
Decisions to action	62,663	62,663	60,209	(2,454)
Jury Commission	5,050	5,050	4,504	(546)
<b>TOTAL JUDICIAL</b>	<b>1,263,647</b>	<b>1,273,879</b>	<b>1,315,999</b>	<b>42,120</b>
<b>GENERAL GOVERNMENT</b>				
County memberships	6,830	6,830	6,784	(46)
Elections	9,025	9,025	3,536	(5,489)
County counsel	20,000	20,000	47,019	27,019
County clerk	252,974	252,974	259,838	6,864
Equalization department	108,483	108,483	110,343	1,860
Prosecuting attorney	195,851	195,851	197,392	1,541
Cooperative reimbursement program	37,102	38,602	38,527	(75)
Register of deeds	150,862	150,862	148,540	(2,322)
Remonumentation project	68,187	68,187	68,045	(142)
County treasurer	171,457	171,457	174,382	2,925
Cooperative extension service	104,871	104,871	93,372	(11,499)
Computer facility	101,438	101,438	84,326	(17,112)
County building and grounds	616,899	618,848	510,044	(108,804)
Drain Commissioner	61,186	61,186	52,109	(9,077)
Planning Commission	2,989	2,989	1,927	(1,062)
Soil conservation	8,260	8,260	8,260	-
MERS contribution	1,032,453	1,042,526	997,317	(45,209)
Miscellaneous	44,160	44,160	39,897	(4,263)
<b>TOTAL GENERAL GOVERNMENT</b>	<b>2,993,027</b>	<b>3,006,549</b>	<b>2,841,658</b>	<b>(164,891)</b>
<b>PUBLIC SAFETY</b>				
Sheriff department	276,778	279,172	281,945	2,773
Cooperative extension - Marine agent	15,062	15,062	15,097	35
Department of corrections	300	300	299	(1)
Jail	936,034	1,082,534	1,131,468	48,934
Emergency services office	26,942	26,942	27,262	320
Animal control	43,279	43,279	38,929	(4,350)
Animal shelter	78,402	78,402	77,286	(1,116)
Local emergency planning	1,700	1,700	809	(891)
ORV grant	-	8,151	1,147	(7,004)
Marine safety	37,648	37,648	19,884	(17,764)
<b>TOTAL PUBLIC SAFETY</b>	<b>1,416,145</b>	<b>1,573,190</b>	<b>1,594,126</b>	<b>20,936</b>

**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
<b>PUBLIC WORKS</b>				
Department of Public Works	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
<b>HEALTH AND WELFARE</b>				
District health	184,503	184,503	175,816	(8,687)
Mental Health	69,070	69,070	69,070	-
Substance Abuse Agency	82,343	82,343	82,611	268
Medical examiner	23,000	23,000	25,132	2,132
Veterans burials and foundations	9,500	9,500	10,140	640
Veterans counselor	10,758	11,558	11,234	(324)
<b>TOTAL HEALTH AND WELFARE</b>	<b>379,174</b>	<b>379,974</b>	<b>374,003</b>	<b>(5,971)</b>
<b>CULTURE AND RECREATION</b>				
Parks and Recreations Board	5,150	5,150	7,586	2,436
<b>CAPITAL OUTLAY</b>	<b>30,696</b>	<b>36,633</b>	<b>17,255</b>	<b>(19,378)</b>
<b>OTHER</b>	<b>73,775</b>	<b>35,189</b>	<b>350</b>	<b>(34,839)</b>
<b>DEBT SERVICE</b>				
Principal	-	-	84,999	84,999
Interest	-	-	13,821	13,821
<b>TOTAL DEBT SERVICE</b>	<b>-</b>	<b>-</b>	<b>98,820</b>	<b>98,820</b>
<b>TOTAL EXPENDITURES</b>	<b>6,266,978</b>	<b>6,415,928</b>	<b>6,352,692</b>	<b>(63,236)</b>
<b>TRANSFERS OUT</b>				
Public Safety Building	4,400	4,400	4,100	(300)
Law Library	4,500	4,500	2,000	(2,500)
Airport	10,000	10,000	10,000	-
Crime Victims	8,169	8,169	6,944	(1,225)
Other funds	-	-	253,776	253,776
Veterans Trust	-	-	451	451
Child Care	470,000	470,000	350,000	(120,000)
Friend of Court	46,598	46,598	54,767	8,169
<b>TOTAL TRANSFERS OUT</b>	<b>543,667</b>	<b>543,667</b>	<b>682,038</b>	<b>138,371</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 6,810,645</b>	<b>\$ 6,959,595</b>	<b>\$ 7,034,730</b>	<b>\$ 75,135</b>

**IOSCO COUNTY, MICHIGAN  
COMBING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	Special Revenue Funds	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,511,172	\$ 547,767	\$ 9,528	\$ 3,068,467
Investments	80,000	-	-	80,000
Taxes receivable	-	354,800	-	354,800
Loans receivable	367,496	-	-	367,496
Interest receivable	3,172	-	-	3,172
Accounts receivable	67,850	-	-	67,850
Due from other funds	25,785	-	-	25,785
Due from other governments	159,990	-	-	159,990
<b>TOTAL ASSETS</b>	<b>\$ 3,215,465</b>	<b>\$ 902,567</b>	<b>\$ 9,528</b>	<b>\$ 4,127,560</b>
<u>LIABILITIES AND FUND EQUITY</u>				
<b>LIABILITIES</b>				
Accounts payable	\$ 70,341	\$ -	\$ -	\$ 70,341
Accrued liabilities and advances	25,070	-	-	25,070
Due to other funds	13,511	-	-	13,511
Deferred revenue	367,496	354,800	9,528	731,824
<b>TOTAL LIABILITIES</b>	<b>476,418</b>	<b>354,800</b>	<b>9,528</b>	<b>840,746</b>
<b>FUND EQUITY</b>				
Fund balances:				
Reserved	31,872	547,767	-	579,639
Unreserved:				
Undesignated	2,707,175	-	-	2,707,175
<b>TOTAL FUND BALANCE</b>	<b>2,739,047</b>	<b>547,767</b>	<b>-</b>	<b>3,286,814</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 3,215,465</b>	<b>\$ 902,567</b>	<b>\$ 9,528</b>	<b>\$ 4,127,560</b>

