

Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended.

Unit Name	County of Kalamazoo, Michigan	County	KALAMAZOO	Type	COUNTY	MuniCode	39-0-000
Opinion Date	June 13, 2008	Audit Submitted	June 26, 2008	Fiscal Year	2007		

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

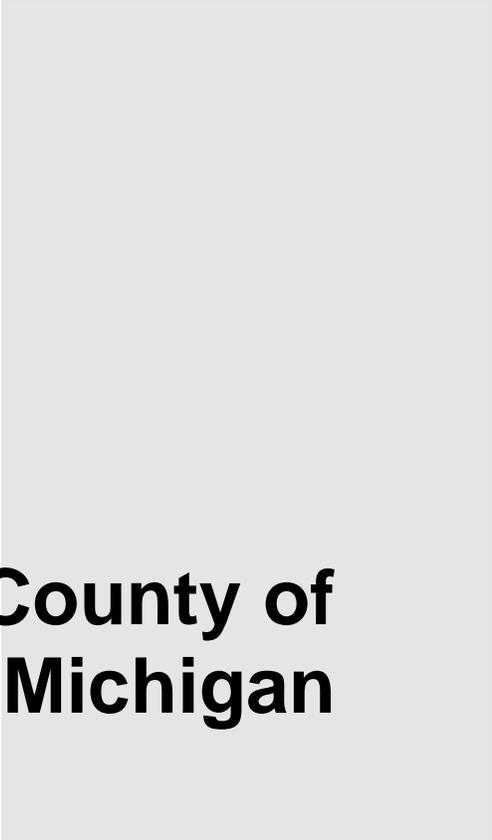
Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

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

General Fund Revenue:	\$ 57,330,501.00	General Fund Balance:	\$ 21,383,462.00
General Fund Expenditure:	\$ 47,377,475.00	Governmental Activities Long-Term Debt (see instructions):	\$ 43,909,579.00
Major Fund Deficit Amount:	\$ 0.00		

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)	Kristy A.	Last Name	VanderMolen	Ten Digit License Number	1101020549				
CPA Street Address	211 E. Water St., Suite 300	City	Kalamazoo	State	MI	Zip Code	49007	Telephone	+1 (269) 382-0170
CPA Firm Name	BDO Seidman, LLP	Unit's Street Address	201 W. Kalamazoo Ave	City	Kalamazoo	Zip Code	49007		



County of Kalamazoo, Michigan

Comprehensive Annual Financial Report
and Single Audit Act Compliance

Year Ended December 31, 2007

Prepared By:

**Peter M. Battani,
County Administrator/Controller**

**William L. Dundon, C.P.A., C.G.F.M.,
Finance Director**

County of Kalamazoo, Michigan

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Introductory Section

County of Kalamazoo, Michigan

List of Officials for 2007

County Board of Commissioners

David Buskirk - Chairperson
Deb Bucholtz-Hiemstra - Vice Chairperson

Carolyn Alford	Jeff Heppler
Nasim Ansari	Brian Johnson
Jeff Balkema	David Maturen
Robert Barnard	John Nieuwenhuis
Grady Biby	John Taylor
Leroy Crabtree	Franklin C. Thompson
Thomas Drabik	Jack Urban
	John Zull

Circuit Court Judges

J. Richard Johnson - Chief Judge

Alexander C. Lipsey
Gary C. Giguere, Jr.
Stephen D. Gorsalitz
Pamela C. Lightvoet

District Court Judges

Paul J. Bridenstine - Chief Judge

Quinn Benson
Anne Blatchford
Carol Husum
Robert Kropf
Richard Santoni
Vincent Westra

Probate Court Judges

Donald Halstead - Chief Judge

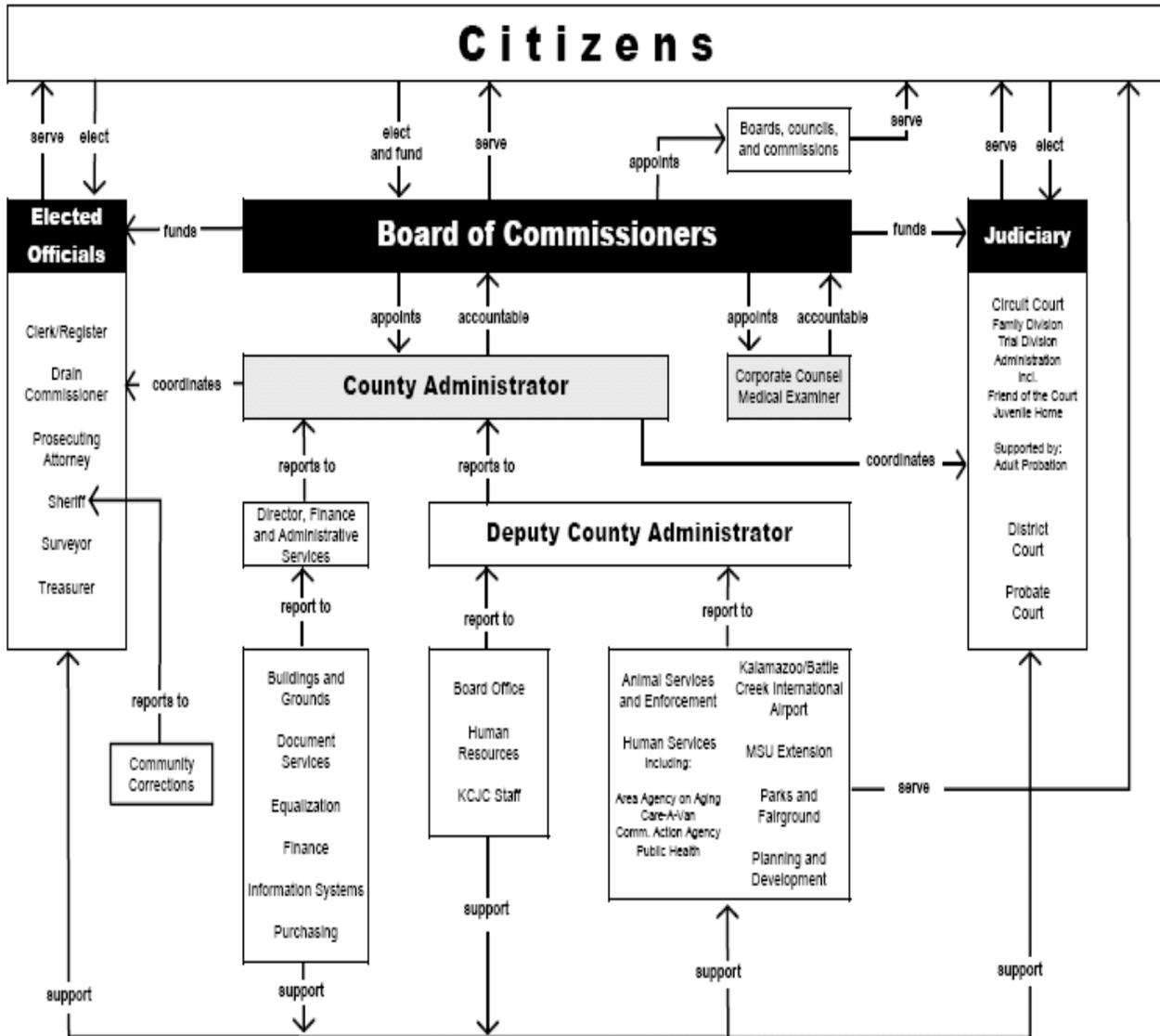
Curtis J. Bell
Patricia N. Conlon

Others

Prosecutor - Jeffrey Fink
Sheriff - Mike Anderson
Treasurer - Mary Balkema
County Clerk/Register of Deeds - Timothy Snow
Surveyor - Robert Snell
Drain Commissioner - William French

County of Kalamazoo, Michigan

Organization Chart



County of Kalamazoo, Michigan

Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Kalamazoo
Michigan

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

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



Cherie S. Cox

President

Jeffrey R. Emer

Executive Director

Kalamazoo County
OFFICE OF COUNTY ADMINISTRATOR/CONTROLLER
201 West Kalamazoo Avenue
Kalamazoo, Michigan 49007

Peter M. Battani
County Administrator/Controller

Phone: (269) 384-8089
Fax: (269) 384-8032

June 13, 2008

Kalamazoo County Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan 49007

Members of the Board:

We are pleased to submit the Comprehensive Annual Financial Report of the County of Kalamazoo, Michigan (the County), for the year ended December 31, 2007. The basic financial statements included in this report have been audited by BDO Seidman, LLP, an independent firm of certified public accountants. This report is prepared for the purpose of disclosing the County's financial condition to its electorate, elected officials, and other interested parties.

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

One of the goals of the County's audited financial statements is to provide reasonable assurance that the financial statements for the year ended December 31, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures reported in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the County's financial statements for the year ended December 31, 2007, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are found on Pages 149 to 152.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County’s MD&A can be found immediately following the independent auditors’ report.

Profile of the Government

The County of Kalamazoo, Michigan, the ninth most populous county in the state of Michigan (the state), encompasses an area of approximately 576 square miles with the July 2007 census estimated population of 245,333, and is located in the southwest portion of Michigan’s Lower Peninsula. It is approximately 75 miles southwest of Lansing, the state capital. The County is empowered by the state to levy a property tax on real and personal properties located within the County.

The County is composed of 15 townships, five villages, and four cities. The year 2000 population of the County resides as follows: townships (106,447), cities (125, 966), and villages (6,190). The County seat is located in the city of Kalamazoo, which is the largest municipality in the County. The County was organized as a county by the territorial legislature on July 30, 1830.

The County is governed by the County Board of Commissioners (the County Board), which currently consists of 17 members. The County Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County administrator/controller. The administrator/controller is responsible for carrying out the policies set forth by the County Board and overseeing the day-to-day operations of the County. The County Board is elected on a partisan basis every two years from districts of approximately the same size. The other five elected officers of the County are elected on a partisan basis serving four-year terms.

The County provides a full range of municipal services. These services are either mandated by the state statute or authorized by the County Board. These include legislative, judicial, public works, public safety, health, welfare, cultural, recreation, transportation, public improvements, and general administrative services.

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County, except the Kalamazoo County Road Commission, are required to submit requests for appropriations to the administrator/controller. These requests form the basis for the development of a proposed budget. The administrator/controller will present to the County Board a recommended budget for consideration and deliberation. After the review is completed, a public hearing will be held at the annual meeting and the budget will be adopted. The budget is appropriated at the departmental level. The budget is prepared at the fund, department, and account level. Department directors may request transfers within fund appropriations under their administrative control. Transfers of appropriations between departments or fund require approval of the board. Appropriation increases also require approval by the County Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The General Fund is found on Page 22 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, this comparison is found starting on Page 78.

Financial Condition Factors

Local Economy. The County has experienced a favorable local economic environment for a number of years. The area has a diversified employment base adding to the strength of the local economy. In the last several years, the unemployment rate has reported more positive results than the state or the national rates. Major employers in the area are found in the pharmaceutical, banking, health, and education sectors.

Another positive element is the substantive increase in taxable value for property. The County experienced increases of \$403,952,302 (5.35%) in 2006-2007 and \$424,821,140 (5.96%) in 2005-2006.

Cash Management. Idle cash of the County was invested in time certificates of deposit, bankers' acceptances, repurchase agreements, commercial paper, and money market rate savings accounts. The County pools its idle funds as much as possible to achieve maximum investment efficiency and to enhance accountability. The treasurer utilizes state-of-the-art techniques and equipment, including electronic funds transfer and controlled disbursements, and sophisticated investment procedures to ensure maximum profitability. In accordance with the state law, the County is prohibited from collateralizing its funds.

Average investment balances remained relatively stable in 2007. Average investments approximated \$82,382,141, with a high of \$108,307,433 and a low of \$59,150,040, experienced during the year. The investment program yielded \$5,128,518 compared to \$3,863,678 in interest earnings in 2006, a 32.74% increase.

Cash not invested in commercial paper, repurchase agreements, or certificates of deposit is placed into money market rate savings accounts. Most savings accounts exist where monies cannot be commingled and/or where the amounts are not large enough to warrant investment elsewhere. Cash needed for liquidity is kept in money market pooled funds.

Pension and Post-Retirement Benefits. The County sponsors a multi-employer defined benefit pension plan for the majority of its employees. Each year an independent actuary calculates the percentage of payroll the County must contribute to the pension plan to ensure the fund will meet its full obligations to plan participants. As a matter of policy, the County fully funds each year's contribution as determined by the actuary. As of the December 31, 2006, the actuarial report of the County's accrued assets exceeded its accrued liabilities by \$24,751,370. The employer normal cost for 2007 was 9.97% of payroll; however, due to the over-funding, the computed employer contribution rate was 2.90%.

The County also provides post-retirement health care benefits for retirees. This benefit is paid for those who retire on or after reaching 55 years of age. This benefit is paid from current resources and is not an obligation of the pension fund. The cost to the County for this benefit for 2007 was \$2,222,375. The County is currently assessing the options available in addressing the requirements of GASB 43 and 45 for its Other Post-Retirement Employment Benefits (OPEB) obligation.

Risk Management. The County is covered for liability through the Michigan Municipal Risk Management Authority. The coverage includes loss protection for general and automobile liability, motor vehicle physical damage, and property.

The County is self-funded for workers' compensation coverage, covering employees of the primary government. The program is administered by a service provider furnishing safety inspections, reinsurance, claims review, and claims processing. The County has obtained specific excess workers' compensation reinsurance policies, indemnifying the County for each loss in excess of \$350,000. All funds are charged a percentage of payroll for workers' compensation costs and, when paid, are deposited into the Employee Benefits Internal Service Fund as operating revenue.

The County is also self-funded for health insurance for its employees not belonging to the Fraternal Order of Police (FOP) or Sheriff's Command Staff. Commercial insurance is purchased for risks of loss for FOP and Sheriff's Command Staff. Retiree health insurance coverage is purchased from Blue Cross Blue Shield of Michigan. An administrative agent monitors claims and ensures that only those meeting the member's policies are paid. "Stop-Loss" insurance has been obtained, through payments of monthly premiums, to cover the cost of individual claims in excess of \$100,000.

The Kalamazoo County Road Commission participates in the Michigan County Road Commission Self Insurance Pool for its liability insurance. The Self Insurance Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts retained by the Self Insurance Fund.

The Kalamazoo Community Mental Health and Substance Abuse Services is covered for liability through the Michigan Municipal Risk Management State Pool. The coverage includes loss protection for general liability, property, and crime. The Kalamazoo Community Mental Health and Substance Abuse Services, purchases commercial insurance for risks of loss arising from employee health, medical, and workers' compensation claims.

In all areas of insurance, the County is adequately funded and/or protected for losses/injuries.

Awards and Acknowledgements

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kalamazoo, Michigan, for its comprehensive annual financial report for the fiscal year ended 2006. This was the ninth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

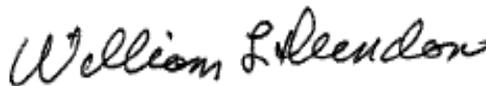
The preparation of this report on a timely basis would not have been accomplished without the cooperation of all involved in the financial accounting process. We want to thank all involved, especially the entire staff of the Finance Department.

We want to thank members of the Kalamazoo County Board of Commissioners for your interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Peter M. Battani
County Administrator/Controller



William L. Dundon
C.P.A., C.G.F.M.
Finance Director



Financial Section



BDO Seidman, LLP
Accountants and Consultants

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Kalamazoo, Michigan 49007
Telephone: 269-382-0170
Fax: 269-345-1666

Independent Auditors' Report

Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Kalamazoo, Michigan (the County), as of and for the year ended December 31, 2007 (September 30, 2007, for a certain component unit), which collectively comprise the County's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Kalamazoo County Road Commission or the Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS), which represents 96% of the total assets of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Kalamazoo County Road Commission and KCMHSAS, are based solely on the reports 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2007 (September 30, 2007, for a certain component unit), and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Law Enforcement Fund, and the Revenue Sharing Reserve Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Board of Commissioners
County of Kalamazoo, Michigan

As described in Note 7 to the basic financial statements, the County has implemented Statement No. 43 of the Governmental Accounting Standards Board, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as of December 31, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on Pages 8 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary information listed in the table of contents as well as the accompanying schedule of expenditures of federal awards, as required by *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, as well as the Supplemental Schedule of Expenditures by Service are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the introductory section and portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BDO Seidman, LLP

Certified Public Accountants

June 13, 2008

County of Kalamazoo, Michigan

Management's Discussion and Analysis

As management of the County of Kalamazoo, Michigan (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which may be found on Pages 1 to 5 of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$131,453,150 (net assets). Of this amount, \$38,300,146 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$6,460,582.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$78,931,447, an increase of \$29,046,413 in comparison with the prior year. Approximately 68% of this total amount, \$53,663,849 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$15,078,874 (32%) of the total General Fund expenditures.
- The County's total long-term obligations increased by \$26,896,145 during the current fiscal year.

Overview of the Financial Statements

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

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

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

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, highways and streets, health and welfare, recreation and culture, and judicial. The business-type activities of the County include the Kalamazoo-Battle Creek International Airport and the Delinquent Tax Revolving Fund.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate entities: Department of Human Services, Economic Development Corporation, Road Commission, Transportation Authority, Drainage Districts, and a separate authority known as Kalamazoo Community Mental Health and Substance Abuse Services. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on Pages 20 and 21 of this report.

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

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

Because the focus of governmental funds is narrower than the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

The County maintains 40 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Law Enforcement Fund, Revenue Sharing Reserve Fund, and the Juvenile Home Building Project Fund, all of which are considered to be major funds. Data from the other thirty-six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are found on Pages 22 to 25 of this report.