**IOSCO COUNTY, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	Special Revenue Funds	Debt Service	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ 337,516	\$ -	\$ 337,516
Licenses and permits	240,300	-	-	240,300
Intergovernmental:				
Federal grants	462,218	-	-	462,218
State grants	554,169	-	-	554,169
Contributions from local units	52,209	-	-	52,209
Charges for services	718,509	-	-	718,509
Fines and forfeits	3,431	-	-	3,431
Interest	85,976	-	-	85,976
Reimbursements and refunds	223,210	-	-	223,210
Other	-	27,249	-	27,249
<b>TOTAL REVENUES</b>	<b>2,340,022</b>	<b>364,765</b>	<b>-</b>	<b>2,704,787</b>
<b>EXPENDITURES</b>				
Judicial	590,006	-	-	590,006
General government	122,475	-	-	122,475
Public safety	1,088,081	-	-	1,088,081
Health and welfare	813,256	-	-	813,256
Culture and recreation	29,169	-	-	29,169
Capital outlay	146,653	-	-	146,653
Debt service - principal	21,811	100,000	-	121,811
Debt service - interest and charges	4,913	150,200	-	155,113
<b>TOTAL EXPENDITURES</b>	<b>2,816,364</b>	<b>250,200</b>	<b>-</b>	<b>3,066,564</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(476,342)</b>	<b>114,565</b>	<b>-</b>	<b>(361,777)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	747,488	-	-	747,488
Transfers (out)	(258,725)	-	-	(258,725)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>488,763</b>	<b>-</b>	<b>-</b>	<b>488,763</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>12,421</b>	<b>114,565</b>	<b>-</b>	<b>126,986</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<b>2,726,626</b>	<b>433,202</b>	<b>-</b>	<b>3,159,828</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 2,739,047</b>	<b>\$ 547,767</b>	<b>\$ -</b>	<b>\$ 3,286,814</b>

**IOSCO COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2007**

	E-911 WIRELESS TRAINING GRANT	E-911	PUBLIC SAFETY BUILDING	E911 WIRELESS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,290	\$ 350,303	\$ 62,273	\$ 269,522
Investments - cash equivalents	-	-	-	-
Loan receivable	-	-	-	-
Interest receivable	-	-	-	-
Accounts receivable	-	46,071	-	-
Due from other funds	-	423	-	-
Due from State	-	-	-	27,960
<u>TOTAL ASSETS</u>	<u>\$ 8,290</u>	<u>\$ 396,797</u>	<u>\$ 62,273</u>	<u>\$ 297,482</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ -	\$ 4,510	\$ 21,920	\$ 51
Accrued liabilities and advances	-	7,668	-	1,566
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>12,178</u>	<u>21,920</u>	<u>1,617</u>
FUND EQUITY				
Fund balances:				
Reserved	-	-	-	-
Unreserved:				
Undesignated	8,290	384,619	40,353	295,865
<u>TOTAL FUND BALANCES</u>	<u>8,290</u>	<u>384,619</u>	<u>40,353</u>	<u>295,865</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 8,290</u>	<u>\$ 396,797</u>	<u>\$ 62,273</u>	<u>\$ 297,482</u>

FRIEND OF THE COURT	PROBATE GUARDIAN FUND	MARRIAGE COUNSELING	GYPSY MOTH	BUILDING AND SAFETY	BUILDING IMPROVEMENT FUND
\$ (94,670)	\$ 58,622	\$ 53,002	\$ 43,654	\$ 73,729	\$ 1,212,589
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,169	-	-	-	-	-
-	-	-	-	-	-
89,505	-	-	-	-	-
\$ 9,004	\$ 58,622	\$ 53,002	\$ 43,654	\$ 73,729	\$ 1,212,589
\$ 101	\$ 834	\$ -	\$ -	\$ 1,545	\$ -
7,881	-	-	-	3,320	-
-	423	-	-	-	-
-	-	-	-	-	-
7,982	1,257	-	-	4,865	-
-	-	-	-	-	-
1,022	57,365	53,002	43,654	68,864	1,212,589
1,022	57,365	53,002	43,654	68,864	1,212,589
\$ 9,004	\$ 58,622	\$ 53,002	\$ 43,654	\$ 73,729	\$ 1,212,589

continued

**IOSCO COUNTY, MICHIGAN  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2007**

	OUIL RESTITUTION	REGISTER OF DEEDS TECHNOLOGY	DISASTER CONTINGENCY FUND	CRIME VICTIMS RIGHTS FUND
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,995	\$ 40,365	\$ 557	\$ (16,472)
Investments - cash equivalents	-	-	-	-
Loan receivable	-	-	-	-
Interest receivable	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	11,099
Due from State	-	-	-	7,077
<u>TOTAL ASSETS</u>	<u>\$ 6,995</u>	<u>\$ 40,365</u>	<u>\$ 557</u>	<u>\$ 1,704</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ 54	\$ 4,389	\$ -	\$ 36
Accrued liabilities and advances	208	-	-	638
Due to other funds	-	-	-	1,030
Deferred revenue	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>262</u>	<u>4,389</u>	<u>-</u>	<u>1,704</u>
FUND EQUITY				
Fund balances:				
Reserved	-	-	-	-
Unreserved:				
Undesignated	6,733	35,976	557	-
<u>TOTAL FUND BALANCES</u>	<u>6,733</u>	<u>35,976</u>	<u>557</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 6,995</u>	<u>\$ 40,365</u>	<u>\$ 557</u>	<u>\$ 1,704</u>

LOCAL CORRECTIONAL TRAINING	DRUG ENFORCEMENT	LAW LIBRARY FUND	TRAIL GROOMING	MSHDA FUND	ICHRRLP FUND	MICHIGAN JUSTICE TRAINING
\$ 18,048	\$ 2,400	\$ (1,577)	\$ 11,597	\$ 7,311	\$ 180,071	\$ 12,538
-	-	-	-	-	80,000	-
-	-	-	-	59,093	88,546	-
-	-	-	-	-	3,172	-
-	-	1,750	-	-	-	-
-	-	1,085	-	-	12,058	-
-	-	-	672	5,578	-	-
<u>\$ 18,048</u>	<u>\$ 2,400</u>	<u>\$ 1,258</u>	<u>\$ 12,269</u>	<u>\$ 71,982</u>	<u>\$ 363,847</u>	<u>\$ 12,538</u>
\$ -	\$ -	\$ 918	\$ 8,086	\$ 187	\$ 205	\$ -
-	-	-	-	644	1,003	-
-	-	-	-	12,058	-	-
-	-	-	-	59,093	88,546	-
-	-	918	8,086	71,982	89,754	-
-	-	-	-	-	-	-
18,048	2,400	340	4,183	-	274,093	12,538
18,048	2,400	340	4,183	-	274,093	12,538
<u>\$ 18,048</u>	<u>\$ 2,400</u>	<u>\$ 1,258</u>	<u>\$ 12,269</u>	<u>\$ 71,982</u>	<u>\$ 363,847</u>	<u>\$ 12,538</u>

continued

**IOSCO COUNTY, MICHIGAN  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2007**

	FAMILY INDEPENDENCE AGENCY	CHILD CARE FUND	VETERANS RELIEF FUND	VETERANS TRUST FUND	COUNTY AIRPORT FUND
<u>ASSETS</u>					
Cash and cash equivalents	\$ 13,741	\$ 22,079	\$ 71	\$ 376	\$ (5,121)
Investments - cash equivalents	-	-	-	-	-
Loan receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Accounts receivable	-	1,139	-	-	4,721
Due from other funds	-	134	-	-	986
Due from State	-	29,198	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 13,741</u>	<u>\$ 52,550</u>	<u>\$ 71</u>	<u>\$ 376</u>	<u>\$ 586</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 24,468	\$ -	\$ 375	\$ 585
Accrued liabilities and advances	-	2,142	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>26,610</b>	<b>-</b>	<b>375</b>	<b>585</b>
<b>FUND EQUITY</b>					
<b>Fund balances:</b>					
Reserved	13,741	-	-	-	1
Unreserved:					
Undesignated	-	25,940	71	1	-
<b>TOTAL FUND BALANCES</b>	<b>13,741</b>	<b>25,940</b>	<b>71</b>	<b>1</b>	<b>1</b>
<u><b>TOTAL LIABILITIES AND FUND EQUITY</b></u>	<u><b>\$ 13,741</b></u>	<u><b>\$ 52,550</b></u>	<u><b>\$ 71</b></u>	<u><b>\$ 376</b></u>	<u><b>\$ 586</b></u>

PLAT BOOK REVOLVING FUND	ECONOMIC REVOLVING LOAN FUND	ECONOMIC REVOLVING LOAN #3 FUND	EDC ADMINISTRATION	SPECIAL INVESTIGATIVE	TOTAL
\$ 18,130	\$ 148,446	\$ 8,530	\$ 2,077	\$ 3,696	\$ 2,511,172
-	-	-	-	-	80,000
-	196,917	22,940	-	-	367,496
-	-	-	-	-	3,172
-	-	-	-	-	67,850
-	-	-	-	-	25,785
-	-	-	-	-	159,990
<u>\$ 18,130</u>	<u>\$ 345,363</u>	<u>\$ 31,470</u>	<u>\$ 2,077</u>	<u>\$ 3,696</u>	<u>\$ 3,215,465</u>
\$ -	\$ -	\$ -	\$ 2,077	\$ -	\$ 70,341
-	-	-	-	-	25,070
-	-	-	-	-	13,511
-	196,917	22,940	-	-	367,496
-	196,917	22,940	2,077	-	476,418
18,130	-	-	-	-	31,872
-	148,446	8,530	-	3,696	2,707,175
18,130	148,446	8,530	-	3,696	2,739,047
<u>\$ 18,130</u>	<u>\$ 345,363</u>	<u>\$ 31,470</u>	<u>\$ 2,077</u>	<u>\$ 3,696</u>	<u>\$ 3,215,465</u>

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	E-911 Wireless Training Grant			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	5,099	5,099	4,655	(444)
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	4,911	4,911
<b>TOTAL REVENUES</b>	<b>5,099</b>	<b>5,099</b>	<b>9,566</b>	<b>4,467</b>
<b>EXPENDITURES</b>				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	10,976	10,976
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>10,976</b>	<b>10,976</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,099</b>	<b>5,099</b>	<b>(1,410)</b>	<b>(6,509)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,099</b>	<b>5,099</b>	<b>(1,410)</b>	<b>(6,509)</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<b>9,700</b>	<b>9,700</b>	<b>9,700</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 14,799</b>	<b>\$ 14,799</b>	<b>\$ 8,290</b>	<b>\$ (6,509)</b>

E-911				Public Safety Building			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
565,288	565,288	537,367	(27,921)	-	-	-	-
-	-	-	-	-	-	-	-
11,712	11,712	14,983	3,271	-	-	-	-
1,070	1,070	1,075	5	-	-	-	-
578,070	578,070	553,425	(24,645)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
565,583	592,623	554,575	(38,048)	28,375	50,060	46,610	(3,450)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,500	7,363	6,111	(1,252)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
567,083	599,986	560,686	(39,300)	28,375	50,060	46,610	(3,450)
10,987	(21,916)	(7,261)	14,655	(28,375)	(50,060)	(46,610)	3,450
1,500	35,903	-	(35,903)	28,375	50,060	28,375	(21,685)
(8,725)	(8,725)	(8,725)	-	-	-	-	-
(7,225)	27,178	(8,725)	(35,903)	28,375	50,060	28,375	(21,685)
3,762	5,262	(15,986)	(21,248)	-	-	(18,235)	(18,235)
400,605	400,605	400,605	-	58,588	58,588	58,588	-
\$ 404,367	\$ 405,867	\$ 384,619	\$ (21,248)	\$ 58,588	\$ 58,588	\$ 40,353	\$ (18,235)