Proprietary Funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Airport Fund and the Delinquent Tax Revolving Fund. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses an Internal Service Fund to account for its employee benefits program, information systems activity, technology systems, Nazareth facility lease program, Central Stores activity, and a personnel pool. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport Fund and the Delinquent Tax Revolving Fund, both of which are considered to be major funds of the County. The County's six internal service funds are presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column. Also, individual fund data for the internal service fund is provided in the form of combining statements elsewhere in this report.

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

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on Pages 38 to 70 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension and other post-retirement benefits to its employees. This required supplementary information is included in the notes to the basic financial statements on Pages 61 to 66 of this report.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$131,453,150 at the close of the most recent fiscal year.

A substantial portion of the County's net assets (28%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

County of Kalamazoo, Michigan - Net Assets

<i>December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Assets:						
Current and other assets	\$ 135,797,967	\$ 97,974,761	\$ 26,370,948	\$ 25,200,620	\$ 162,168,915	\$ 123,175,381
Capital assets, net of accumulated depreciation	12,469,892	14,594,522	33,460,508	31,244,066	45,930,400	45,838,588
Total Assets	\$ 148,267,859	\$112,569,283	\$ 59,831,456	\$56,444,686	\$ 208,099,315	\$ 169,013,969
Liabilities:						
Long-term liabilities outstanding	\$ 43,909,579	\$ 16,813,434	\$ 9,100,000	\$ 9,300,000	\$ 53,009,579	\$ 26,113,434
Other liabilities	23,351,853	17,057,853	284,733	850,114	23,636,586	17,907,967
Total Liabilities	67,261,432	33,871,287	9,384,733	10,150,114	76,646,165	44,021,401
Net Assets:						
Invested in capital assets, net of related debt	11,728,648	14,594,522	24,479,312	22,144,066	36,207,960	36,738,588
Restricted	24,863,148	32,291,738	-	-	24,363,148	32,291,738
Unrestricted	44,414,631	31,811,736	25,967,411	24,150,506	70,382,042	55,962,242
Total Net Assets	81,006,427	78,697,996	50,446,723	46,294,572	131,453,150	124,992,568
Total Liabilities and Net Assets	\$ 148,267,859	\$112,569,283	\$ 59,831,456	\$56,444,686	\$ 208,099,315	\$ 169,013,969

There was a decrease of \$7,428,590 in restricted net assets reported in connection with the County's governmental activities. All of this decrease was the result of the completion of various projects.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

There are no restricted net assets reported in connection with the County's business-type activities.

No portion of the County's net assets represent resources that are subject to external restrictions on how they may be used except for the Revenue Sharing Reserve Fund established during 2004 under Public Act 357 and federal and state grants. The County may use the remaining balance of unrestricted net assets of \$70,382,042 (54%) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

County of Kalamazoo, Michigan - Changes in Net Assets

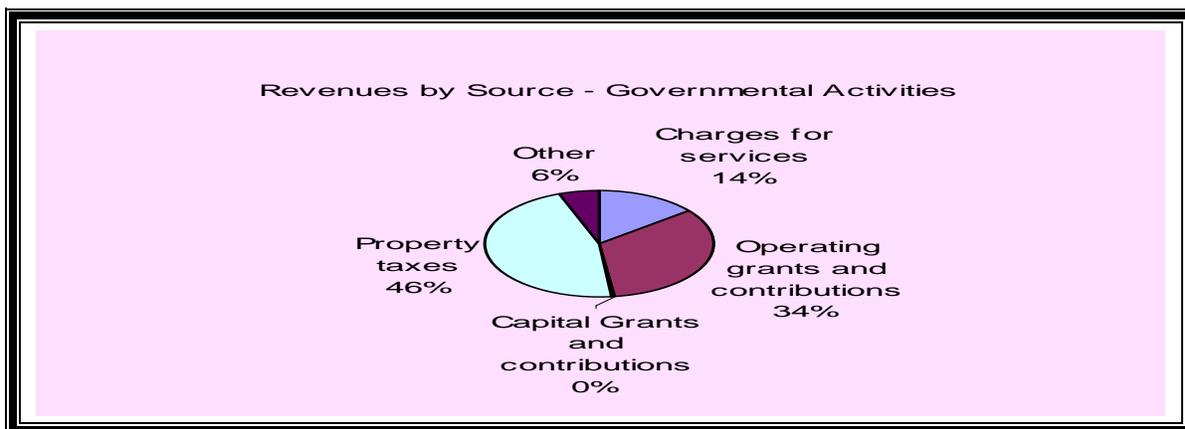
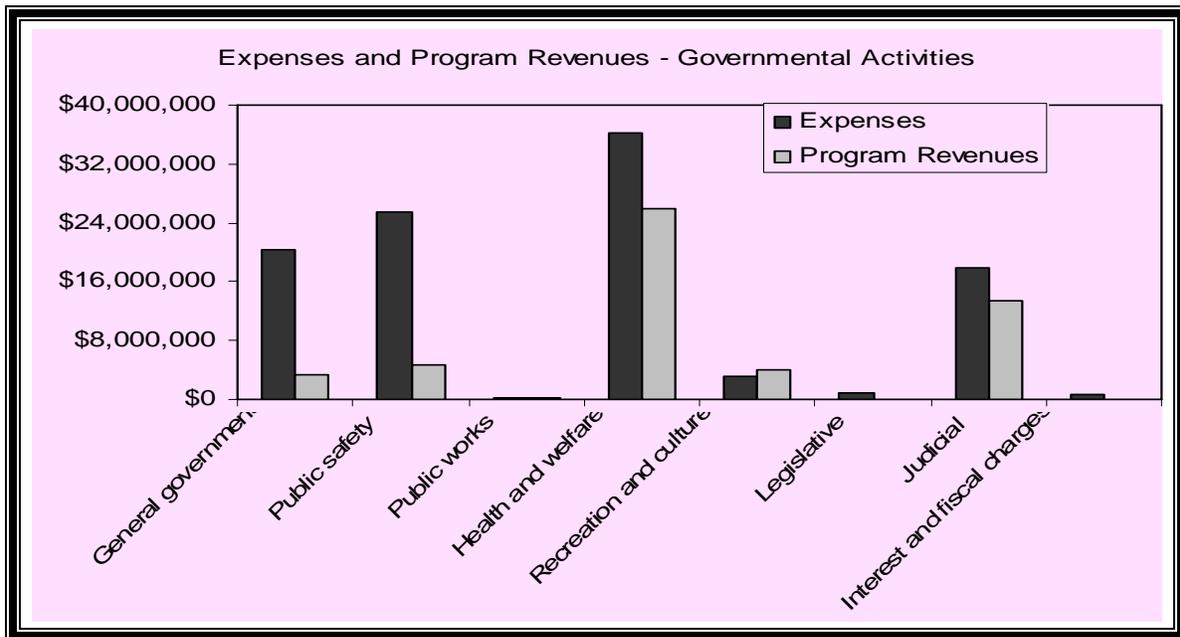
<i>Year Ended December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Revenues:						
Program revenues:						
Charges for services	\$ 14,954,545	\$ 14,723,514	\$ 6,273,925	\$ 5,678,440	\$ 21,228,470	\$ 20,401,954
Operating grants and contributions	36,139,185	36,455,096	(28,892)	600,649	36,110,293	37,055,745
Capital grants and contributions	352,556	-	3,471,510	721,909	3,824,066	721,909
General revenues:						
Property taxes	48,399,937	45,943,844	-	-	48,399,937	45,943,844
Other	2,851,608	2,859,844	3,550	3,449	2,855,158	2,863,293
Unrestricted investment earnings	3,460,386	3,113,934	1,172,814	660,876	4,633,200	3,774,810
Total Revenues	106,158,217	103,096,232	10,892,907	7,665,323	117,051,124	110,761,555
Expenses:						
General government	20,264,934	13,287,815	-	-	20,264,934	13,287,815
Public safety	25,519,348	24,567,020	-	-	25,519,348	24,567,020
Public works	299,344	943,220	-	-	299,344	943,220
Health and welfare	36,180,122	30,025,140	-	-	36,180,122	30,025,140
Recreation and culture	3,232,282	8,583,164	-	-	3,232,282	8,583,164
Legislative	897,634	840,222	-	-	897,634	840,222
Judicial	17,774,174	17,872,285	-	-	17,774,174	17,872,285
Interest and fiscal charges	656,948	517,525	-	-	656,948	517,525
Delinquent tax operations	-	-	6,690	130,180	6,690	130,180
Airport operations	-	-	5,759,066	5,360,135	5,759,066	5,360,135
Total Expenses	104,824,786	96,636,391	5,765,756	5,490,315	110,590,542	102,126,706
Increase in Net Assets Before Transfers	1,333,431	6,459,841	5,127,151	2,175,008	6,460,582	8,634,849
Transfers In (Out)	975,000	953,000	(975,000)	(953,000)	-	-
Change in Net Assets	2,308,431	7,412,841	4,152,151	1,222,008	6,460,582	8,634,849
Net Assets, beginning of year	78,697,996	71,285,155	46,294,572	45,072,564	124,992,568	116,357,719
Net Assets, end of year	\$ 81,006,427	\$ 78,697,996	\$ 50,446,723	\$ 46,294,572	\$ 131,453,150	\$ 124,992,568

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

The County's net assets increased by \$6,460,582 during the current fiscal year. About 58% of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. In addition, approximately 42% of the growth is attributable to a one-time infusion of resources from capital grants for new airport construction and depreciation on grant purchased capital assets.

Governmental Activities. Governmental activities increased the County's net assets by \$2,308,431 thereby accounting for 35.7% of the total increase in the net assets of the County. The key element of this increase is the increase in property taxes in the amount of \$2,456,093 (5.3%). Taxable values in the County increased as a result of increasing property values.



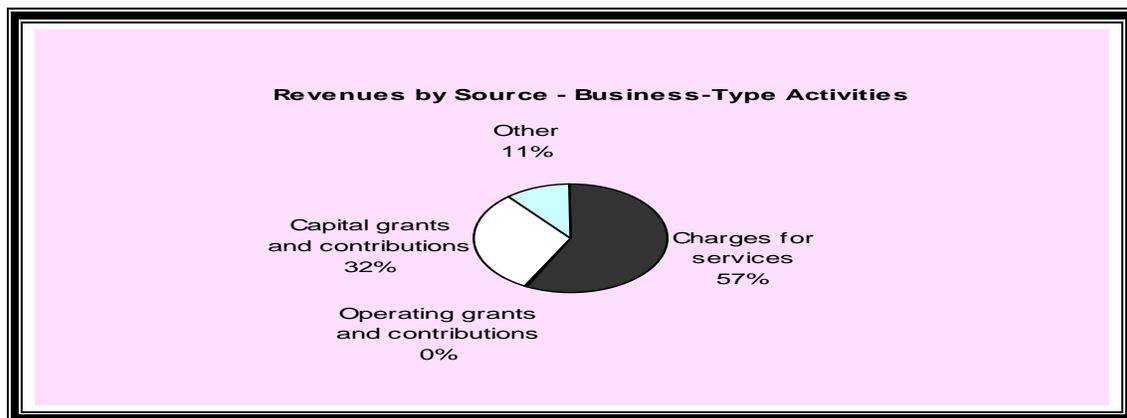
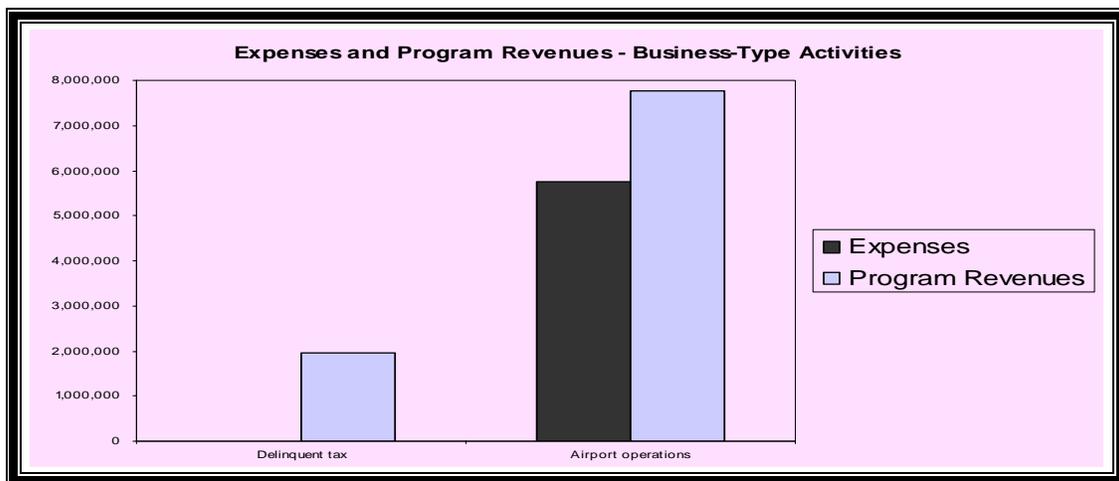
County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities. Business-type activities increased the County's net assets by \$4,152,151, accounting for (64.7%) of the total growth in the government's net assets. Key elements of this increase consists of the following:

- The Airport operations represent 65.3% of the increase in net assets. This is due to a one-time infusion of resources from capital grants received for new airport construction.
- The Delinquent Tax Revolving Fund represents 34.7% of the increase. This is a result of an increase in collections of penalties, interest, and collection fees, as well as a decrease in associated expenses.



County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

County of Kalamazoo, Michigan - Financial Analysis of Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$78,931,477, an increase of \$29,046,413 in comparison with the prior year. Sixty-eight percent of this total amount (\$53,663,849) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is invested in capital assets, capital projects, and special revenue grants, and is not available for new spending.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$15,078,874, while total fund balance amounted to \$21,383,462. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 32% of total General Fund expenditures, while total fund balance represents 45% of that same amount.

The fund balance of the County's General Fund increased by \$4,400,372 during the current fiscal year. Key factors in this change consists of the following:

- Property tax revenues increased by \$2,098,010 (6%) as a result of increased property values
- Interfund transfers in increased by \$216,466 (3.82%) primarily due to an increase in the transfer from the Revenue Sharing Reserve Fund as authorized by the state of Michigan.
- Lower than anticipated personnel costs that would have required the use of budgeted reserves in the amount of \$627,225 (14%). This was a result of a high number of retirees during 2007.

The Law Enforcement Fund accounts for specific revenue derived from state and federal grants, charges for services, and General Fund appropriations that are to be expended as dictated by legal, regulatory, or administrative requirements. At the end of the current fiscal year, unreserved undesignated fund balance of the Law Enforcement Fund was \$1,102,173, while total fund balance amounted to \$1,555,514.

The fund balance of the County's Law Enforcement Fund increased by \$306,912 during the current fiscal year. A key factor in this change was due to lower than anticipated personnel costs that would have required the use of budgeted reserves in the amount of \$360,400.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

The State Revenue Sharing Fund had a total fund balance of \$18,318,542. This fund mandated by the state of Michigan accounts for accelerated property tax collections pursuant to a change in legislation. Beginning in 2005, and for the next two years hence, the legislation provided for the County's general operating tax levy to be moved from the winter (December 1) to the summer (July 1) billing in one-third increments. In 2007, the County billed its entire general operating tax levy in July. These accelerated property tax collections are intended to provide cash flow to replace state revenue sharing payments that have been temporarily suspended. Beginning in 2004, the County was able to draw monies from this fund equal to fiscal year 2004 state revenue sharing payments, adjusted for inflation, until the fund balance is depleted.

The Juvenile Home Building Project Fund was established to account for the construction of a new Juvenile Home to be funded by a voter-approved millage. The County sold unlimited tax general obligation bonds in the amount of \$28,320,000 on October 31, 2007. This is a multi-year project with an expected completion date of May, 2009. As of the end of the current fiscal year, the ending fund balance totaled \$25,081,620, an increase of \$25,088,970 in comparison with the prior fiscal year.

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

Unrestricted net assets of the Airport Fund at the end of the year amounted to \$11,680,850 and those for the Delinquent Tax Revolving Fund amounted to \$14,189,428. The Airport Fund had a total increase in net assets of \$2,714,099 while the Delinquent Tax Revolving Fund experienced an increase in net assets of \$1,397,303. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for expenditures were relatively minor (\$3,410,500 or a 6.9% increase in appropriations) and are briefly summarized as follows:

- \$3,420,100 increases in capital outlay.
- \$9,600 in miscellaneous decreases in all other activities.

The increase of \$ 3,410,500 was to be funded out of increases in various revenue accounts.

Differences between the final amended budget and actual results are briefly summarized as follows:

Revenues:

Taxes - Non-departmental property taxes - \$1,044,242. The favorable budget variance was due to a combination of the following four factors: underestimating the increased revenue from shifting the tax levy/collection date from December 1 to July 1; underestimating the collection of delinquent personal property taxes; overestimating the provision for uncollectible taxes; and overestimating the provision for refunds due to appeals.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

Charges for Services - \$477,545.

- Sheriff - \$186,454. This revenue overage resulted from higher than anticipated prisoner care reimbursement.
- District Court - \$133,885. This revenue overage resulted from higher than anticipated number of cases filed with the District Court.
- Elections - \$107,842. This revenue overage resulted from increased reimbursement of election expenses from local municipalities.

Interest - Treasurer - \$418,255. This revenue overage resulted from higher investment interest rates.

Expenditures:

Judicial - Circuit Court Administration - \$307,954. This activity was under budget as a result of restructuring the reimbursement system for court appointed attorneys.