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	E-911 Wireless			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	107,200	107,200	117,163	9,963
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	9,135	9,135	11,912	2,777
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>116,335</b>	<b>116,335</b>	<b>129,075</b>	<b>12,740</b>
<b>EXPENDITURES</b>				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	116,335	120,059	124,458	4,399
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>116,335</b>	<b>120,059</b>	<b>124,458</b>	<b>4,399</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(3,724)</b>	<b>4,617</b>	<b>8,341</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	2,224	-	(2,224)
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>2,224</b>	<b>-</b>	<b>(2,224)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(1,500)</b>	<b>4,617</b>	<b>6,117</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<b>291,248</b>	<b>291,248</b>	<b>291,248</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 291,248</b>	<b>\$ 289,748</b>	<b>\$ 295,865</b>	<b>\$ 6,117</b>

Friend of the Court				Probate Guardian Fund			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
438,647	438,647	387,991	(50,656)	-	-	-	-
5,818	5,818	-	(5,818)	-	-	-	-
87,034	87,034	52,209	(34,825)	-	-	-	-
-	-	-	-	65,000	65,000	46,420	(18,580)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
28,000	28,000	46,115	18,115	-	-	-	-
<u>559,499</u>	<u>559,499</u>	<u>486,315</u>	<u>(73,184)</u>	<u>65,000</u>	<u>65,000</u>	<u>46,420</u>	<u>(18,580)</u>
599,586	599,586	517,097	(82,489)	70,000	70,000	47,354	(22,646)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	13,328	13,328	-	-	-	-
-	-	4,489	4,489	-	-	-	-
<u>599,586</u>	<u>599,586</u>	<u>534,914</u>	<u>(64,672)</u>	<u>70,000</u>	<u>70,000</u>	<u>47,354</u>	<u>(22,646)</u>
<u>(40,087)</u>	<u>(40,087)</u>	<u>(48,599)</u>	<u>(8,512)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(934)</u>	<u>4,066</u>
46,598	46,598	46,598	-	5,000	5,000	-	(5,000)
-	-	-	-	-	-	-	-
<u>46,598</u>	<u>46,598</u>	<u>46,598</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
6,511	6,511	(2,001)	(8,512)	-	-	(934)	(934)
3,023	3,023	3,023	-	58,299	58,299	58,299	-
<u>\$ 9,534</u>	<u>\$ 9,534</u>	<u>\$ 1,022</u>	<u>\$ (8,512)</u>	<u>\$ 58,299</u>	<u>\$ 58,299</u>	<u>\$ 57,365</u>	<u>\$ (934)</u>

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Marriage Counseling			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	3,800	3,800	3,565	(235)
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>3,800</b>	<b>3,800</b>	<b>3,565</b>	<b>(235)</b>
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	1,000	1,000	800	(200)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,000</b>	<b>1,000</b>	<b>800</b>	<b>(200)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,800</b>	<b>2,800</b>	<b>2,765</b>	<b>(35)</b>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,800</b>	<b>2,800</b>	<b>2,765</b>	<b>(35)</b>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	50,237	50,237	50,237	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 53,037</b>	<b>\$ 53,037</b>	<b>\$ 53,002</b>	<b>\$ (35)</b>

Gypsy Moth				Building and Safety			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ 284,000	\$ 284,000	\$ 240,300	\$ (43,700)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	11,000	11,000	27,443	16,443
-	-	-	-	-	-	-	-
-	-	1,861	1,861	-	-	-	-
-	-	-	-	2,000	2,000	1,692	(308)
-	-	1,861	1,861	297,000	297,000	269,435	(27,565)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	357,770	357,770	296,956	(60,814)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(3,495)	(3,495)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	357,770	357,770	293,461	(64,309)
-	-	1,861	1,861	(60,770)	(60,770)	(24,026)	36,744
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,861	1,861	(60,770)	(60,770)	(24,026)	36,744
41,793	41,793	41,793	-	92,890	92,890	92,890	-
\$ 41,793	\$ 41,793	\$ 43,654	\$ 1,861	\$ 32,120	\$ 32,120	\$ 68,864	\$ 36,744

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Building Improvement Fund			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	120,210	120,210
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	50,000	50,000	47,157	(2,843)
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>50,000</b>	<b>50,000</b>	<b>167,367</b>	<b>117,367</b>
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	150,000	150,000	137,836	(12,164)
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>150,000</b>	<b>150,000</b>	<b>137,836</b>	<b>(12,164)</b>
REVENUES OVER (UNDER) EXPENDITURES	(100,000)	(100,000)	29,531	129,531
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	250,000	150,000
Transfer (out)	-	-	(250,000)	(250,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>
NET CHANGE IN FUND BALANCES	-	-	29,531	29,531
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	1,183,058	1,183,058	1,183,058	-
FUND BALANCES, END OF YEAR	\$ 1,183,058	\$ 1,183,058	\$ 1,212,589	\$ 29,531

OUIL Restitution				Register of Deeds Technology			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	600	600	-	-	-	-
-	-	-	-	-	-	-	-
22,000	22,000	20,913	(1,087)	42,500	42,500	38,350	(4,150)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	648	648
-	-	-	-	-	-	-	-
22,000	22,000	21,513	(487)	42,500	42,500	38,998	(3,502)
22,000	22,000	20,464	(1,536)	-	-	-	-
-	-	-	-	42,500	42,500	33,235	(9,265)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,000	22,000	20,464	(1,536)	42,500	42,500	33,235	(9,265)
-	-	1,049	1,049	-	-	5,763	5,763
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,049	1,049	-	-	5,763	5,763
5,684	5,684	5,684	-	30,213	30,213	30,213	-
\$ 5,684	\$ 5,684	\$ 6,733	\$ 1,049	\$ 30,213	\$ 30,213	\$ 35,976	\$ 5,763

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Disaster Contingency Fund			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	7,000	7,000	-	(7,000)
<b>TOTAL REVENUES</b>	<b>7,000</b>	<b>7,000</b>	<b>-</b>	<b>(7,000)</b>
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
REVENUES OVER (UNDER) EXPENDITURES	7,000	7,000	-	(7,000)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	7,000	7,000	-	(7,000)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	557	557	557	-
FUND BALANCES, END OF YEAR	\$ 7,557	\$ 7,557	\$ 557	\$ (7,000)

Crime Victims Rights Fund				Local Correctional Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
37,451	37,451	32,452	(4,999)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	13,000	13,000	11,696	(1,304)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
37,451	37,451	32,452	(4,999)	13,000	13,000	11,696	(1,304)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
45,620	45,620	47,565	1,945	10,000	10,000	8,505	(1,495)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
45,620	45,620	47,565	1,945	10,000	10,000	8,505	(1,495)
(8,169)	(8,169)	(15,113)	(6,944)	3,000	3,000	3,191	191
8,169	8,169	15,113	6,944	-	-	-	-
-	-	-	-	-	-	-	-
8,169	8,169	15,113	6,944	-	-	-	-
-	-	-	-	3,000	3,000	3,191	191
-	-	-	-	14,857	14,857	14,857	-
\$ -	\$ -	\$ -	\$ -	\$ 17,857	\$ 17,857	\$ 18,048	\$ 191

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Drug Enforcement			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	2,400	2,400	-	(2,400)
<b>TOTAL REVENUES</b>	<b>2,400</b>	<b>2,400</b>	<b>-</b>	<b>(2,400)</b>
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	2,400	2,400	-	(2,400)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,400</b>	<b>2,400</b>	<b>-</b>	<b>(2,400)</b>
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	2,400	2,400	2,400	-
FUND BALANCES, END OF YEAR	\$ 2,400	\$ 2,400	\$ 2,400	\$ -

Law Library Fund				Trail Grooming			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	136,000	136,000	39,213	(96,787)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,500	3,500	3,431	(69)	-	-	-	-
-	-	-	-	-	-	72	72
-	-	-	-	4,500	4,500	3,000	(1,500)
3,500	3,500	3,431	(69)	140,500	140,500	42,285	(98,215)
8,000	8,000	5,091	(2,909)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	19,090	22,208	29,169	6,961
-	-	-	-	80,000	76,882	5,988	(70,894)
-	-	-	-	-	-	8,483	8,483
-	-	-	-	-	-	424	424
8,000	8,000	5,091	(2,909)	99,090	99,090	44,064	(55,026)
(4,500)	(4,500)	(1,660)	2,840	41,410	41,410	(1,779)	(43,189)
4,500	4,500	2,000	(2,500)	-	-	-	-
-	-	-	-	-	-	-	-
4,500	4,500	2,000	(2,500)	-	-	-	-
-	-	340	340	41,410	41,410	(1,779)	(43,189)
-	-	-	-	5,962	5,962	5,962	-
\$ -	\$ -	\$ 340	\$ 340	\$ 47,372	\$ 47,372	\$ 4,183	\$ (43,189)

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	MSHDA Fund			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	111,869	111,869	74,227	(37,642)
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	47,000	47,000	42,235	(4,765)
<b>TOTAL REVENUES</b>	<b>158,869</b>	<b>158,869</b>	<b>116,462</b>	<b>(42,407)</b>
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	151,052	151,052	146,342	(4,710)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>151,052</b>	<b>151,052</b>	<b>146,342</b>	<b>(4,710)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,817</b>	<b>7,817</b>	<b>(29,880)</b>	<b>(37,697)</b>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	895	895
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>895</b>	<b>895</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>7,817</b>	<b>7,817</b>	<b>(28,985)</b>	<b>(36,802)</b>
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	28,985	28,985	28,985	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 36,802</b>	<b>\$ 36,802</b>	<b>\$ -</b>	<b>\$ (36,802)</b>

ICHRRLP				Michigan Justice Training			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	1,500	1,500	3,111	1,611
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,000	3,000	8,735	5,735	-	-	-	-
50,000	50,000	21,307	(28,693)	-	-	-	-
53,000	53,000	30,042	(22,958)	1,500	1,500	3,111	1,611
-	-	-	-	1,500	1,500	-	(1,500)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,000	10,000	27,775	17,775	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,000	10,000	27,775	17,775	1,500	1,500	-	(1,500)
43,000	43,000	2,267	(40,733)	-	-	3,111	3,111
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
43,000	43,000	2,267	(40,733)	-	-	3,111	3,111
271,826	271,826	271,826	-	9,427	9,427	9,427	-
\$ 314,826	\$ 314,826	\$ 274,093	\$ (40,733)	\$ 9,427	\$ 9,427	\$ 12,538	\$ 3,111

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Family Independence Agency			
	Original Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	13,740	13,740	-	(13,740)
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>13,740</b>	<b>13,740</b>	<b>-</b>	<b>(13,740)</b>
REVENUES OVER (UNDER) EXPENDITURES	(13,740)	(13,740)	-	13,740
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	(13,740)	(13,740)	-	13,740
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	13,741	13,741	13,741	-
FUND BALANCES, END OF YEAR	\$ 1	\$ 1	\$ 13,741	\$ 13,740

Child Care Fund				Veterans Relief Fund			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
217,224	228,824	233,140	4,316	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
75,011	75,011	64,485	(10,526)	-	-	-	-
292,235	303,835	297,625	(6,210)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
863,376	874,976	621,476	(253,500)	1,200	1,200	259	(941)
-	-	-	-	-	-	-	-
3,000	3,000	213	(2,787)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
866,376	877,976	621,689	(256,287)	1,200	1,200	259	(941)
(574,141)	(574,141)	(324,064)	250,077	(1,200)	(1,200)	(259)	941
574,141	574,141	350,000	(224,141)	1,200	1,200	-	(1,200)
-	-	-	-	-	-	-	-
574,141	574,141	350,000	(224,141)	1,200	1,200	-	(1,200)
-	-	25,936	25,936	-	-	(259)	(259)
4	4	4	-	330	330	330	-
\$ 4	\$ 4	\$ 25,940	\$ 25,936	\$ 330	\$ 330	\$ 71	\$ (259)