Public Safety - Sheriff - \$335,499. This activity was under budget primarily due to a decrease in inmate hospitalization costs.

Other – \$1,819,396

- Contingencies - \$348,400. No events occurred to necessitate contingency expenditures.
- Insurance and Surety Bonds - \$483,453. This account was under budget due to lower than anticipated costs based on plan experience with our insurance pool.
- DD/MI/Other Personnel Costs - \$833,800. The account was under budget because the budget contains reserves for salary and fringe benefit costs that were not needed in 2007.

Capital Outlay - \$2,792,254. This favorable budget variance was primarily due to the timing in the completion of the capital projects.

Transfers Out - \$813,742

- Health Fund - (\$207,603). The account was under budget due to a combination of underutilization of operating budgets because of decreased service needs and higher than anticipated collection of fees.
- Friend of the Court Fund - \$268,068. This favorable budget variance was primarily due to lower than expected personnel costs due to vacancies.
- Child Care Probate Fund - \$243,348. This favorable budget variance was due to a combination of an unexpected increase in State funding and underutilization of operating budgets.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounts to \$45,930,400 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, furniture, machinery and equipment, vehicles and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 0.2% (a 14.6% decrease for governmental activities and a 7.1% increase for business-type activities).

Major capital asset events during the current fiscal year included improvements made at the airport at a cost of \$4,218,405.

County of Kalamazoo, Michigan - Capital Assets (In thousands and net of depreciation)

<i>December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Land	\$ 1,648	\$ 1,004	\$ 3,868	\$ 3,868	\$ 5,516	\$ 4,872
Construction in progress	-	-	6,357	2,361	6,357	2,361
Land improvements	2,816	2,926	19,300	20,728	22,116	23,654
Buildings	4,857	5,244	2,249	2,435	7,106	7,679
Machinery and equipment	1,932	4,183	1,687	1,852	3,619	6,035
Motor vehicles	1,217	1,237	-	-	1,217	1,237
Total	\$ 12,470	\$ 14,594	\$ 33,461	\$ 31,244	\$ 45,931	\$ 45,838

Additional information on the County's capital assets are found in Note 5 on Pages 56 to 58 of this report.

Long-Term Obligations. At the end of the current fiscal year, the County had total long-term obligations outstanding of \$53,009,579. The total obligation does not include \$543,862 in a mortgage payable owed by the Kalamazoo Community Mental Health and Substance Abuse Services for which the County is not responsible. The remainder of the County obligations represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

County of Kalamazoo, Michigan - Outstanding Long-Term Obligations (In thousands)

<i>December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Primary Government:						
Compensated absences	\$ 3,191	\$ 3,236	\$ -	\$ -	\$ 3,191	\$ 3,236
Revenue bonds	40,719	13,577	9,100	9,300	49,819	22,877
Total	\$ 43,910	\$ 16,813	\$ 9,100	\$ 9,300	\$ 53,010	\$ 26,113

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Concluded)

The County's total obligation increased by \$26,896,145 or 103% during the current fiscal year. The net increase was attributable to the issuance of additional bonds for the new Juvenile Home construction and drain projects.

The County maintains an "AA" rating from Standard & Poor's and increased to "Aa3" rating from Moody's for its general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total state equalized valuation.

The current debt limitation for the County is \$900,257,594, which is significantly higher than the County's outstanding general obligation debt. Additional information on the County's long-term obligations is found in Note 6 on Pages 58 to 61.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County is currently 5.2%, which is the same as the rate a year ago. This compares favorably to the state's average unemployment rate and the national average rate of 4.6%.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the County's budget for the 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$15,078,874. The County has appropriated \$594,900 of this amount for spending in the 2008 fiscal year budget. This would allow the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2008 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director
County of Kalamazoo, Michigan
201 West Kalamazoo Avenue
Kalamazoo, Michigan 49007

Government-Wide Financial Statements



<i>December 31, 2007</i>	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	
Assets:				
Cash (Note 3)	\$ 19,580,722	\$ 479,084	\$ 20,059,806	\$ 10,116,190
Investments (Note 3)	83,027,974	11,950,067	94,978,041	11,906,899
Receivables:				
Accounts	2,712,503	349,501	3,062,004	4,573,846
Taxes, current	12,094,109	-	12,094,109	-
Taxes, delinquent	236,618	5,667,931	5,904,549	-
Interest	372,819	891,891	1,264,710	-
Unlevied assessments	82,404	-	82,404	-
Intergovernmental	16,952,107	130,678	17,082,785	3,269,747
Inventories	146,801	14,241	161,042	893,471
Prepaid expenses	266,556	31,125	297,681	473,257
Bond discount	182,138	58,390	240,528	-
Bond issuance costs	143,216	60,414	203,630	-
Other assets	-	-	-	345,521
Restricted assets:				
Cash (Note 3)	-	732,626	732,626	-
Investment (Note 3)	-	5,950,000	5,950,000	-
Receivables	-	55,000	55,000	-
Land (Note 5)	1,647,767	3,868,097	5,515,864	17,147,501
Construction in progress (Note 5)	-	6,357,365	6,357,365	1,397,305
Capital assets, net of accumulated depreciation (Note 5)	10,822,125	23,235,046	34,057,171	92,679,820
Total Assets	\$ 148,267,859	\$59,831,456	\$ 208,099,315	\$ 142,803,557

County of Kalamazoo, Michigan

Government-Wide Financial Statements Statement of Net Assets

<i>December 31, 2007</i>	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	
Liabilities:				
Checks issued against future deposits	\$ 10,615,943	\$ -	\$ 10,615,943	\$ -
Accounts payable	2,827,508	92,752	2,920,260	5,741,948
Accrued liabilities	2,805,719	93,531	2,899,250	1,237,587
Interest payable	212,322	60,167	272,489	-
Intergovernmental payable	2,524,170	-	2,524,170	757,000
Liability for estimated claims	1,781,372	-	1,781,372	-
Other payables	557,301	9,116	566,417	107,954
Bond premium	61,158	-	61,158	-
Unearned revenue	1,966,360	29,167	1,995,527	5,281,351
Noncurrent liabilities (Note 6):				
Due within one year	3,844,516	200,000	4,044,516	650,077
Due in more than one year	40,065,063	8,900,000	48,965,063	481,893
Total Liabilities	67,261,432	9,384,733	76,646,165	14,257,810
Net Assets:				
Invested in capital assets, net of related debt	11,728,648	24,479,312	36,207,960	110,680,764
Restricted:				
Revenue sharing reserve	18,318,542	-	18,318,542	-
Primary roads	-	-	-	3,135,663
KCMHSAS	-	-	-	5,353,866
Special Revenue grants	6,544,606	-	6,544,606	-
Unrestricted	44,414,631	25,967,411	70,382,042	9,375,454
Total Net Assets	81,006,427	50,446,723	131,453,150	128,545,747
Total Liabilities and Net Assets	\$ 148,267,859	\$59,831,456	\$ 208,099,315	\$ 142,803,557

See accompanying notes to basic financial statements.

<i>Year Ended December 31, 2007</i>	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
Primary Government:				
Governmental activities:				
General government	\$ 20,264,934	\$ 2,703,273	\$ 249,407	\$ 352,556
Public safety	25,519,348	1,728,469	2,919,091	-
Public works	299,344	-	147,679	-
Health and welfare	36,180,122	2,016,657	23,970,105	-
Recreation and culture	3,232,282	2,634,950	1,389,113	-
Legislative	897,634	-	-	-
Judicial	17,774,174	5,871,196	7,448,395	-
Interest and fiscal charges	656,948	-	15,395	-
Total governmental activities	104,824,786	14,954,545	36,139,185	352,556
Business-type activities:				
Delinquent tax	6,690	1,957,711	-	-
Airport operations	5,759,066	4,316,214	(28,892)	3,471,510
Total business-type activities	5,765,756	6,273,925	(28,892)	3,471,510
Total Primary Government	\$110,590,542	\$ 21,228,470	\$ 36,110,293	\$ 3,824,066
Component Units:				
Road Commission	\$ 18,782,697	\$ 210,714	\$ 13,086,969	\$ 4,545,632
Kalamazoo Community Mental Health and Substance Abuse Services	98,019,980	1,447,659	96,818,037	-
Other	3,370,257	90,345	1,451,589	-
Total Component Units	\$120,172,934	\$ 1,748,718	\$ 111,356,595	\$ 4,545,632

General Revenues:

Property taxes levied for operating
Property taxes levied for
revenue sharing reserve
Local unit contract revenue
Other
Unrestricted investment earnings

Total General Revenues

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Assets

Net Assets, beginning of year

Net Assets, end of year

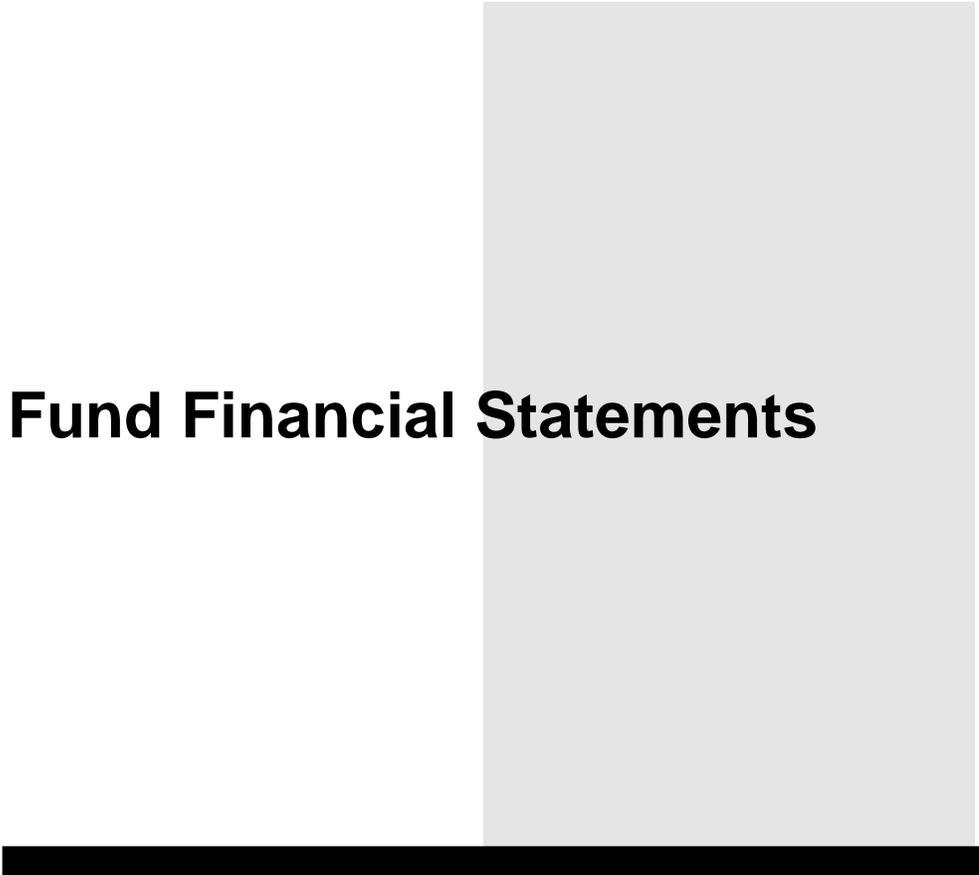
County of Kalamazoo, Michigan

Government-Wide Financial Statements Statement of Activities

<i>Net Revenue (Expense) and Changes in Net Assets</i>			
<i>Primary Government</i>			
<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	<i>Component Units</i>
\$ (16,959,698)	\$ -	\$ (16,959,698)	\$ -
(20,871,788)	-	(20,871,788)	-
(151,665)	-	(151,665)	-
(10,193,360)	-	(10,193,360)	-
791,781	-	791,781	-
(897,634)	-	(897,634)	-
(4,454,583)	-	(4,454,583)	-
(641,553)	-	(641,553)	-
(53,378,500)	-	(53,378,500)	-
-	1,951,021	1,951,021	-
-	1,999,766	1,999,766	-
-	3,950,787	3,950,787	-
(53,378,500)	3,950,787	(49,427,713)	-
-	-	-	(939,382)
-	-	-	245,716
-	-	-	(1,828,323)
-	-	-	(2,521,989)
47,291,086	-	47,291,086	-
1,108,851	-	1,108,851	-
1,218,268	-	1,218,268	-
1,633,340	3,550	1,636,890	7,433,070
3,460,386	1,172,814	4,633,200	931,354
54,711,931	1,176,364	55,888,295	8,364,424
975,000	(975,000)	-	-
55,686,931	201,364	55,888,295	8,364,424
2,308,431	4,152,151	6,460,582	5,842,435
78,697,996	46,294,572	124,992,568	122,703,312
\$ 81,006,427	\$ 50,446,723	\$ 131,453,150	\$ 128,545,747

See accompanying notes to basic financial statements.

Fund Financial Statements



<i>December 31, 2007</i>	<u>Special Revenue</u>					<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Revenue Sharing Reserve</i>	<i>Juvenile Home Building Project</i>	<i>Other Governmental Funds</i>	
Assets:						
Cash (Note 3)	\$ 17,049	\$ 3,240,792	\$ 100,743	\$ 6,446,373	\$ 5,100,698	\$ 14,905,655
Investments (Note 3)	30,600,131	688,489	18,159,100	18,915,725	10,365,752	78,729,197
Receivables:						
Accounts	433,266	26,789	-	92,028	1,994,345	2,546,428
Taxes, current	2,622,445	9,471,664	-	-	-	12,094,109
Taxes, delinquent	115,019	58,513	63,086	-	-	236,618
Interest	138,144	23,909	58,699	-	1,842	222,594
Unlevied assessments	-	-	-	-	82,404	82,404
Due from other government units	1,025,975	-	-	-	3,578,681	4,604,656
Prepaid expenditures	184,978	-	-	-	-	184,978
Inventories	34,489	-	-	-	-	34,489
Advances from other funds (Note 4)	78,147	-	-	-	-	78,147
Other	-	119	-	-	45,314	45,433
Total Assets	\$ 35,249,643	\$ 13,510,275	\$ 18,381,628	\$ 25,454,126	\$ 21,123,722	\$ 113,764,708

County of Kalamazoo, Michigan

Governmental Funds Balance Sheet

<i>December 31, 2007</i>	<i>Special Revenue</i>					<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Revenue Sharing Reserve</i>	<i>Juvenile Home Building Project</i>	<i>Other Governmental Funds</i>	
Liabilities and Fund Balance:						
Liabilities:						
Checks issued against future deposits	\$ 8,754,512	\$ -	\$ -	\$ -	\$ 1,861,431	\$ 10,615,943
Accounts payable	431,842	104,753	-	372,506	1,231,803	2,140,904
Accrued liabilities	480,369	111,184	-	-	1,977,369	2,568,922
Due to other governmental units	999,467	-	-	-	1,524,703	2,524,170
Other payables	458,753	64,139	-	-	-	522,892
Advances to other funds (Note 4)	-	-	-	-	78,147	78,147
Deferred revenue	2,741,238	11,674,685	63,086	-	1,903,274	16,382,283
Total Liabilities	13,866,181	11,954,761	63,086	372,506	8,576,727	34,833,261
Fund Balance:						
Reserved:						
Revenue Sharing Reserve Fund	-	-	18,318,542	-	-	18,318,542
Encumbrances	320,821	41,841	-	-	191,127	553,789
Prepaid expenditures/ inventories	219,467	-	-	-	-	219,467
Unreserved -						
Designated for future expenditures	5,764,300	411,500	-	-	-	6,175,800
Unreserved, reported in:						
General Fund	15,078,874	-	-	-	-	15,078,874
Special Revenue Funds	-	1,102,173	-	-	5,400,592	6,502,765
Debt Service Funds	-	-	-	-	314	314
Capital Projects Funds	-	-	-	25,081,620	7,000,276	32,081,896
Total Fund Balance	21,383,462	1,555,514	18,318,542	25,081,620	12,592,309	78,931,447
Total Liabilities and Fund Balance	\$ 35,249,643	\$ 13,510,275	\$ 18,381,628	\$ 25,454,126	\$ 21,169,036	\$ 113,764,708

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Reconciliation of the Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

<i>December 31, 2007</i>	<i>Amount</i>
Total Fund Balance - Total governmental funds (from Page 22)	\$ 78,931,447
Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Capital assets, at cost	38,679,387
Accumulated depreciation	(26,710,719)
Net capital assets	11,968,668
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:	
Deferred taxes	14,415,923
Intergovernmental receivable	12,347,451
Bond discount	182,138
Bond issuance costs	143,216
Internal Service Funds are used by management to charge the costs of certain activities such as Employee Benefits, Information Systems, Central Stores, and Technology Systems to individual funds. These assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	7,200,643
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Balances at December 31, 2007, were:	
Bonds payable	(40,719,144)
Compensated absences	(3,190,435)
Bond premium	(61,158)
Accrued interest on bonds	(212,322)
Net Assets of Governmental Activities	\$ 81,006,427