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Veterans Trust Fund			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	3,301	3,301	3,625	324
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>3,301</b>	<b>3,301</b>	<b>3,625</b>	<b>324</b>
<b>EXPENDITURES</b>				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	3,301	3,301	5,628	2,327
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,301</b>	<b>3,301</b>	<b>5,628</b>	<b>2,327</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(2,003)</b>	<b>(2,003)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	451	451
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>451</b>	<b>451</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(1,552)</b>	<b>(1,552)</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<b>1,553</b>	<b>1,553</b>	<b>1,553</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,553</b>	<b>\$ 1,553</b>	<b>\$ 1</b>	<b>\$ (1,552)</b>

County Airport Fund				Plat Book Revolving Fund			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
41,500	41,500	32,755	(8,745)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,400	2,400	2,400	-	2,500	2,500	3,400	900
43,900	43,900	35,155	(8,745)	2,500	2,500	3,400	900
-	-	-	-	-	-	-	-
57,516	57,516	48,035	(9,481)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
57,516	57,516	48,035	(9,481)	-	-	-	-
(13,616)	(13,616)	(12,880)	736	2,500	2,500	3,400	900
14,425	14,425	12,881	(1,544)	-	-	-	-
-	-	-	-	-	-	-	-
14,425	14,425	12,881	(1,544)	-	-	-	-
809	809	1	(808)	2,500	2,500	3,400	900
-	-	-	-	14,730	14,730	14,730	-
\$ 809	\$ 809	\$ 1	\$ (808)	\$ 17,230	\$ 17,230	\$ 18,130	\$ 900

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Economic Revolving Loan Fund			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	500	500	598	98
Other	16,000	16,000	17,331	1,331
<b>TOTAL REVENUES</b>	<b>16,500</b>	<b>16,500</b>	<b>17,929</b>	<b>1,429</b>
EXPENDITURES				
Judicial	-	-	-	-
General government	16,500	16,500	30	(16,470)
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>16,500</b>	<b>16,500</b>	<b>30</b>	<b>(16,470)</b>
REVENUES OVER (UNDER) EXPENDITURES	-	-	17,899	17,899
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	-	-	17,899	17,899
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	130,547	130,547	130,547	-
FUND BALANCES, END OF YEAR	\$ 130,547	\$ 130,547	\$ 148,446	\$ 17,899

Economic Revolving Loan #3 Fund				EDC Administration			
Original Budget	Amended Budget	Actual	Over (Under) Budget	Original Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,000	10,000	4,839	(5,161)	-	-	-	-
10,000	10,000	4,839	(5,161)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	40,000	40,000	41,175	1,175
-	-	-	-	-	-	-	-
30,000	30,000	-	(30,000)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,000	30,000	-	(30,000)	40,000	40,000	41,175	1,175
(20,000)	(20,000)	4,839	24,839	(40,000)	(40,000)	(41,175)	(1,175)
20,000	20,000	-	(20,000)	40,000	40,000	41,175	1,175
-	-	-	-	-	-	-	-
20,000	20,000	-	(20,000)	40,000	40,000	41,175	1,175
-	-	4,839	4,839	-	-	-	-
3,691	3,691	3,691	-	-	-	-	-
\$ 3,691	\$ 3,691	\$ 8,530	\$ 4,839	\$ -	\$ -	\$ -	\$ -

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Special Investigation			Over (Under) Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal grants	-	-	-	-
State grants	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	10	10
Other	-	5,000	10,420	5,420
<b>TOTAL REVENUES</b>	<b>-</b>	<b>5,000</b>	<b>10,430</b>	<b>5,430</b>
EXPENDITURES				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	5,000	9,412	4,412
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service principal	-	-	-	-
Debt service interest expense	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>5,000</b>	<b>9,412</b>	<b>4,412</b>
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,018	1,018
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	-	-	1,018	1,018
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	2,678	2,678	2,678	-
FUND BALANCES, END OF YEAR	\$ 2,678	\$ 2,678	\$ 3,696	\$ 1,018

Total							
	Original Budget	Amended Budget	Actual	Over (Under) Budget			
\$	284,000	\$	284,000	\$	240,300	\$	(43,700)
	550,516	550,516	462,218	(88,298)			
	513,593	525,193	554,169	28,976			
	87,034	87,034	52,209	(34,825)			
	764,088	764,088	718,509	(45,579)			
	3,500	3,500	3,431	(69)			
	74,347	74,347	85,976	11,629			
	247,881	252,881	223,210	(29,671)			
	2,524,959	2,541,559	2,340,022	(201,537)			
	701,086	701,086	590,006	(111,080)			
	156,516	156,516	122,475	(34,041)			
	1,126,083	1,183,532	1,088,081	(95,451)			
	30,000	30,000	-	(30,000)			
	1,043,669	1,055,269	813,256	(242,013)			
	19,090	22,208	29,169	6,961			
	234,500	237,245	146,653	(90,592)			
	-	-	21,811	21,811			
	-	-	4,913	4,913			
	3,310,944	3,385,856	2,816,364	(569,492)			
	(785,985)	(844,297)	(476,342)	367,955			
	843,908	902,220	747,488	(154,732)			
	(8,725)	(8,725)	(258,725)	(250,000)			
	835,183	893,495	488,763	(404,732)			
	49,198	49,198	12,421	(36,777)			
	2,726,626	2,726,626	2,726,626	-			
\$	2,775,824	\$	2,775,824	\$	2,739,047	\$	(36,777)