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Year Ended</i>	<u>Special Revenue</u>					<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Revenue Sharing Reserve</i>	<i>Juvenile Home Building Project</i>	<i>Other Governmental Funds</i>	
December 31, 2007						
Revenues:						
Taxes	\$ 36,187,942	\$ 10,486,035	\$ 1,108,851	\$ -	\$ 1,977,861	\$ 49,760,689
Licenses and permits	403,129	-	-	-	390,482	793,611
Intergovernmental	7,877,175	-	-	-	27,827,619	35,704,794
Charges for services	6,997,045	416	-	-	3,127,449	10,124,910
Fines and forfeitures	2,530,015	104,054	-	-	-	2,634,069
Interest	1,787,255	244,285	902,402	177,685	348,759	3,460,386
Other	1,535,488	-	-	-	95,953	1,631,441
Donations and contributions	12,452	-	-	-	2,247,857	2,260,309
Total Revenues	57,330,501	10,834,790	2,011,253	177,685	36,015,980	106,370,209
Expenditures:						
Current:						
General government	9,841,143	-	-	-	-	9,841,143
Public safety	15,376,710	7,052,240	-	-	2,393,473	24,822,423
Public works	-	-	-	-	299,335	299,335
Health and welfare	4,548,441	-	-	-	31,582,134	36,130,575
Recreation and culture	285,283	-	-	-	2,641,261	2,926,544
Legislative	897,634	-	-	-	-	897,634
Judicial	11,531,873	1,416,077	-	-	4,484,665	17,432,615
Other	2,904,404	1,658,326	-	3,069,805	469,854	8,102,389
Debt service:						
Principal	349,040	-	-	-	1,461,000	1,810,040
Interest and other charges	39,401	-	-	-	477,821	517,222
Bond issuance costs	-	-	-	149,183	-	149,183
Capital outlay	1,603,546	213,125	-	-	1,477,614	3,294,285
Total Expenditures	47,377,475	10,339,768	-	3,218,988	45,287,157	106,223,388
Excess (Deficiency) of Revenues Over Expenditures	9,953,026	495,022	2,011,253	(3,041,303)	(9,271,177)	146,821

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance (Concluded)

<i>Year Ended</i>	<u><i>Special Revenue</i></u>					<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Revenue Sharing Reserve</i>	<i>Juvenile Home Building Project</i>	<i>Other Governmental Funds</i>	
December 31, 2007						
Other Financing Sources (Uses):						
Transfers in	\$ 5,886,204	\$ -	\$ -	\$ -	\$ 11,060,007	\$ 16,946,211
Transfers out	(11,440,758)	(188,110)	(4,847,263)	-	(332,661)	(16,808,792)
Issuance of bonds	1,900	-	-	28,320,000	630,000	28,951,900
Bond discount	-	-	-	(189,727)	-	(189,727)
Total Other Financing Sources (Uses)	(5,552,654)	(188,110)	(4,847,263)	28,130,273	11,357,346	28,899,592
Net Change in Fund Balance	4,400,372	306,912	(2,836,010)	25,088,970	2,086,169	29,046,413
Fund Balance, beginning of year	16,983,090	1,248,602	21,154,552	(7,350)	10,506,140	49,885,034
Fund Balance, end of year	\$ 21,383,462	\$ 1,555,514	\$ 18,318,542	\$ 25,081,620	\$ 12,592,309	\$ 78,931,447

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

<i>Year Ended December 31, 2007</i>	<i>Amount</i>
Net Change in Fund Balance - Total governmental funds (from Page 25)	\$ 29,046,413
Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,855,365) exceeded depreciation (\$1,571,662) in the current period.	283,703
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred taxes	617,109
Intergovernmental receivable	(829,100)
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 governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Issuance of debt	(28,951,900)
Bond issuance costs	149,183
Bond discount	189,727
Repayments	1,810,040
Bond premium amortization	8,737
Bond discount amortization	(7,589)
Bond issuance cost amortization	(5,967)
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:	
Accrued interest	(134,907)
Compensated absences	45,716
Loss on disposal of asset	(2,270,802)
Internal Service Funds are used by management to charge the costs of certain activities, such as Employee Benefits, Information Systems, Central Stores, and Technology Systems to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.	2,358,068
Change in Net Assets of Governmental Activities	\$ 2,308,431

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes	\$ 35,143,700	\$ 35,143,700	\$ 36,187,942	\$ 1,044,242
Licenses and permits	422,000	418,200	403,129	(15,071)
Intergovernmental	7,778,800	7,809,100	7,877,175	68,075
Charges for services	6,378,700	6,519,500	6,997,045	477,545
Fines and forfeitures	2,551,500	2,551,500	2,530,015	(21,485)
Interest	1,369,000	1,369,000	1,787,255	418,255
Other	1,783,000	1,857,000	1,535,488	(321,512)
Donations and contributions	7,000	7,500	12,452	4,952
Total Revenues	55,433,700	55,675,500	57,330,501	1,655,001
Expenditures:				
Current:				
General government	9,545,200	9,769,300	9,841,143	(71,843)
Public safety	15,347,500	15,723,300	15,376,710	346,590
Health and welfare	4,235,800	4,626,700	4,548,441	78,259
Recreation and culture	281,700	287,800	285,283	2,517
Legislative	854,300	897,000	897,634	(634)
Judicial	11,877,600	11,902,800	11,531,873	370,927
Other	5,798,200	4,723,800	2,904,404	1,819,396
Debt service:				
Principal	350,100	350,100	349,040	1,060
Interest and other charges	32,000	32,000	39,401	(7,401)
Capital outlay	975,700	4,395,800	1,603,546	2,792,254
Total Expenditures	49,298,100	52,708,600	47,377,475	5,331,125
Excess of Revenues Over Expenditures	6,135,600	2,966,900	9,953,026	6,986,126
Other Financing Sources (Uses):				
Transfers in	5,819,000	5,826,000	5,886,204	60,204
Transfers out	(11,954,600)	(12,254,500)	(11,440,758)	813,742
Issuance of bonds	-	-	1,900	1,900
Total Other Financing Uses	(6,135,600)	(6,428,500)	(5,552,654)	875,846
Net Change in Fund Balance	-	(3,461,600)	4,400,372	7,861,972
Fund Balance, beginning of year	16,983,090	16,983,090	16,983,090	-
Fund Balance, end of year	\$ 16,983,090	\$ 13,521,490	\$ 21,383,462	\$ 7,861,972

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Law Enforcement Fund Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes - Non-departmental	\$ 10,831,300	\$10,831,300	\$10,486,035	\$ (345,265)
Fines and forfeitures	100,000	100,000	104,054	4,054
Charges for services	2,000	2,000	416	(1,584)
Interest	205,000	205,000	244,285	39,285
Other	-	48,900	-	(48,900)
Total Revenues	11,138,300	11,187,200	10,834,790	(352,410)
Expenditures:				
Judicial:				
Circuit Court - Trial Division	491,000	462,500	457,452	5,048
Circuit Court - Family Division	715,600	569,500	562,413	7,087
District Court	371,400	392,700	396,212	(3,512)
Total Judicial	1,578,000	1,424,700	1,416,077	8,623
General Government - Prosecuting Attorney	1,747,800	1,652,600	1,658,326	(5,726)
Public Safety:				
Sheriff	6,709,000	6,860,200	6,707,019	153,181
Animal Services and Enforcement	315,800	348,200	345,221	2,979
Total Public Safety	7,024,800	7,208,400	7,052,240	156,160
Other:				
Reserve	400,000	-	-	-
Contingencies	25,000	25,000	-	25,000
Restricted reserve	192,700	360,400	-	360,400
Total Other	617,700	385,400	-	385,400
Capital Outlay	273,600	322,500	213,125	109,375
Total Expenditures	11,241,900	10,993,600	10,339,768	653,832
Excess of Revenues Over Expenditures	(103,600)	193,600	495,022	301,422
Other Financing Uses -				
Transfers out:				
Friend of the Court Fund	(20,000)	(20,000)	(20,000)	-
Child Care Probate Fund	(158,600)	(158,600)	(167,125)	(8,525)
Public Safety Special Grants Fund	(15,000)	(15,000)	(985)	14,015
Total Other Financing Uses	(193,600)	(193,600)	(188,110)	5,490
Net Change in Fund Balance	(297,200)	-	306,912	306,912
Fund Balance, beginning of year	1,248,602	1,248,602	1,248,602	-
Fund Balance, end of year	\$ 951,402	\$ 1,248,602	\$ 1,555,514	\$ 306,912

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Revenue Sharing Reserve Fund Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes	\$ -	\$ -	\$ 1,108,851	\$ 1,108,851
Interest	450,000	450,000	902,402	452,402
Other	4,355,200	4,355,200	-	(4,355,200)
Total Revenues	4,805,200	4,805,200	2,011,253	(2,793,947)
Other Financing Uses -				
Transfers out	(4,805,200)	(4,805,200)	(4,847,263)	(42,063)
Net Change in Fund Balance	-	-	(2,836,010)	(2,836,010)
Fund Balance, beginning of year	21,154,552	21,154,552	21,154,552	-
Fund Balance, end of year	\$21,154,552	\$21,154,552	\$18,318,542	\$ (2,836,010)

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds				
<i>December 31, 2007</i>	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	<i>Governmental Activities - Internal Service Funds</i>
Assets:				
Current assets:				
Cash (Note 3)	\$ 145,546	\$ 333,538	\$ 479,084	\$ 4,675,067
Investments (Note 3)	4,592,834	7,357,233	11,950,067	4,298,777
Receivables:				
Accounts	252,368	-	252,368	263,208
Taxes, delinquent	-	5,667,931	5,667,931	-
Interest	61,165	830,726	891,891	36,145
Due from state of Michigan	130,678	-	130,678	-
Bond discount	58,390	-	58,390	-
Bond issuance costs	60,414	-	60,414	-
Inventories	14,241	-	14,241	112,312
Prepaid items	31,125	-	31,125	150,225
Total current assets	5,346,761	14,189,428	19,536,189	9,535,734
Noncurrent assets:				
Restricted assets:				
Cash	732,626	-	732,626	-
Investment (Note 3)	5,950,000	-	5,950,000	-
Accounts receivable	55,000	-	55,000	-
Land (Note 5)	3,868,097	-	3,868,097	-
Construction in progress (Note 5)	6,357,365	-	6,357,365	-
Capital assets, net of accumulated depreciation (Note 5)	23,235,046	-	23,235,046	501,224
Total noncurrent assets	40,198,134	-	40,198,134	501,224
Total Assets	\$ 45,544,895	\$ 14,189,428	\$ 59,734,323	\$ 10,036,958

County of Kalamazoo, Michigan

Proprietary Funds Statement of Net Assets

<i>December 31, 2007</i>	<i>Business-Type Activities - Enterprise Funds</i>			<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 92,752	\$ -	\$ 92,752	\$ 661,356
Accrued liabilities	93,531	-	93,531	236,797
Liability for estimated claims	-	-	-	1,781,372
Deposits payable	9,116	-	9,116	34,409
Deferred revenue	29,167	-	29,167	-
Accrued interest	60,167	-	60,167	-
Due to other funds (Note 4)	-	-	-	25,248
Current maturities of long-term debt (Note 6)	200,000	-	200,000	-
Total current liabilities	484,733	-	484,733	2,739,182
Noncurrent liabilities, general obligation limited tax bonds (Note 6)	8,900,000	-	8,900,000	-
Total Liabilities	9,384,733	-	9,384,733	2,739,182
Net Assets:				
Investment in capital assets, net of related debt	24,479,312	-	24,479,312	501,224
Unrestricted	11,680,850	14,189,428	25,870,278	6,796,552
Total Net Assets	36,160,162	14,189,428	50,349,590	7,297,776
Total Liabilities and Net Assets	\$ 45,544,895	\$ 14,189,428	\$ 59,734,323	\$ 10,036,958
Total Net Assets			\$ 50,349,590	
Adjustment Reflecting Consolidation of Internal Service Fund Activities Related to Enterprise Funds			97,133	
Net Assets of Business Type Activities			\$ 50,446,723	

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year Ended December 31, 2007	<i>Business-Type Activities - Enterprise Funds</i>			<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	
Operating Revenues:				
Charges for services:				
Airport concessions	\$ 690,237	\$ -	\$ 690,237	\$ -
Airfield maintenance	818,695	-	818,695	-
Airfield terminal maintenance	541,952	-	541,952	-
Airport parking	1,507,572	-	1,507,572	-
Airport leases site and other income	67,406	-	67,406	-
Penalties and interest	-	1,469,342	1,469,342	-
Collection fees	-	488,369	488,369	22,517,490
Total Operating Revenues	3,625,862	1,957,711	5,583,573	22,517,490
Operating Expenses:				
Airport administration	899,613	-	899,613	-
Airfield maintenance	1,005,110	-	1,005,110	-
Airport building maintenance	577,908	-	577,908	-
Airport parking	453,762	-	453,762	-
Airport security	484,685	-	484,685	-
Depreciation	2,001,963	-	2,001,963	182,450
Employee benefits	-	-	-	17,715,917
Other	7,972	6,690	14,662	3,057,888
Total Operating Expenses	5,431,013	6,690	5,437,703	20,956,255
Operating Income (Loss)	(1,805,151)	1,951,021	145,870	1,561,235
Nonoperating Revenues (Expenses):				
Passenger facility charges	690,352	-	690,352	-
Interest income	751,532	421,282	1,172,814	-
Federal revenue	(28,892)	-	(28,892)	-
Miscellaneous	3,550	-	3,550	-
Interest expense and charges	(368,802)	-	(368,802)	-
Total Nonoperating Revenues	1,047,740	421,282	1,469,022	-
Income Before Contributions and Transfers	(757,411)	2,372,303	1,614,892	1,561,235
Capital Contributions Received	3,471,510	-	3,471,510	-
Transfers In	-	-	-	837,582
Transfers Out	-	(975,000)	(975,000)	-
Change in Net Assets	2,714,099	1,397,303	4,111,402	2,398,817
Net Assets, beginning of year	33,446,063	12,792,125	46,238,188	4,898,959
Net Assets, end of year	\$ 36,160,162	\$ 14,189,428	\$ 50,349,590	\$ 7,297,776
Change in Net Assets			\$ 4,111,402	
Adjustment to Reflect Current Year Effect for Consolidation of Internal Service Fund Activities Related to Enterprise Funds			40,749	
Change in Net Assets of Business Type Activities			\$ 4,152,151	

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Proprietary Funds Statement of Cash Flows

<i>Year Ended December 31, 2007</i>	<i>Business-Type Activities - Enterprise Funds</i>			<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	
Operating Activities:				
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ 22,383,068
Cash received from customers and users	3,618,890	546,256	4,165,146	-
Cash paid to employees	(926,038)	-	(926,038)	(1,778,954)
Cash paid for interfund services used	(223,738)	-	(223,738)	(1,312,789)
Cash paid to suppliers	(2,263,877)	(6,690)	(2,270,567)	(16,912,220)
Cash Provided by Operating Activities	205,237	539,566	744,803	2,379,105
Capital and Related Financing Activities:				
Capital contributions	3,471,510	-	3,471,510	-
Passenger facility charges	690,352	-	690,352	-
Acquisition of capital assets	(4,218,405)	-	(4,218,405)	(73,125)
Other	3,550	-	3,550	-
Principal paid on debt	(200,000)	-	(200,000)	-
Interest and fiscal charges paid	(363,825)	-	(363,825)	-
Cash Used in Capital and Related Financing Activities	(616,818)	-	(616,818)	(73,125)
Non-Capital Financing Activities:				
Cash received from other governmental units	412,802	-	412,802	-
Transfers (to) from other funds	-	(975,000)	(975,000)	837,582
Cash Provided by (Used in) Non-Capital Financing Activities	412,802	(975,000)	(562,198)	837,582
Investing Activities:				
Sale of investments	28,526,772	19,300,344	47,827,116	-
Purchase of investments	(35,361,236)	(18,307,577)	(53,668,813)	(1,998,778)
Interest received	725,344	421,282	1,146,626	-
Cash Provided by (Used in) Investing Activities	(6,109,120)	1,414,049	(4,695,071)	(1,998,778)
Net Increase in Cash	(6,107,899)	978,615	(5,129,284)	1,144,784
Cash, beginning of year	6,986,071	(645,077)	6,340,994	3,530,283
Cash, end of year	\$ 878,172	\$ 333,538	\$ 1,211,710	\$ 4,675,067
Reconciliation of Cash to Statement of Net Assets:				
Cash	\$ 145,546	\$ 333,538	\$ 479,084	\$ 4,675,067
Restricted cash	732,626	-	732,626	-
Total Cash at December 31, 2007	\$ 878,172	\$ 333,538	\$ 1,211,710	\$ 4,675,067

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Proprietary Funds Statement of Cash Flows (Concluded)

<i>Year Ended December 31, 2007</i>	<i>Business-Type Activities - Enterprise Funds</i>			<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	
Reconciliation of Operating Income (Loss) to Cash Provided by (Used in)				
Operating Activities:				
Operating income (loss)	\$ (1,805,151)	\$ 1,951,021	\$ 145,870	\$ 1,561,235
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	2,001,963	-	2,001,963	210,656
(Increase) decrease in:				
Accounts receivable	(27,965)	-	(27,965)	(197,032)
Taxes receivable	-	(1,130,104)	(1,130,104)	-
Penalties and interest receivable	-	(281,351)	(281,351)	-
Due from state of Michigan	(8,174)	-	(8,174)	-
Interest	-	-	-	(29,711)
Inventories	(4,873)	-	(4,873)	(13,984)
Prepaid items	(31,125)	-	(31,125)	399,314
Increase (decrease) in:				
Deposits payable	239	-	239	1,353
Accounts payable	35,559	-	35,559	13,630
Due to other funds	-	-	-	(7,724)
Accrued expenses	15,597	-	15,597	9,176
Deferred revenue	29,167	-	29,167	(234)
Liability for estimated claims	-	-	-	432,426
Cash Provided by Operating Activities	\$ 205,237	\$ 539,566	\$ 744,803	\$ 2,379,105

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets

<i>December 31, 2007</i>	<i>Primary Government</i>			
	<i>Trust Funds</i>			
	<i>Retiree</i>			
	<i>Health Care Trust Fund</i>	<i>Pension Trust Fund</i>	<i>Cemetery Trust Fund</i>	<i>Agency Fund</i>
Assets:				
Cash and money market funds (Note 3)	\$ 930,288	\$ 829,972	\$ 4,653	\$ 3,290,241
Receivables:				
Interest and dividends	2,992	554,354	-	-
Employer contributions	-	25,248	-	-
Accounts	-	36,239	-	847
Retiree	3,516	-	-	-
Investments, at fair value (Note 3):				
Mutual funds	-	68,696,984	-	-
Common trust funds	-	48,422,315	-	-
Corporate debentures	-	17,666,170	-	-
U.S. government securities	-	14,014,876	-	-
Pooled separate account	-	5,040,678	-	-
Pooled mortgages	-	8,982,968	-	-
Total Assets	\$ 936,796	\$ 164,269,804	\$ 4,653	\$ 3,291,088
Liabilities:				
Checks issued against future deposits	\$ -	\$ -	\$ -	\$ 919,630
Vouchers and accounts payable	-	321,090	-	-
Due to other governmental units	-	-	-	439,470
Benefits payable	-	35,257	-	-
Other payables	-	-	725	1,931,988
Total Liabilities	-	356,347	725	3,291,088
Net Assets -				
Held in trust:				
Other post-retirement benefits	936,796	-	-	-
Employees' pension benefits	-	163,913,457	-	-
Individuals and organizations	-	-	3,928	-
Total Net Assets	936,796	163,913,457	3,928	-
Total Liabilities and Net Assets	\$ 936,796	\$ 164,269,804	\$ 4,653	\$ 3,291,088

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Assets

<i>Year Ended December 31, 2007</i>	<i>Retiree Health Care Trust Fund</i>	<i>Pension Trust Fund</i>	<i>Cemetery Trust Fund</i>
Additions:			
Investment income:			
Interest and dividends	\$ 14,673	\$ 2,355,695	\$ -
Income on pooled separate accounts	-	276,353	-
Income on mutual funds	-	5,710,602	-
Net appreciation in fair value of investments	-	(3,450,356)	-
Less investment expense	-	(516,831)	-
Net investment income	14,673	4,375,463	-
Contributions:			
Employer	3,564,029	1,121,009	-
Participant	394,078	15,649	-
Total contributions	3,958,107	1,136,658	-
Total Additions	3,972,780	5,512,121	-
Deductions:			
Benefit payments	3,035,984	21,889,785	-
Administrative expenses	-	345,946	-
Total Deductions	3,035,984	22,235,731	-
Change in Net Assets	936,796	(16,723,610)	-
Net Assets, beginning of year	-	180,637,067	3,928
Net Assets, end of year	\$ 936,796	\$ 163,913,457	\$ 3,928

See accompanying notes to basic financial statements.

<i>December 31, 2007</i>	<i>Kalamazoo County Road Commission</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>At-Large Drains</i>	<i>DHS/ Child Care Welfare</i>
Assets:				
Cash	\$ 2,493,273	\$ 4,759,457	\$ 1,063,517	\$ 1,108,673
Investments	-	10,123,899	-	-
Accounts receivable	266,681	1,778,142	-	-
Due from state of Michigan	2,038,406	342,386	-	-
Due from affiliates	-	888,955	-	-
Inventory	893,471	-	-	-
Prepaid expenses	120,519	352,738	-	-
Land	16,701,590	445,911	-	-
Construction in progress	-	1,397,305	-	-
Capital assets, net of accumulated depreciation	90,374,713	2,305,107	-	-
Other assets	281,787	62,182	1,552	-
Total Assets	\$ 113,170,440	\$ 22,456,082	\$ 1,065,069	\$ 1,108,673
Liabilities:				
Accounts payable	\$ 436,285	5,286,284	1,068	\$ -
Accrued liabilities	255,654	980,271	-	-
Due to state of Michigan	-	217,648	-	-
Due to affiliates	-	25,566	-	-
Due to providers	-	513,786	-	-
Unearned revenue	45,750	1,015,424	-	1,108,673
Kalamazoo Area Transportation Study	107,954	-	-	-
Noncurrent liabilities:				
Due within one year	-	650,077	-	-
Due in more than one year	-	481,893	-	-
Total Liabilities	845,643	9,170,949	1,068	1,108,673
Net Assets:				
Invested in capital assets, net of related debt	107,076,303	3,604,461	-	-
Restricted for Road Commission	3,135,663	-	-	-
Restricted for KCMHSAS	-	5,353,866	-	-
Unrestricted	2,112,831	4,326,806	1,064,001	-
Total Net Assets	112,324,797	13,285,133	1,064,001	-
Total Liabilities and Net Assets	\$ 113,170,440	\$ 22,456,082	\$ 1,065,069	\$ 1,108,673

County of Kalamazoo, Michigan

Component Units Combining Statement of Net Assets

<i>Local Housing Assistance</i>	<i>Transportation Authority</i>	<i>Total</i>
\$ -	\$ 691,270	\$ 10,116,190
-	1,783,000	11,906,899
-	2,529,023	4,573,846
-	-	2,380,792
-	-	888,955
-	-	893,471
-	-	473,257
-	-	17,147,501
-	-	1,397,305
-	-	92,679,820
-	-	345,521
\$ -	\$ 5,003,293	\$ 142,803,557
\$ -	\$ 18,311	\$ 5,741,948
-	1,662	1,237,587
-	-	217,648
-	-	25,566
-	-	513,786
-	3,111,504	5,281,351
-	-	107,954
-	-	650,077
-	-	481,893
-	3,131,477	14,257,810
-	-	110,680,764
-	-	3,135,663
-	-	5,353,866
-	1,871,816	9,375,454
-	1,871,816	128,545,747
\$ -	\$ 5,003,293	\$ 142,803,557

See accompanying notes to basic financial statements.

		<i>Program Revenues</i>		
<i>Year Ended December 31, 2007</i>	<i>Expenses</i>	<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
Component Units:				
Road Commission - Highways and streets	\$ 18,782,697	\$ 210,714	\$ 13,086,969	\$ 4,545,632
Kalamazoo Community Mental Health and Substance Abuse Services - Health and Welfare	98,019,980	1,447,659	96,818,037	-
At-Large Drains	6,470	-	-	-
Local Housing Assistance	254,000	-	125,000	-
Transportation Authority	1,591,645	-	-	-
DHS/Child Care Welfare	1,518,142	90,345	1,326,589	-
Total Component Units	\$ 120,172,934	\$ 1,748,718	\$ 111,356,595	\$ 4,545,632
General Revenues:				
Unrestricted investment earnings				
Other				
Total General Revenues				
Change in Net Assets				
Net Assets, beginning of year				
Net Assets, end of year				

County of Kalamazoo, Michigan

Component Units Combining Statement of Activities

<i>Net Revenue (Expense) and Changes in Net Assets</i>						
<i>Road Commission</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>At-Large Drains</i>	<i>DHS/ Child Care Welfare</i>	<i>Local Housing Assistance</i>	<i>Transportation Authority</i>	<i>Total</i>
\$ (939,382)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (939,382)
-	245,716	-	-	-	-	245,716
-	-	(6,470)	-	-	-	(6,470)
-	-	-	-	(129,000)	-	(129,000)
-	-	-	-	-	(1,591,645)	(1,591,645)
-	-	-	(101,208)	-	-	(101,208)
(939,382)	245,716	(6,470)	(101,208)	(129,000)	(1,591,645)	(2,521,989)
-	888,373	42,981	-	-	-	931,354
2,339,993	1,550,400	12,493	101,208	129,000	3,299,976	7,433,070
2,339,993	2,438,773	55,474	101,208	129,000	3,299,976	8,364,424
1,400,611	2,684,489	49,004	-	-	1,708,331	5,842,435
110,924,186	10,600,644	1,014,997	-	-	163,485	122,703,312
\$ 112,324,797	\$ 13,285,133	\$ 1,064,001	\$ -	\$ -	\$ 1,871,816	\$ 128,545,747

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements

1. Description of the County

The County of Kalamazoo, Michigan (the County) was organized as a county by the territorial legislation and approved by the governor on July 30, 1830. The County is a municipal corporation governed by the elected 17 member Board of Commissioners (the County Board). The County provides the following services: public safety, health and social services, judicial, recreation and culture, public improvements, and general governmental administrative services.

2. Summary of Significant Accounting Policies

Reporting Entity

These financial statements present the County (primary government) and its component units. The criteria established by the Governmental Accounting Standards Board (GASB) for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Blended component units, although legally separate entities, are part of the County's operations and data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column to emphasize it is legally separate from the County. Each blended and discretely presented component unit has a December 31 year-end, except for the Kalamazoo Community Mental Health and Substance Abuse Services, which has a September 30 year-end.

Blended Component Unit -

Building Authority

The Kalamazoo County Building Authority is governed by a three-member board of directors appointed by the County Board. Although it is legally separate from the County, the Kalamazoo County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings.

Discretely Presented Component Units:

These component units are reported in a separate column to emphasize that, while legally separate, the County remains financially accountable for the entities or the nature and significance of the relationship between these entities and the County is such that exclusion of these entities would render the financial statements misleading or incomplete. They are not blended component units under Generally Accepted Accounting Principles (GAAP) because the component unit's governing body is not substantially the same as the primary government, and the benefits provided to entities other than the County are significant.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Road Commission

The Kalamazoo County Road Commission, established pursuant to the County road law (MCL 224.1), is governed by a County Board appointed three-member Board of County Road Commissioners. The Kalamazoo County Road Commission may not issue debt or levy a tax without the approval of the County Board. If approval is granted, road commission taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as part of the County's total tax levy, as well as reported in the County Road Fund. Complete financial statements can be obtained from the County Road Commission's administrative office.

Economic Development Corporation

The Economic Development Corporation (EDC), established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a nine-member board of directors appointed by the County Board. The EDC may not issue debt without the County Board approval. The EDC had no financial activity in 2007 and is therefore excluded from the Component Units Combining Statements of Net Assets and Activities.

Department of Human Services

The Department of Human Services accounts for assistance provided to eligible recipients and the administering of various county, state, and federal programs. Financing is provided through the various state and federal program grants and General Fund appropriations. The board consists of one member appointed by the director of the State Department of Human Services and two members appointed by the County Board. Separate financial statements are not prepared.

Transportation Authority

The Kalamazoo County Transportation Authority, established pursuant to the provisions of Act No. 196, of the Public Acts of 1986, as amended, is governed by a nine-member board of directors appointed by the County Board. The Kalamazoo County Transportation Authority may issue debt without the approval of the County Board and may levy a tax on all of the taxable property within the jurisdictional limits/boundaries of the Kalamazoo County Transportation Authority, for transportation purposes, with the approval of the registered electors residing in the jurisdictional limits/boundaries. Separate financial statements are prepared and may be obtained from the County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan 49007.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

County Drain Commission

Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage, and dispose of real and personal property, etc. The statutory drainage board of Chapter 20 (MCL 280.461 et seq.) drainage districts consists of the drain commissioner, the chair of the County Board, and one other member of the County Board. The statutory drainage board of Chapter 5 (MCL 280.101 et seq.) and Chapter 6 (MCL 280.121 et seq.) drainage districts consists of the state director of agriculture and the drain commissioner of each county involved in the project.

The County drain commissioner has sole responsibility to administer the drainage district established pursuant to Chapter 3 (MCL 280.51 et seq.) and Chapter 4 (MCL 280.71 et seq.) of the Drain Code. The drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board. The full faith and credit of the County may be given for the debt of the drainage district. Under the provisions of Chapter 21 (MCL 280.511 et seq.) drainage districts, an augmented drainage board is created for each petitioned project, consisting of members of the drainage board together with the chairperson of the County Board. The statutory drainage board of Chapter 8 (MCL 280.191 et seq.) drainage districts consists of the drain commissioner, the state director of agriculture, and commissioners of each county involved. Separate financial statements are not prepared.

Kalamazoo Community Mental Health and Substance Abuse Services

The Kalamazoo Community Mental Health and Substance Abuse Services (the Authority) was created by the County Board to operate, control, and manage an integrated behavioral healthcare system in order to serve the County. Prior to 1997, revenues and expenses, and the resultant assets, liabilities, and equity were blended with governmental funds of the primary government. The Authority is governed by the Kalamazoo Community Mental Health and Substance Abuse Services Board, appointed by the County Board. The primary government also provides financial support annually to the Authority.

Complete financial statements of the Kalamazoo County Road Commission, the Kalamazoo Community Mental Health and Substance Abuse Services, and the Kalamazoo County Transportation Authority may be obtained from their individual administrative offices.

Administrative Offices

Kalamazoo County Road Commission
3801 East Kilgore Road
Kalamazoo, Michigan 49002

Kalamazoo Community Mental Health and Substance Abuse Services
3299 Gull Road, P.O. Box 63
Nazareth, Michigan 49074-0063

Kalamazoo County Transportation Authority
201 West Kalamazoo Avenue
Nazareth, Michigan 49007

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. 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 and 2) grants and contributions restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds. 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.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The County reports the following major governmental funds:

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

Law Enforcement Fund - This fund accounts for specific revenue derived from state and federal grants, charges for services, and General Fund appropriations that are to be expended as dictated by legal, regulatory, or administrative requirements.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Revenue Sharing Reserve Fund - This fund accounts for the gradual shift in county property tax millage from a winter tax levy to a summer tax levy as required by the Michigan State Public Act 357 of 2004.

Juvenile Home Building Project Fund - This fund was established to account for the construction of a new Juvenile Home to be funded by a voter-approved millage. Monies for this purpose are advanced from the General Fund and later replenished through the sale of bonds.

The County reports the following enterprise funds:

Airport Fund - This fund accounts for the operation and maintenance of the Kalamazoo-Battle Creek International Airport. Financing is provided primarily by user charges.

Delinquent Tax Revolving Fund - This fund accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent taxes and fees. Revenues are generated by the collection of the delinquent taxes and fees.

Additionally, the County reports the following fund types:

Special Revenue Funds - These funds are used to account for specific revenue derived from state and federal grants, General Fund appropriations, and charges for services that are to be expended for specific purposes as dictated by legal, regulatory, or administrative requirements.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, including payments made in connection with the County administration building under a lease purchase arrangement with the Kalamazoo County Building Authority.

Capital Projects Funds - These funds are used to account for the acquisition or construction of major facilities other than those financed by Proprietary Fund operations.

Internal Service Funds - These funds account for the employee benefits, employee wages, technology, document, and facility activities provided to other departments or funds on a cost reimbursement basis.

Pension Trust Fund - This fund accounts for the accumulation of resources to be used for annuity payments for the County's Defined Benefit Plan.

Cemetery Trust Fund - This fund accounts for money held in trust by the County for the perpetual care of certain cemetery lots. The principal must be maintained intact and invested.

Retiree Healthcare Trust Fund - This fund accounts for the accumulation of resources to be used for payments for the County's post-employment healthcare benefits.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Agency Funds - These funds account for money collected and held by the County in a custodian capacity. Funds primarily represent taxes and court fees to be distributed to other governmental units or private entities.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds account for net assets held on behalf of others are purely custodial (assets equal liabilities and do not include the measurement of results of operations). 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 in 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 available if they are collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the County considers revenues available if they are collected within 90 days of the end of the current fiscal period except taxes, which must be collected within 60 days. Taxes, intergovernmental revenues, and interest associated with the current period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the County follow applicable accounting and financial reporting standards of the Financial Accounting Standards Board issued through November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements. The County has elected not to apply FASB pronouncements issued after November 30, 1989, to enterprise funds.

Cash, Cash Equivalents, and Investments

Cash includes both individual and pooled accounts. Within the pooled accounts, certain funds have a negative balance. This practice allows the County to borrow internally instead of externally. Generally, these borrowings are short-term and will be reimbursed through current taxes receivable collections and reimbursements from the state of Michigan, therefore, interest is not charged on these interfund borrowings.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

For purposes of the Statement of Cash Flows, demand deposits and certain liquid investment pools are considered cash equivalents.

All investments are reported at fair value, with changes in value recognized in the operating statement of each fund. Realized gains and losses are included in earnings. Currently, investments of all funds, except those of the Kalamazoo County Employees' Retirement System (the System), a trust fund type, consist of money market funds, certificate of deposits, and government securities; none of which have a holding period in excess of one year. Accordingly, such securities are carried in the financial statements at cost, approximating fair value. The County did not experience a change in fair value (realized or unrealized) in securities held outside the System.

Interfund Transactions

All outstanding balances between funds are reported as "due to/from other funds." Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the non-current portion of advances that are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Expenditures

Inventories reported in the Proprietary Funds are valued at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method. Inventories of the discretely presented component units are presented at average cost. The cost of governmental fund type inventories is recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

Capital Assets

Capital assets, which include property, buildings, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets having a useful life in excess of three years and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their market value as of the donation date. Infrastructure assets, including roads, bridges, and traffic signals have been included as current year acquisitions by the Kalamazoo County Road Commission. Retroactive reporting of infrastructure by the Kalamazoo County Road Commission was implemented in 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Property, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives.

Land improvements	20 years
Infrastructure	5-50 years
Building and improvements	15-50 years
Furniture, machinery, and equipment	5-20 years
Vehicles	5 years

Restricted Assets

Assets, which are restricted for specified uses by bond debt requirements, grant provisions, or other external requirements, are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

Restricted assets in the Airport Fund relate to grant proceeds restricted for airport construction and passenger facility charges restricted for capital improvements.