**IOSCO COUNTY, MICHIGAN  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	ALABASTER WATER	AUSABLE D.P.W. #2	AUSABLE D.P.W. #2 SERIES II	EAST TAWAS D.P.W. #2
<b><u>ASSETS</u></b>				
Loans receivable - current	28,550	23,125	2,000	-
Loans receivable - long term	350,000	140,000	20,000	-
<b>TOTAL ASSETS</b>	<b>378,550</b>	<b>163,125</b>	<b>22,000</b>	<b>-</b>
<b><u>LIABILITIES</u></b>				
Current liabilities				
Interest payable	3,550	3,125	-	-
Current portion of bond payable	25,000	20,000	2,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>28,550</b>	<b>23,125</b>	<b>2,000</b>	<b>-</b>
Long-term Liabilities				
Bonds payable	350,000	140,000	20,000	-
<b>TOTAL LIABILITIES</b>	<b>378,550</b>	<b>163,125</b>	<b>22,000</b>	<b>-</b>
<b><u>NET ASSETS</u></b>				
Unrestricted	\$ -	\$ -	\$ -	\$ -

OSCODA D.P.W. #2	PLAINFIELD D.P.W.	TAWAS WATER SUPPLY SYSTEM #6	BALDWIN WATER 2002	TOTAL
-	46,200	27,158	17,152	\$ 144,185
-	195,000	200,000	275,000	1,180,000
-	241,200	227,158	292,152	1,324,185
-	1,200	2,158	2,152	12,185
-	45,000	25,000	15,000	132,000
-	46,200	27,158	17,152	144,185
-	195,000	200,000	275,000	1,180,000
-	241,200	227,158	292,152	1,324,185
\$ -	\$ -	\$ -	\$ -	\$ -

**IOSCO COUNTY, MICHIGAN  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ALABASTER WATER	AUSABLE D.P.W. #2	AUSABLE D.P.W. #2 SERIES II	EAST TAWAS D.P.W. #2
NONOPERATING REVENUES (EXPENSES)				
Contributions from local units	\$ 22,004	\$ 7,875	\$ 1,100	\$ 2,679
Bond interest	(21,729)	(7,875)	(1,100)	(2,504)
Paying agent fees	(275)	-	-	(175)
NET INCOME	-	-	-	-
NET ASSETS, BEGINNING OF YEAR	-	-	-	-
NET ASSETS, END OF YEAR	\$ -	\$ -	\$ -	\$ -

OSCODA D.P.W. #2	PLAINFIELD D.P.W.	TAWAS WATER SUPPLY SYSTEM #6	BALDWIN WATER 2002	TOTAL
\$ 175	\$ 5,025	\$ 14,642	\$ 13,325	66,825
-	(5,025)	(14,117)	(13,100)	(65,450)
(175)	-	(525)	(225)	(1,375)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

**IOSCO COUNTY, MICHIGAN  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ALABASTER WATER	AUSABLE D.P.W. #2	AUSABLE D.P.W. #2 SERIES II	EAST TAWAS D.P.W. #2
Cash flows from capital and related financing activities				
Contributions from local units	\$ 47,004	\$ 27,875	\$ 3,100	\$ 72,679
Principal paid on bonds	(25,000)	(20,000)	(2,000)	(70,000)
Interest and paying agent fees on bonds	(22,004)	(7,875)	(1,100)	(2,679)
Net cash provided (used) by capital and related financing activities	(47,004)	(27,875)	(3,100)	(72,679)
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities which increase (decrease) cash:				
Receivables	215	625	-	-
Interest payable	(215)	(625)	-	-
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -	\$ -

OSCODA D.P.W. #2	PLAINFIELD D.P.W.	TAWAS WATER SUPPLY SYSTEM #6	BALDWIN WATER 2002	TOTAL
\$ 170,175	\$ 50,025	\$ 39,642	\$ 28,325	\$ 438,825
(170,000)	(45,000)	(25,000)	(15,000)	(372,000)
(175)	(5,025)	(14,642)	(13,325)	(66,825)
(170,175)	(50,025)	(39,642)	(28,325)	(438,825)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
6,503	225	234	94	7,896
(6,503)	(225)	(234)	(94)	(7,896)
\$ -	\$ -	\$ -	\$ -	\$ -

**IOSCO COUNTY, MICHIGAN  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2007**

AGENCY FUNDS						
<u>ASSETS</u>	TRUST AND AGENCY	MENTAL HEALTH	PENAL FINES	REGIONAL LIBRARY	TOTAL	
Cash and cash equivalents	\$ 571,265	\$ 476,211	\$ 85,752	\$ 1,002,020	\$ 2,135,248	
Investments	25,000	-	-	-	25,000	
Accounts receivable	-	-	-	74,701	74,701	
<u>TOTAL ASSETS</u>	\$ 596,265	\$ 476,211	\$ 85,752	\$ 1,076,721	\$ 2,234,949	
<u>LIABILITIES</u>						
Accounts payable	\$ 44,615	\$ -	\$ -	\$ -	\$ 44,615	
Unallocated property taxes	276,984	-	-	-	276,984	
Undistributed receipts	124,692	-	-	-	124,692	
Undistributed penal fines	-	-	85,752	-	85,752	
Due to other governmental units	149,974	476,211	-	1,076,721	1,702,906	
<u>TOTAL LIABILITIES</u>	\$ 596,265	\$ 476,211	\$ 85,752	\$ 1,076,721	\$ 2,234,949	