Property Taxes

Local Units of the County assess property values on December 31 annually. Due to the implementation of State of Michigan Public Act 357 of 2004, the County's general operating tax was levied on July 1, 2007 (summer tax). The remaining Law Enforcement Fund and Juvenile Home Building Project Fund property taxes were levied on December 1, 2007 (winter tax). An enforceable lien is attached on the property on the date which the taxes were levied. Taxes not paid by February 28 of the following year are added to the County's delinquent tax rolls. Summer and winter property taxes were levied for the General Fund and Law Enforcement Fund, based on a rate of approximately 6.3362 mills and a total taxable value of real and personal property of \$7,950,674,219.

The County levied \$37,572,396 for the General Fund summer property tax. Amounts collected prior to December 31, 2007, were available for use and recorded as property tax revenues in 2007. Any amounts not collected were deferred for use for the year ending December 31, 2007.

Under State of Michigan Public Act 357 of 2004, the County allocated winter tax revenues that approximated one-third of the December 1, 2004, levy, less adjustments for actual collections, to the Revenue Sharing Reserve Fund. In accordance with the Act 357 of 2004, the Revenue Sharing Fund winter property tax levy is available for use and recorded in property tax revenues in 2007.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

The County levied winter property taxes of \$1,618,102 and \$11,616,172 for the Juvenile Home Fund and Public Safety Fund, respectively. Winter property taxes for the Juvenile Home Fund and Public Safety Fund are deferred and budgeted for use for the year ending December 31, 2007. The County collected a total of approximately \$2,144,508 of the Juvenile Home Fund and Public Safety Fund winter taxes in 2007, which will not be recorded in revenues until January, 2008.

Contributions and Appropriations

Contributions and appropriations between funds are accounted for as transfers.

Compensated Absences

County employees are granted vacation and sick leave in varying amounts based on length of service. Upon termination or retirement, employees are paid for unused vacation and sick leave reduced to the maximum amount allowed. Vacation and sick pay is accrued when incurred in the government-wide and Proprietary Fund financial statements. Only the matured liability is reported in the governmental funds financial statements.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

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 governmental activities, business-type activities, or Proprietary Fund types statement of net assets.

In the fund financial statements, governmental fund types recognized bond premiums and discounts as well as issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Long-term obligations consist of special assessment debt and general obligation debt where the full faith, credit, and resources of the County have been pledged. The purpose for which the debt was issued includes local unit water, sewage, and drain systems where the County does not own the assets and the County capital projects where the County does own the assets. The County does not include debt in the calculation of net assets invested in capital assets, net of related debt if the assets are not owned.

Budgets and Budgetary Accounting

The County Board annually adopts budgets on a basis consistent with generally accepted accounting principles for its General Fund and Special Revenue Funds. State statutes do not require legally adopted budgets for Debt Service Funds or Capital Projects Funds.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control is the department or activity level. Budgetary accounts are formally integrated within the accounting records and are used to control expenditures so that budget limitations are not exceeded. Management is not authorized to make budget adjustments between categories of budgets. All budget amendments must be approved by the County Board. Budget amendments, both individually and in total, were not material in relation to the original appropriations. All unexpended appropriations lapse at year-end.

No budget was adopted for the Substance Abuse, Alcoholism Special Revenue Fund, or the County Incentive Transportation Fund. No revenues or expenditures were expected since these funds are no longer active. Activity in these funds is due to State grant adjustments for prior years. The County expects to close these funds in 2008.

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Risk Management

The County and its component units are exposed to various risks of loss related to general liability, property and crime, workers' compensation, and employee health and medical claims.

The County reports risk management related to general liability, property, and crime incidents primarily in its General Fund. To the extent possible, the General Fund recovers a portion of its risk management costs from all other funds through an indirect cost allocation plan. Risk management related to the operation of the Kalamazoo-Battle Creek International Airport, is reported in the Enterprise Fund of the County.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

The County reports risk management related to workers' compensation and employee health and medical incidents in the Employee Benefit Fund (an Internal Service Fund). All funds of the County participate in the Internal Service Funds. This fund allocates the cost of purchasing commercial insurance and sets aside assets for claim settlement by charging a "premium" to each fund based on the level of payroll recorded.

The Kalamazoo County Road Commission and the Kalamazoo Community Mental Health and Substance Abuse Services report all risk management in their operating (general) fund. All other component units participate, to the extent possible, in the indirect cost allocation plan of the primary government.

3. Deposits and Investments

Primary Government

The County's treasurer has custody and authority to make investment decisions for the County Road Commission, Child Care Welfare, and At-Large Drains component units. As such, the deposits and investments of these component units are subject to the County's investment policy. The Kalamazoo Community Mental Health and Substance Abuse Services (the Authority) has custody over its deposits and investments that are subject to the Authority's investment policy.

Deposits - State statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also insured by an agency of the United States.

The County's investment policy complies with state statutes and has no additional limitations on deposits.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be recovered. The County does not have a policy for mitigating custodial credit risk over deposits.

At December 31, 2007, \$67,895,594 of the County's bank balances of \$69,295,594 which includes deposits of the component units under the control of the County's treasurer, were exposed to custodial credit risk as follows:

	<i>Checking and Savings</i>	<i>Certificates of Deposit</i>	<i>Total</i>
Uninsured and Uncollateralized:			
County	\$ 13,689,635	\$50,100,000	\$ 63,789,635
County Road Commission	39,571	2,150,000	2,189,571
Transportation	-	850,000	850,000
At-Large Drains	1,066,387	-	1,066,387
Total Uninsured and Uncollateralized	\$ 14,795,594	\$53,100,000	\$ 67,895,594

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

At September 30, 2007, \$2,854,736 of the Authority's bank balances of \$3,054,736 were exposed to custodial credit risk.

Investments - State statutes authorize the County to invest in obligations and certain repurchase agreements of the U.S treasury and related governmental agencies, commercial paper, banker's acceptances of the United States banks, obligations of the state of Michigan or any of its political subdivisions, and mutual funds composed entirely of the above investments.

The County's investment policy complies with the state statutes and has no additional investment restrictions that would limit its investment choices. As of December 31, 2007, the County had the following investments and maturities:

	<i>Investment Maturities - In Years</i>		
	<i>Fair Value</i>	<i>Less Than 1</i>	<i>1-5</i>
Debt Securities	\$ 12,249,849	\$ 7,725,249	\$ 4,524,600
Money Market	16,212,275	16,212,275	-
Commercial Paper	25,617,475	25,617,475	-
Total	\$ 54,079,599	\$ 49,554,999	\$ 4,524,600

The Authority's investment policy complies with the state statutes and has no additional investment restrictions that would limit its investment choices. As of September 30, 2007, the Authority had the following investments and maturities:

	<i>Fair Value</i>	<i>Investment Maturities Less Than One Year</i>
Money Market	\$ 5,450,386	\$ 5,450,386
Commercial Paper	6,386,716	6,386,716
Total	\$ 11,837,102	\$ 11,837,102

Interest Rate Risk - Investments - Under state statutes, investment in commercial paper is limited to maturities of not more than 270 days after the date of purchase. The County's investment policy does not place any further limitations on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Authority's investment policy complies with the state guidelines and seeks to minimize interest rate risk by investing primarily in short-term securities, liquid assets, money market funds or similar investment pools and limiting average maturities. The policy does not place specific limitations on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Custodial Credit Risk - Investments - Custodial credit risk is the risk that, in the event of a failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County requires all security transactions to be held by a third party custodian to be evidenced by safekeeping receipts. The County does not have any additional policies for mitigating custodial credit risk over investments.

The Authority requires securities held by a third party custodian to be evidenced by safekeeping receipts. The Authority does not have any additional policies for mitigating custodial credit risk over investments.

Credit Risk - Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. State statutes limits investments in commercial paper to be rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Investments in obligations of the state of Michigan or its political subdivisions must be rated as investment grade by not less than one rating service. Investments in bonds, obligations, or repurchase agreements must be made with the U.S. treasury and banker's acceptances with United States banks. The County's investment policy limits investments to be made with prudent judgment as to the safety of the invested capital and probable outcome of income. At December 31, 2007, the County's investments had the following credit ratings:

<i>Debt Investment</i>	<i>Fair Value</i>	<i>S&P Rating</i>	
		<i>AAA</i>	<i>A-1+</i>
Federal Farm Credit Bank	\$ 2,500,000	\$ 2,500,000	\$ -
Federal Home Loan Bank (FHLB)	6,476,571	6,476,571	-
Federal Home Loan Mortgage Corporation (FHLMC)	1,974,500	-	1,974,500
Federal National Mortgage Association (FNMA)	1,298,778	1,298,778	-
Totals by Rating	\$ 12,249,849	\$ 10,275,349	\$ 1,974,500

<i>Commercial Paper</i>	<i>Fair Value</i>	<i>S&P Rating</i>	
		<i>A-1+</i>	<i>A-2</i>
AIG	\$ 2,065,000	\$ 2,065,000	\$ -
Citigroup	6,338,000	6,338,000	-
General Electric	1,030,000	1,030,000	-
General Electric Credit Corporation	933,000	933,000	-
New Center Asset	7,286,000	7,286,000	-
Prudential Finance	1,061,000	1,061,000	-
UBS Financial	4,904,475	4,904,475	-
United Health	2,000,000	-	2,000,000
Totals by Rating	\$ 25,617,475	\$ 23,617,475	\$ 2,000,000

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

The Authority's investment policy limits investments to be made with prudent judgment as to the safety of the invested capital and probable outcome of income.

At September 30, 2007, the General Electric commercial paper had a Standard & Poor's rating of A-1+.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy requires the treasurer to diversify investments by security type and institution. With the exception of U.S. treasury securities, no more than 60% of the total investment portfolio will be invested in a single security type or with a single financial institution. As of December 31, 2007, the County had no concentration of credit risk.

Except for U.S. treasury securities and authorized investment pools, the Authority limits the amount invested in a single security type or single financial institution to be no more than 60% of the total portfolio. At September 30, 2007, the Authority had no concentration of credit risk.

Retirement System

Deposits - State statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also insured by an agency of the United States.

The Kalamazoo County Employees' Retirement System's (the System's) investment policy complies with state statutes and has no additional limitations on deposits.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. The System does not have a policy for mitigating custodial credit risk over deposits. At December 31, 2007, the System had deposit balances of \$829,972, all of which were uninsured and uncollateralized.

Investments - Interest Rate Risk - The fixed income portfolio is structured to provide stability and cash flow to the System. To minimize interest rate risk, the weighted average duration of fixed income investments are to be within .05 years of the respective Lehman Brothers benchmark. In addition, the System limits maturity in commercial paper to no more than 270 days after issue.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

As of December 31, 2007, the System had the following investments and maturities:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Investment Maturities - in Years</i>			
		<i>Less Than 1</i>	<i>1-5</i>	<i>6-10</i>	<i>More Than 10</i>
Asset Backed Corporate Bonds	\$ 5,509,634	\$ -	\$ 2,120,684	\$ 1,862,122	\$ 1,526,828
Corporate Bonds	12,156,536	-	3,619,276	1,559,968	6,977,292
Federal Home Loan Mortgage Corporation (FHLMC)	5,119,137	-	644,445	81,437	4,393,255
Federal National Mortgage Association (FNMA)	3,860,626	2,061	612,748	378,677	287,140
Government National Mortgage Association (GNMA)	3,205	-	3,205	-	-
U.S. Treasury Bonds	14,014,876	-	-	-	14,014,876
Total	40,664,014	\$ 2,061	\$ 7,000,358	\$ 3,882,204	\$ 27,199,391
Other Investments:					
Equity Index Collective Trust Fund	48,422,315				
Mutual Real Estate Securities Fund	3,034,393				
Mutual International Small Company Equity Fund	8,062,762				
U.S. Large Cap Equity Mutual Fund	18,158,343				
U.S. Small Cap Equity Mutual Fund	19,627,756				
U.S. Micro Cap Equity Mutual Fund	19,813,730				
Real Estate Pooled Separate Account	5,040,678				
Total Investments	\$ 162,823,991				

Credit Risk - The state limits investments in commercial paper rated at the time of purchase within the two highest ratings issued by nationally recognized statistical rating organizations. In addition, investments in investment companies are limited to those that have been in operation for at least five years and have assets under management of more than \$500,000,000. The System also requires the average fixed income portfolio quality rating to be an "A" or better. Bonds owned by the system are limited to those with a "BBB" or better rating by Standard & Poor's or an equivalent rating agency at the time of purchase. As of December 31, 2007, the System's investments had the following credit ratings:

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

<i>Debt Investment</i>	<i>Fair Value</i>	<i>S&P Rating</i>				
		<i>AAA</i>	<i>AA</i>	<i>A</i>	<i>BAA</i>	<i>Unrated</i>
Asset Backed						
Corporate Bonds	\$ 5,509,634	\$ 5,509,634	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	12,156,536	2,150,354	4,584,206	3,162,094	1,291,566	968,316
Federal Home Loan Mortgage Corporation (FHLMC)	5,119,137	5,119,137	-	-	-	-
Federal National Mortgage Association (FNMA)	3,860,626	3,860,626	-	-	-	-
Governmental National Mortgage Association (GNMA)	3,205	3,205	-	-	-	-
U.S. Treasury Bonds	14,014,876	14,014,876	-	-	-	-
Totals by Rating	\$40,664,014	\$30,657,832	\$4,584,206	\$3,162,094	\$1,291,566	\$968,316

<i>Fund</i>	<i>Fair Value</i>	<i>Morningstar Rating</i>		
		<i>★★★</i>	<i>★★★★</i>	<i>★★★★★</i>
Equity Index Collective Trust Fund	\$ 48,422,315	\$ 48,422,315	-	-
Real Estate Securities Mutual Fund	3,034,393	3,034,393	-	-
International Small Company Equity Mutual Fund	8,062,762	8,062,762	-	-
U.S. Large Cap Equity Mutual Fund	18,158,343	-	18,158,343	-
U.S. Small Cap Equity Mutual Fund	19,627,756	19,627,756	-	-
U.S. Micro Cap Equity Mutual Fund	19,813,730	19,813,730	-	-
Real Estate Pooled Separate Account	5,040,678	-	5,040,678	-
Totals by Rating	\$ 122,159,977	\$ 98,960,956	\$ 23,199,021	\$ -

Concentration of Credit Risk - The state generally limits investments in a single issuer to no more than 5% of the total portfolio assets, with exception to obligations issued, assumed, or guaranteed by the United States. To minimize concentration of credit risk and increase portfolio diversification, the System places the following additional limits to investments:

- Investments in common stock are limited to 65% of the total portfolio.
- Investments in equity real estate are limited to 5% of the total portfolio.
- 100% of investments may be comprised of U.S. government and agency issues, but only up to 50% may be invested in government agencies.
- Investments in issues in utilities, oils, industrials, and direct placements are limited to 30% of the portfolio.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

As of December 31, 2007, no single holding within this portfolio represented more than 5% of the total fund.

Custodial Credit Risk - This portfolio will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to those permitted by Act 485 of the Public Acts of 1996 as amended (Michigan Compiled Laws 38.1132 et seq) and the following: a) common stock; b) real estate investments in equity positions or convertible to equity positions; c) issues by the U.S. treasury and agencies; d) corporate bonds; e) commercial paper; f) derivatives that derive values from external source (interest rate benchmark, commodity benchmark, underlying mortgage pools, etc.); and g) mutual funds consisting of the allowable investments.

In addition, the System will only conduct business with investment management firms that will: comply with all relevant provisions contained in Act 485 of the Public Acts of 1996 as amended (Michigan Compiled Laws 38.1132 et seq); support the overall investment policies of the System; understand and accept their designated "role" within the System's investment structure; construct a portfolio of securities that reflect the execution of their assigned investment strategy; and adhere to the guidelines of this document and/or any additional written instructions that amend this Investment Policy Statement. The following criteria is used to evaluate each investment manager's performance: a) achievement of fund objectives as outlined in the investment policy; b) comparisons with other managers, indexes, etc.; c) subjective observations regarding the manager's organization, professionalism, administrative skills, etc.; and d) biannual due diligence meetings.

As of December 31, 2007, the System had no investments exposed to custodial credit risk.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The state permits investments in investment grade, dollar denominated obligations issued in the United States by foreign governments, banks, or corporations. Investments in foreign securities are limited to and not to exceed more than 20% of the System's assets. It is the System's policy to not purchase foreign investments except those listed in the United States.

As of December 31, 2007, the System invested \$8,063,000 in an international small company equity mutual fund that exposes the System's portfolio to foreign currency risk.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

4. Advances/Interfund Transfers

General Fund Advance to the Drain Fund

The long-term advances represent cash working capital advances consists of the following:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Fund</u>	<u>Advances from Other Funds</u>
General Fund	\$ 78,147	Capital Projects Fund - Drains	\$ 78,147

To accommodate the payment of Drain Fund related expenditures prior to assessments levied, the General Fund has advanced \$78,147 to the Drain Fund. A 2007 budget policy adopted by the board of commissioners establishes the advance at a level of \$100,000 with the recognition that appropriate drain assessments occur in order to bring the advance to a more appropriate level.

Interfund Transfers

Interfund transfers for the year ended December 31, 2007, consisted of the following:

	<u>General Fund</u>	<u>Law Enforcement</u>	<u>Revenue Sharing Reserve</u>	<u>Nonmajor Governmental</u>	<u>Delinquent Tax Revolving Fund</u>	<u>Total Transfers In</u>
<i>Transfer to:</i>						
General Fund	\$ -	\$ -	\$ 4,847,264	\$ 63,940	\$ 975,000	\$ 5,886,204
Nonmajor Governmental	10,603,176	188,110	-	268,721	-	11,060,007
Internal Service	837,582	-	-	-	-	837,582
Total Transfers Out	\$ 11,440,758	\$ 188,110	\$ 4,847,264	\$ 332,661	\$ 975,000	\$ 17,783,793

Interfund transfers are used as sources of financing the funds receiving the transfers and do not require a repayment to the fund making the payment.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2007, consists of the following:

<i>Primary Government</i>	<i>Balance, January 1, 2007</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, December 31, 2007</i>
Government Activities:				
Capital assets not depreciated -				
Land	\$ 1,004,255	\$ 643,512	\$ -	\$ 1,647,767
Capital assets depreciated:				
Land improvements	5,079,780	136,400	90,700	5,125,480
Buildings and improvements	26,479,935	291,962	132,526	26,639,371
Furniture, machinery, and equipment	12,844,228	374,831	4,735,372	8,483,687
Vehicles	3,886,655	486,456	510,313	3,862,798
Law library books	405,392	-	-	405,392
Totals at Historical Cost	49,700,245	1,933,161	5,468,911	46,164,495
Less accumulated depreciation:				
Land improvements	2,154,271	214,897	59,816	2,309,352
Buildings and improvements	21,235,547	601,736	54,942	21,782,341
Furniture, machinery, and equipment	8,661,029	544,455	2,653,604	6,551,880
Vehicles	2,649,484	425,901	429,747	2,645,638
Law library books	405,392	-	-	405,392
Total accumulated depreciation	35,105,723	1,786,989	3,198,109	33,694,603
Total Governmental Activities - Net Capital Assets	\$ 14,594,522	\$ 146,172	\$ 2,270,802	\$ 12,469,892

Depreciation expense was charged to governmental functions consists of the following:

General government	\$ 248,203
Public safety	801,624
Health and welfare	155,332
Recreation and culture	352,033
Judicial	228,943
Other	854
Total Depreciation Expense	\$ 1,786,989

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

<i>Primary Government</i>	<i>Balance, January 1, 2007</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, December 31, 2007</i>
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 3,868,126	\$ -	\$ 29	\$ 3,868,097
Construction in progress (estimated costs to complete \$1,110,502)	2,361,046	4,032,384	36,065	6,357,365
Capital assets depreciated:				
Land improvements	36,084,121	45,625	-	36,129,746
Buildings and improvements	9,598,659	13,526	-	9,612,185
Furniture, machinery, and equipment	6,317,455	162,964	-	6,480,419
Totals at Historical Cost	58,229,407	4,254,499	36,094	62,447,812
Less accumulated depreciation:				
Land improvements	15,355,885	1,474,336	-	16,830,221
Buildings and improvements	7,163,980	199,649	-	7,363,629
Furniture, machinery, and equipment	4,465,476	327,978	-	4,793,454
Total accumulated depreciation	26,985,341	2,001,963	-	28,987,304
Total Business-Type Activities - Net Capital Assets	\$ 31,244,066	\$ 2,252,536	\$ 36,094	\$ 33,460,508

Capital asset activity for the Kalamazoo Community Mental Health and Substance Abuse Services for the year ended December 31, 2007, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, January 1, 2007</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, December 31, 2007</i>
Kalamazoo Community Mental Health and Substance Abuse Services				
Capital Assets:				
Capital assets not depreciated:				
Land	\$ 445,911	\$ -	\$ -	\$ 445,911
Construction in progress (estimated costs to complete \$470,000)	1,238,905	186,838	28,438	1,397,305
Capital assets depreciated:				
Buildings and improvements	2,809,046	61,633	-	2,870,679
Equipment and furniture	1,073,083	232,617	2,062	1,303,638
Motor vehicles	144,028	-	-	144,028
	5,710,973	481,088	30,500	6,161,561
Less accumulated depreciation	1,768,091	247,209	2,062	2,013,238
Total Kalamazoo Community Mental Health and Substance Abuse Services Capital Assets, net	\$ 3,942,882	\$ 233,879	\$ 28,438	\$ 4,148,323

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Capital asset activity for the Kalamazoo County Road Commission for the year ended December 31, 2007, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, January 1, 2007</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, December 31, 2007</i>
Road Commission Capital Assets:				
Capital assets not depreciated:				
Land and improvements, infrastructure	\$ 13,234,869	\$ 2,268,322	\$ -	\$ 15,503,191
Land and improvements	1,198,399	-	-	1,198,399
Capital assets depreciated:				
Buildings and improvements	3,081,923	-	-	3,081,923
Road equipment	6,687,664	132,856	-	6,820,520
Other equipment	1,146,490	49,136	-	1,195,626
Infrastructure and improvements	184,128,558	7,354,045	53,778	191,428,825
	209,477,903	9,804,359	53,778	219,228,484
Less accumulated depreciation	103,716,855	8,489,104	53,778	112,152,181
Total Kalamazoo County Road Commission Capital Assets, net	\$105,761,048	\$ 1,315,255	\$ -	\$ 107,076,303

6. Long-Term Debt

Changes in long-term liabilities consists of the following:

<i>Primary Government</i>	<i>Balance, January 1, 2007</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance, December 31, 2007</i>	<i>Due Within One Year</i>
Government Activities:					
Bonds and notes payable -					
General obligation debt	\$ 13,577,284	\$ 28,951,900	\$ 1,810,040	\$ 40,719,144	\$ 2,383,832
Other liabilities -					
Compensated absences	3,236,150	2,732,119	2,777,834	3,190,435	1,460,684
Total Long-Term Liabilities - Governmental Activities	\$ 16,813,434	\$ 31,684,019	\$ 4,587,874	\$ 43,909,579	\$ 3,844,516
Business-Type Activities -					
Bonds payable -					
General obligation debt	\$ 9,300,000	\$ -	\$ 200,000	\$ 9,100,000	\$ 200,000
Discretely Presented Component Units					
Total Long-Term Liabilities - Business-Type Activities:					
Mortgage payable	\$ 663,075	\$ -	\$ 119,213	\$ 543,862	\$ 61,969
Compensated absences	562,516	802,037	776,445	588,108	588,108
Total Long-Term Liabilities - Business-Type Activities	\$ 1,225,591	\$ 802,037	\$ 895,658	\$ 1,131,970	\$ 650,077

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Long-term bonds and notes at December 31, 2007, consists of the following:

<i>Primary Government</i>	<i>Final Maturity Dates</i>	<i>Interest Rates</i>	<i>Outstanding Balance</i>
Governmental Activities:			
1982 Water Supply System No. 1 Bonds	5/1/2020	5.00%	\$ 170,000
1996 Sewage Disposal System No. 7 Bonds	5/1/2016	4.75-5.88%	1,100,000
1998 Indian Lake/Pickerel Lake Sewage Disposal System Bonds	6/1/2017	4.15-4.30%	3,700,000
2001 Cooper Township Sanitary Sewage Disposal System Bonds	5/1/2021	3.45-6.38%	2,100,000
2004 Carter Bowers Intercounty Drain Drainage District Note	6/1/2008	2.84%	29,000
2004 Texas Township Refunding Sanitary Sewage Disposal System Bonds	5/1/2013	2.50-4.00%	1,860,000
2005 Comstock Sewage Disposal System Bonds	5/1/2013	2.50-3.50%	970,000
2005 Village of Augusta Water Supply	5/1/2025	2.13%	705,000
2006 Townline Drain Drainage District Note	4/1/2008	4.45%	152,000
2006 Gilbert Drain Drainage District Note	7/1/2008	3.88%	240,000
2007 Big Marsh Intercounty Drain	6/1/2009	4.07%	1,900
2007 Austin Lake Bond	5/1/2010	4.00%	630,000
Total Governmental Activities - without associated assets			\$ 11,657,900
2004 Keystone Bank Note	10/1/2009	3.34%	\$ 741,244
2007 Juvenile Home Facilities Bond	10/1/2032	4.50-5:00%	28,320,000
Total Governmental Activities - with associated assets			\$ 29,061,244
Business-Type Activities -			
2003 Building Authority Airport Facilities Bonds	5/1/2028	2.60-4.60%	\$ 9,100,000
Discretely Presented Component Units:			
Business-Type Activities - Kalamazoo Community Mental			
Health and Substance Abuse Services - Mortgage payable	10/1/2011	5.26%	\$ 543,862

The County has entered into agreements to lease certain facilities acquired and constructed by the Kalamazoo County Building Authority. The agreements are, in substance, lease purchases. Upon termination of the lease agreements, titles to the facilities and equipment will pass to the County.

The full faith, credit, and resources of the County have been pledged for the prompt payment of all long-term debt requirements.

Governmental activities without associated assets are for debt issuances related to local units water, sewage, and drain systems where the County does not own the assets. This debt is not included in the calculation of net assets invested in capital assets, net of related debt.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Governmental activities with associated assets are for debt issuances related to the County capital projects where the County does own the assets. This debt is included in the calculation of net assets invested in capital assets, net of related debt.

There are a number of limitations and restrictions contained in the various debt issues. At December 31, 2007, the County complied with all significant limitations and restrictions.

The compensated absence liability attributable to the governmental activities will be liquidated by the County's General, Law Enforcement, Nazareth Facility, Parks, FOC, Health, Child Care, Sheriff Road Patrol, HSD Pooled Costs, and Head Start Funds.

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for the primary government consists of the following:

<i>Year Ending December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2008	\$ 2,387,544	\$ 1,714,072	\$ 200,000	\$ 358,250
2009	2,076,600	1,615,150	250,000	351,750
2010	1,750,000	1,537,978	250,000	343,938
2011	1,690,000	1,467,865	500,000	331,438
2012	1,615,000	1,400,178	500,000	314,250
2013-2017	7,750,000	6,041,797	2,800,000	1,282,000
2018-2022	6,665,000	4,552,166	3,000,000	689,750
2023-2027	7,285,000	2,531,865	1,400,000	169,900
2028-2032	9,500,000	1,113,750	200,000	4,600
	\$ 40,719,144	\$21,974,820	\$ 9,100,000	\$ 3,845,875

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for the component units consists of the following:

<i>Year Ending December 31,</i>	<i>Business-Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>
2008	\$ 61,969	\$ 14,303
2009	128,869	23,675
2010	135,737	16,807
2011	142,970	9,574
2012	74,317	1,955
	\$ 543,862	\$ 66,314

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

From time to time, the County, through its Economic Development Corporation, has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely by the private-sector entities. Neither the County, the state of Michigan, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2007, there was one Industrial Revenue Bond outstanding: W.B.C. Properties Limited Partnership Project, 5.75% \$6,005,000 Series, issued September 1, 1985, due in full in 2015.

7. Retirement Commitments

Kalamazoo County Employees' Retirement System (the System)

Plan Description

The System is an agent multiple-employer, defined benefit pension plan, which provides retirement and disability benefits to eligible plan members and beneficiaries. The System was established by the Kalamazoo County Board of Commissioners and is administered by the Kalamazoo County Retirement Investment Committee. The Kalamazoo County (County), Kalamazoo Road Commission (Road Commission), and Kalamazoo Community Mental Health and Substance Abuse Services (the Authority) are participating employers of the System and are required to contribute to the System under the state of Michigan statutes. Employees of participating employers holding regular positions, either full time or part time of twenty hours or more per week, are included by law in the System. Employees of the Sheriff's Department Fraternal Order of Police, certain District Court employees, and the County Administrator are excluded from the System pursuant to past negotiations.

The System issues a publicly available financial report that includes financial statements and required supplemental information of the System. The financial report may be obtained by writing to the Office of Finance, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan 49007, or by calling 269-384-8088.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the System are recognized when due and the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the System.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Pooled separate accounts are stated primarily at current appraised value, which approximates market. Investments that do not have an established market are reported at estimated fair value.

Annual Pension Cost and Net Pension Obligation

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2006, actuarial valuation using the entry age normal cost method for each employer. The actuarial assumptions included (a) a rate of return of 7.75%, b) projected salary increases ranging from 4.5% to 6.5%, including pay inflation of 4.5%, and c) no cost of living adjustments. The actuarial value of the System's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued asset is amortized over a closed period of 10 years for the County and the Authority, and 12 years for the Road Commission as a level percent of payroll.

Annual pension costs of the primary government and its discretely-presented component units, which were equal to the required contributions at December 31, 2007, consists of the following:

<i>Year Ended December 31,</i>		<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>
Primary Government:	2005	\$ 1,730,450	99.9%
	2006	\$ 1,317,801	100.3%
	2007	\$ 858,753	100.0%
Kalamazoo County Road Commission:	2005	\$ 45,570	88.9%
	2006	\$ -	100.0%
	2007	\$ -	100.0%
Kalamazoo Community Mental Health and Substance Abuse Services:	2005	\$ 397,661	100.0%
	2006	\$ 357,321	100.0%
	2007	\$ 262,234	100.0%

The County has estimated that while 100% of contributions have not been made in the past three years, the County currently has a net pension benefit. Management of the County has contacted actuaries to determine the amount of net pension benefits, but has not determined the amount at the date of this audit report. It is the County's intent to settle any benefits or obligations within the following year.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Schedule of Funding Progress

<i>Employer</i>	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
	(A)	(B)	(B)-(A)	(A)/(B)	(C)	[(B)-(A)]/(C)	
Primary Government:							
	12/31/2005	110,000,754	91,148,307	(18,852,447)	120.7%	27,857,193	-67.7%
	12/31/2006	119,374,129	94,622,759	(24,751,370)	126.2%	28,167,697	-87.9%
	12/31/2007	117,536,641	87,542,664	(29,993,977)	134.3%	27,705,539	-108.3%
Kalamazoo County Road Commission:							
	12/31/2005	18,705,616	14,226,638	(4,478,978)	131.5%	3,082,788	-145.3%
	12/31/2006	19,982,947	14,229,642	(5,753,305)	140.4%	3,073,779	-187.2%
	12/31/2007	18,307,775	12,714,350	(5,593,425)	144.0%	3,062,522	-182.6%
Kalamazoo Community Mental Health and Substance Abuse Services:							
	12/31/2005	18,590,919	14,106,806	(4,484,113)	131.8%	7,407,981	-60.5%
	12/31/2006	21,000,047	15,485,864	(5,514,183)	135.6%	8,246,246	-66.9%
	12/31/2007	21,371,724	14,384,271	(6,987,453)	148.6%	8,551,466	-81.7%
Totals:	12/31/2005	147,297,289	119,481,751	(27,815,538)	123.3%	38,347,962	-72.5%
	12/31/2006	160,357,123	124,338,265	(36,018,858)	129.0%	39,487,722	-91.2%
	12/31/2007	157,216,140	114,641,285	(42,574,855)	137.1%	39,319,527	-108.3%

Defined Contribution Plans

Primary Government – Sheriff’s Department

The County provides pension benefits for all of its full-time employees of the Sheriff’s Department not covered by the Kalamazoo County Employees’ Retirement System through a defined contribution plan, established and administered by the Fraternal Order of Police, Lodge No. 98 (FOP). In a defined contribution plan, benefits depend solely on amounts contributed to the System, plus investment earnings. Employees are eligible to participate from the date of employment. The County contributes an amount equal to 16.0% of the employee’s base salary each pay period. The County’s contributions for each employee (and interest allocated to the employee’s account) are fully vested upon deposit into a participant’s account. The County made the required 2007 contribution of \$1,933,072. The County is not a fiduciary with respect to this plan and, accordingly, assets and liabilities of the System have been excluded from these financial statements.

Primary Government - Other

Currently, the County Administrator, one Probate Court Judge, and four District Court employees have elected not to participate in the County’s defined benefit plan described above. The probate judge is considered a state of Michigan employee and has elected to participate in a state of Michigan retirement plan under which the state and participant share in the cost of the System.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

The County has agreed to contribute, on behalf of the County Administrator and District Court employees, to defined contribution plans that are administered by unrelated third parties. The County made the required 2007 contributions on behalf of the administrator and District Court employees of \$17,633 and \$28,542, respectively. The County is not a fiduciary with respect to these plans and, accordingly, the assets and liabilities of these plans have been excluded from these financial statements.

Component Unit, Kalamazoo Community Mental Health and Substance Abuse Services (the Authority)

When the Authority became a separate legal entity, its employees elected not to participate in the Social Security System. To provide its employees with a similar retirement benefit, the Authority sponsored a 401(h) Plan. Under the terms of this plan, which is a defined contribution plan, both the Authority and its employees are required to contribute the same amounts that would be due if the Authority had elected to participate in the Social Security System. For the year ended September 30, 2007, the Authority and its employees each contributed \$533,681 on covered payroll of \$8,246,246. The Authority is not a fiduciary with respect to the plan and, accordingly, assets and liabilities of the plan have been excluded from these financial statements.

Other Post Employment Benefits – VEBA Trust

Plan Description

In 2007, the County adopted the provision of Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefit Other Than Pension Plans*. In addition to the pension benefits described above, the County provides post employment health benefits through the multiple-employer VEBA Trust, according to the requirements of the County Board of Commissioner's resolution and/or collective bargaining agreements. Active participants of the defined benefit pension plan, who retire at age 55 with eight or more years of service, are eligible for this benefit. Active participants of the FOP defined contribution plan are eligible under the terms of their collective bargaining agreement. Currently, 349 retirees of the primary government, 57 retirees of the FOP, 51 retirees of the Kalamazoo County Road Commission, and 29 retirees of the Kalamazoo Community Mental Health and Substance Abuse Services meet these eligibility requirements. Separate financial statements are not prepared.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the VEBA Trust are recognized when due and the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the VEBA Trust.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

The County purchases commercial health insurance to provide this benefit that is provided for the life of the retiree. The insurance policy provides coverage of medical expenses and costs for all pre-Medicare age retirees similar to the benefit available to active employees. A reduced coverage policy, or Medicare supplement, is provided for each retiree eligible for Medicare. Dependent coverage, if requested, is financed by contributions by the retiree. Expenditures for post employment benefits are recognized on the pay-as-you-go method. During 2006, \$2,444,819, net of retiree contributions of \$392,805, were recognized. The 2007 amounts are disclosed below. In 2008, the County will implement GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*, which will require the County to report OPEB on the accrual basis of accounting.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Pooled separate accounts are stated primarily at current appraised value, which approximates market. Investments that do not have an established market are reported at estimated fair value.