**IOSCO COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR/PASSTHROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER
U.S. DEPARTMENT OF COMMERCE Economic Development Administration - Economic Adjustment Grant for Military Base Closures	11.300
U.S. DEPARTMENT OF HOMELAND SECURITY PASS-THROUGH MICHIGAN STATE POLICE Emergency Management Program	97.042
PASS-THROUGH MICHIGAN 3RD DISTRICT REGIONAL HOMELAND SECURITY PLANNING BOARD 2006 Homeland Security Grant	97.067
PASS-THROUGH MICHIGAN DEPARTMENT OF NATURAL RESOURCES Marine Safety Program	97.012
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASS-THROUGH MICHIGAN DEPARTMENT OF SOCIAL SERVICES Child Support Enforcement	93.563
Child Support Enforcement (Prosecuting Attorney)	93.563
Child Support Enforcement - Incentive (Title IV-D)	93.560
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
U.S. DEPARTMENT OF INTERIOR PASS-THROUGH MICHIGAN DEPARTMENT OF NATURAL RESOURCES Mineral Management	10.665
Payment in Lieu of Taxes	15.226
TOTAL U.S. DEPARTMENT OF INTERIOR	
U.S. DEPARTMENT OF AGRICULTURE & RURAL DEVELOPMENT PASS-THROUGH MICHIGAN DEPARTMENT OF NATURAL RESOURCES Forest Service	10.665
Rural Housing Preservation Grant	10.433
PASS-THROUGH MICHIGAN STATE HOUSING AUTHORITY Rural Housing Preservation Grant	10.433
TOTAL U.S. DEPARTMENT OF AGRICULTURE & RURAL DEVELOPMENT	
TOTAL FEDERAL FINANCIAL ASSISTANCE - PRIMARY GOVERNMENT	
Revolving Loan Program Income expended, excluded from federal income on the Statement of Revenues, Expenditures and Changes in Fund Balances	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	

**Note 1 - Basis of Presentation**

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



**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 13, 2008

Board of Commissioners  
County of Iosco  
Tawas City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Iosco County, Michigan*** as of and for the year ended December 31, 2007, which collectively comprise the financial statements of the County's primary government, and have issued our report thereon dated June 13, 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. Other auditors audited the financial statements of the Medical Care Facility enterprise fund, as described in our report on ***Iosco County, Michigan's*** financial statements. The financial statements of the Medical Care Facility were not audited in accordance with Governmental Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered ***Iosco County, Michigan's*** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Iosco County, Michigan's*** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ***Iosco County, Michigan'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 considered 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 present 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 deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency 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 entity'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 believe that the significant deficiency described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether *Iosco County, Michigan'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 the management of Iosco County in a separate letter dated June 13, 2008.

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

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





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

June 13, 2008

Board of Commissioners  
County of Iosco  
Tawas City, Michigan

**Compliance**

We have audited the compliance of *Iosco County, Michigan* 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. *Iosco County, Michigan'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 *Iosco County, Michigan's* management. Our responsibility is to express an opinion on *Iosco County, Michigan'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 *Iosco County, Michigan'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 *Iosco County, Michigan's* compliance with those requirements.

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

### **Internal Control Over Compliance**

The management of *Iosco County, Michigan* is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered *Iosco County, Michigan's* internal control over compliance with the 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 *Iosco County, Michigan'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 material weaknesses, as defined above.

Other auditors audited the financial statements of the Medical Care Facility enterprise fund, as described in our report on *Iosco County, Michigan's* financial statements. The financial statements of the Medical Care Facility were not audited in accordance with Governmental Auditing Standards.

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



**IOSCO COUNTY, MICHIGAN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: *Unqualified on Primary Government*

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 auditor's 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

**CFDA Number(s)**

**Name of Federal Program or Cluster**

11.300

Grants for Public Works and Economic Development Facilities

# IOSCO COUNTY, MICHIGAN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2007

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### Finding 2007-1 – Recording, Processing and Summarizing Accounting Data

**Criteria:** All governments are required to have in place internal controls over recording, processing, and summarizing accounting data (e.g., maintaining internal books and records).

**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 recording, processing and summarizing of certain accounting data as part of its external financial reporting process. Accordingly, the government has placed 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 have the external auditors recommend the necessary adjusting journal entries to its general ledger 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 recording, processing, and summarizing of accounting data, 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 recording, processing, and summarizing of accounting data, and determined that it is in the best interests of the government to rely on its external auditors to recommend the necessary adjustments.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

### PRIOR YEAR FINDINGS

The prior year finding is the same as 2007-1.



**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
UNDER SAS NO. 114**

June 13, 2008

To the Board of Commissioners  
Iosco County

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of *Iosco County* for the year ended December 31, 2007, and have issued our report thereon dated June 13, 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 December 13, 2007, 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 *Iosco 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 *Iosco 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 *Iosco 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 *Iosco County's* compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on *Iosco 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 meeting about planning matters on December 13, 2007.

### **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 *Iosco 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.

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. Management has corrected all such misstatements.

### *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 13, 2008.

### *Management Consultations with Other Independent Accountants*

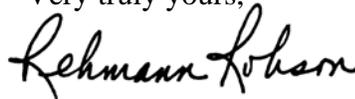
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the 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 *Iosco County* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



# **Iosco County**

## **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 Iosco County 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following paragraphs summarize our comments and suggestions regarding those matters. A separate report dated June 13, 2008, contains our report on significant deficiencies in the County's internal control. This letter does not affect our report dated June 13, 2008, on the financial statements of Iosco County.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

### **Inmate Trust Cash**

During our audit procedures related to cash and investments, we noted that the Inmate Trust cash account had a reconciled balance of negative \$117. The purpose of the this cash account is to record deposits made for inmates and payments for inmates related to commissary purchases and various other items that an inmate may need. With the reconciled balance being in a deficit this is an indicator that more checks have been disbursed than has been received. If at December 31, 2007, all checks that were outstanding had cleared the financial institute, the Inmate Trust account would have to receive a subsidy from another County fund to cover the overdraft.

We also noted during our audit procedures related to the Inmate Trust account that the County is using the Inmate Trust checking account to purchase commissary and other items of necessity for the inmates.

# Iosco County

## Comments and Recommendations

For the Year Ended December 31, 2007

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### **Recommendation:**

The County should establish a separate Commissary fund in which to track the purchase and sales of those items. This fund should be separate from the Inmate Trust cash account. By establishing this fund, the County would have better controls in place in which to monitor the receipts and payments of the inmate's cash balances and would provide a better mechanism in which to track the revenues and expenses associated with commissary sales and purchases.

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