Contributions

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2004, actuarial valuation using the entry age normal cost method for each employer. The actuarial assumptions included (a) a rate of return of 7.75%, (b) initial health care cost trend rate of 10%, and (c) an ultimate health care cost trend rate of 4.5%. The amortization method is open and for a period of 30 years.

Annual other post retirement benefits of the primary government and its discretely-presented component units at December 31, 2007, consists of the following:

<i>Year Ended December 31, 2007</i>	<i>Annual Required Contribution</i>	<i>Actual Contributions</i>	<i>Percentage of ARC Contributed</i>
Kalamazoo County Government	\$ 6,380,571	\$ 2,222,375	34.83%
Kalamazoo Community Mental Health and Substance Abuse Services	565,517	655,283	115.87%
Kalamazoo County Road Commission	782,146	686,371	87.75%
Totals	\$ 7,728,234	\$ 3,564,029	46.12%

The County is currently assessing the options available in addressing the requirements of GASB 43 and 45 for its Other Post-Retirement Employment Benefits (OPEB) obligation.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Schedule of Funding Progress

<i>Employer</i>	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
		(A)	(B)	(B)-(A)	(A)/(B)	(C)	[(B)-(A)]/(C)
Kalamazoo County Government	12/31/2004	\$ -	\$ 68,274,028	\$ 68,274,028	0.0%	\$ 46,236,021	147.7%
Kalamazoo Community Mental Health and Substance Abuse Services	12/31/2004	-	5,765,260	5,765,260	0.0%	7,931,526	72.7%
Kalamazoo County Road Commission	12/31/2004	-	9,215,977	9,215,977	0.0%	3,381,525	272.5%
Totals		\$ -	\$ 83,255,265	\$ 83,255,265	0.0%	\$ 57,549,072	144.7%

8. Claims Arising from Risks of Loss

Primary Government (the County)

The risks of loss arising from general liability, property, and crime, not associated with operation of the airport, are managed through a combination of purchased commercial insurance, through the Michigan Municipal Risk Management Authority, and the set aside of assets. Assets have been set aside for the coverage of up to a maximum of \$100,000 for each general liability claim, and \$1,000 for each property and crime claim (also, 10% of next \$100,000 of each property and crime claim). Purchased commercial insurance provides coverage in excess of these limits and for all other risks of loss. With regard to vehicle physical damage claims, the County is entirely self-insured due to the prohibitive cost of commercial insurance for such losses.

Risks of loss associated with operation of the airport (general, contractual, personal injury, and hangar-keepers' liabilities) are managed through the purchase of commercial insurance.

The Employee Benefit Fund provides coverage for up to a maximum of \$350,000 for each workers' compensation claim. The County purchases commercial insurance for claims in excess of this coverage up to a maximum of \$1,000,000 for each claim and \$10,000,000 for aggregate claims. Workers' compensation claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss may be reasonably estimated.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period are not significant, as the County prefers to liquidate such liabilities immediately.

For employees belonging to the Fraternal Order of Police or Sheriff's Command Staff, the County purchases commercial insurance for risks of loss arising from employee health and medical claims. For all other employees, the County manages its risk of loss arising from health and medical claims through a combination of purchased commercial insurance and a set aside of assets for claims settlements. For those claims (up to an annual maximum of \$100,000 per individual) financed from the set aside of assets, the County reports claim expenditures and liabilities when it is probable that a loss has occurred and the amount of loss may be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Health and medical claim liabilities are subject to the same estimation limitations and periodic reevaluation as workers' compensation claims. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. In addition, in the past three fiscal years, settlements did not exceed insurance coverage.

Changes in the balances of claim liabilities for 2007 and 2006, consists of the following:

<i>General Fund</i>	<i>Beginning of Year Liability</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>End of Year Liability</i>
General liability and crime:				
2006	\$ 343,261	\$ 3,221	\$ (88,054)	\$ 258,428
2007	\$ 258,428	\$ 29,813	\$ (49,853)	\$ 238,388

The County considers property and vehicle damage claims arising from natural disasters, catastrophes, or other extraordinary events as subject to the provisions of the accounting standards governing risk management and, therefore, reportable. Expenditures incurred in connection with asset repairs or replacements not associated with such causes are considered outside the measurement and reporting standards.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Changes in the balances of health and welfare claim liabilities for 2007 and 2006, consists of the following:

<i>Internal Service Funds</i>	<i>Beginning of Year Liability</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>End of Year Liability</i>
Workers' compensation:				
2006	\$ 1,126,604	\$ 355,821	\$ (557,539)	\$ 924,886
2007	\$ 924,886	\$ 923,240	\$ (618,981)	\$ 1,229,145
Employee health and medical:				
2006	\$ 552,978	\$ 2,786,462	\$ (2,956,803)	\$ 382,637
2007	\$ 382,637	\$ 3,532,693	\$ (3,400,575)	\$ 514,755
Employee dental:				
2006	\$ 28,675	\$ 361,451	\$ (348,703)	\$ 41,423
2007	\$ 41,423	\$ 358,844	\$ (362,794)	\$ 37,473

Kalamazoo County Road Commission (the Road Commission)

The Road Commission participates in the Michigan County Road Commission Self-Insurance Pool (SIP) and the County Road Association Self-Insurance Fund (SIF); both are public entity risk pools operating as a common risk management program for road commissions in the state of Michigan. The Road Commission pays annual premiums to the SIP and SIF for general insurance coverage and workers' compensation claims, respectively. In the event of unusually high claims, both the SIP and SIF may assess member road commissions on a retroactive basis. The Road Commission purchases commercial insurance for risks of loss arising from employee health and accident claims.

Kalamazoo Community Mental Health and Substance Abuse Services (the Authority)

The risks of loss arising from general liability, property, and crime are managed through participation in the Michigan Municipal Risk Management State Pool, a public entity risk pool currently operating as a common risk management program for government entities in the state of Michigan. The Authority pays annual premiums to the state pool for insurance coverage up to a maximum of \$10,000,000 for aggregate general liability claim, and \$5,205,000 for property and crime claims. In the event of unusually high claims, the state pool may assess member government units on a retroactive basis. The Authority purchases commercial insurance for risks of loss arising from employee health, medical, and workers' compensation claims.

9. Compliance

Expenditures Over Appropriations

P.A. 621 of 1978 Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on a functional basis. The County incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated consists of the following:

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

<i>Year Ended December 31, 2007</i>	<i>Excess Expenditures</i>
General Fund:	\$
<i>Legislative - County Administration</i>	13,597
<i>Judicial:</i>	
Circuit Court - Trial Division	1,702
Circuit Court - Family Division	2,348
<i>General Government:</i>	
Elections	103,965
Resource Development	186
Human Resources	161,290
Treasurer	14,855
Drain Commissioner	1,524
<i>Public Safety:</i>	
Animal Services and Enforcement	3,791
Emergency management	3,644
<i>Health and Welfare:</i>	
Medical Examiner	44,329
Veteran's burial	2,158
Soldier and sailor relief	1,117
Kalamazoo Community Mental Health and Substance Abuse Services	26
<i>Other - At-large drains</i>	2,776
<i>Debt Service - Interest and other charges</i>	7,401
<i>Transfers Out:</i>	
G.C.P.I	28,152
Law Library Fund	435
Public Safety Special Grants Fund	490
Special Revenue Funds:	
<i>Law Enforcement Fund:</i>	
Judicial - District Court	3,512
General Government - Prosecuting Attorney	5,726
Transfers Out - Child Care Probate Fund	8,525
<i>Revenue Sharing Reserve Fund - Transfers Out</i>	42,063
<i>Parks and Recreation - Transfers Out - Parks Fund</i>	19,257
<i>Accommodation Tax - Transfers Out:</i>	
General Fund	2,776
Park and Recreation Fund	2,107
<i>Law Library - Judicial</i>	435
<i>Veterans' Trust - Health and Welfare</i>	3,881
<i>Community Health- Health and Welfare</i>	109,021
<i>County Incentive Transportation - Transfers Out - General</i>	22,364
<i>Head Start - Capital Outlay</i>	1,017
<i>Health and Welfare:</i>	
Capital Outlay	736
Transfers Out - Local Tobacco Control	3,768
Transfers Out - Healthy Start	11,227

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Concluded)

Investments of the Defined Benefit Pension Plan (Pension Trust Fund) (the Plan)

Effective October 16, 2000, a state of Michigan law was enacted limiting retirement plan's investment in common stocks to 70% of a plan's assets at market value. At December 31, 2007, the Plan's investment in common stocks was 69.5% of plan assets at market value, thereby not exceeding the limit allowed by law.

10. Commitments and Contingencies

At December 31, 2007, the County had the following contractual construction commitments:

	<i>Project Authorization</i>	<i>Expended Through December 31, 2007</i>	<i>Committed</i>	<i>Required Future Financing</i>
Airport improvements	\$ 7,016,000	\$ 5,905,498	\$ 1,110,502	*
Townline Drain	614,000	215,264	398,736	462,000
Gilbert Drain	150,000	41,018	108,982	
Austin Lake Consolidated Drain	630,000	364,546	265,454	
Juvenile Home	28,300,000	3,416,064	24,883,936	
	\$ 36,710,000	\$ 9,942,390	\$ 26,767,610	\$462,000

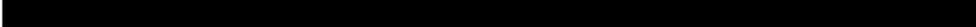
* The majority of these projects are administered by the state of Michigan, funded by a combination of federal and state grants, and local monies, in the following ratio: 95%, 2.5%, and 2.5%, respectively.

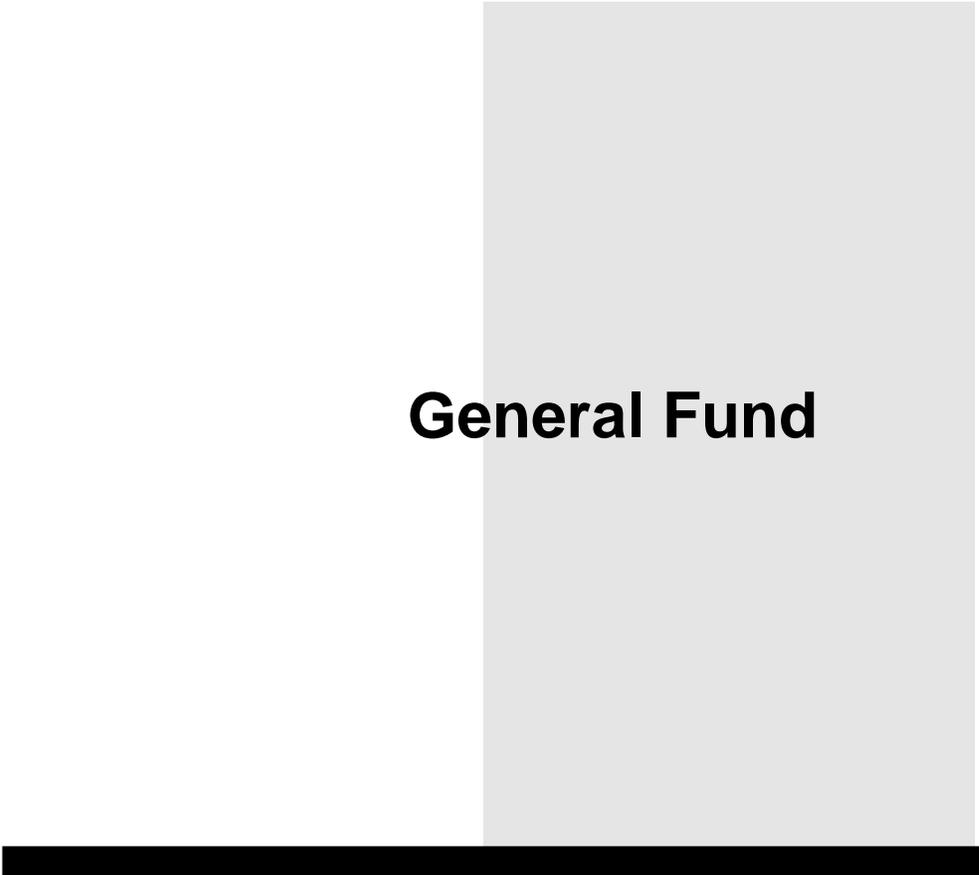
The County leases several facilities under non-cancelable agreements that have been classified as operating leases. Total cost for such leases were \$387,467 in 2007. The future minimum lease payments for these leases consists of the following:

<i>Year Ending December 31,</i>	<i>Amount</i>
2008	\$ 391,101
2009	377,371
2010	375,801
	\$ 1,144,273



**Combining and Individual Fund
Statements and Schedules**





General Fund

County of Kalamazoo, Michigan

General Fund

The General Fund is the principal operating fund of the County. It is used to account for all revenues, expenditures, and activities not specifically accounted for in another fund. Revenues are derived primarily from property taxes, intergovernmental revenues, and charges for services.

County of Kalamazoo, Michigan

General Fund Schedule of Sources and Uses of Financial Resources

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
<i>Taxes:</i>				
Non-departmental - Property taxes	\$ 35,066,700	\$ 35,066,700	\$ 36,101,039	\$ 1,034,339
Treasurer	77,000	77,000	86,903	9,903
<i>Total Taxes</i>	<i>35,143,700</i>	<i>35,143,700</i>	<i>36,187,942</i>	<i>1,044,242</i>
<i>Licenses and Permits:</i>				
County Clerk/Register of Deeds	24,500	20,700	21,058	358
Animal Services and Enforcement	328,500	328,500	323,655	(4,845)
Treasurer	10,000	10,000	11,016	1,016
Drain Commissioner	50,000	50,000	36,180	(13,820)
Medical Examiner	9,000	9,000	11,220	2,220
<i>Total Licenses and Permits</i>	<i>422,000</i>	<i>418,200</i>	<i>403,129</i>	<i>(15,071)</i>
<i>Federal Grants:</i>				
Non-departmental revenue	-	15,400	15,395	(5)
Friend of the Court	2,322,000	2,293,500	2,277,955	(15,545)
Sheriff	46,200	82,800	152,262	69,462
Emergency management	42,600	42,600	52,734	10,134
Prosecuting Attorney	86,000	86,000	93,364	7,364
<i>Total Federal Grants</i>	<i>2,496,800</i>	<i>2,520,300</i>	<i>2,591,710</i>	<i>71,410</i>
<i>State Grants:</i>				
State Court Fund distribution	1,500,000	1,500,000	1,508,167	8,167
Convention and tourism	1,343,000	1,346,500	1,346,451	(49)
Cigarette tax	133,300	133,300	115,150	(18,150)
Elections	2,000	2,000	4,259	2,259
Friend of the Court	48,200	48,200	50,499	2,299
Circuit Court - Trial Division	185,400	185,400	158,609	(26,791)
Circuit Court - Family Division	325,600	325,600	341,686	16,086
District Court	386,100	386,100	395,971	9,871
Prosecuting Attorney	30,000	30,000	28,985	(1,015)
Probate Court	139,900	139,900	147,801	7,901
Sheriff	28,000	28,000	36,516	8,516
County Clerk/Register of Deeds	3,500	3,500	2,649	(851)
<i>Total State Grants</i>	<i>4,125,000</i>	<i>4,128,500</i>	<i>4,136,743</i>	<i>8,243</i>

County of Kalamazoo, Michigan

General Fund Schedule of Sources and Uses of Financial Resources (Continued)

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues (Continued):				
<i>Local Unit Contributions:</i>				
Sheriff	\$ 1,152,000	\$ 1,152,000	\$ 1,141,489	\$ (10,511)
Veteran's affairs	5,000	8,300	7,233	(1,067)
<i>Total Local Unit Contributions</i>	<i>1,157,000</i>	<i>1,160,300</i>	<i>1,148,722</i>	<i>(11,578)</i>
<i>Charges for Services:</i>				
Circuit Court - Trial Division	692,800	847,800	881,978	34,178
Circuit Court - Family Division	139,000	121,000	116,218	(4,782)
District Court	1,924,100	1,924,100	2,057,985	133,885
Friend of the Court	140,000	140,000	143,987	3,987
Probate Court	68,400	68,400	72,834	4,434
Elections	185,500	185,500	293,342	107,842
County Clerk/Register of Deeds	2,130,300	2,134,100	2,099,564	(34,536)
Equalization	-	-	1,000	1,000
Human Resources	-	-	7	7
Prosecuting Attorney	28,500	28,500	32,014	3,514
Treasurer	116,000	116,000	110,502	(5,498)
Drain Commissioner	7,000	7,000	34,136	27,136
Sheriff	863,200	863,200	1,049,654	186,454
Animal Services and Enforcement	79,900	79,900	88,707	8,807
MSU Extension	3,000	3,000	3,000	-
Planning	1,000	1,000	12,117	11,117
<i>Total Charges for Services</i>	<i>6,378,700</i>	<i>6,519,500</i>	<i>6,997,045</i>	<i>477,545</i>
<i>Fines and Forfeitures:</i>				
Circuit Court - Trial Division	25,000	25,000	17,005	(7,995)
District Court	2,475,000	2,475,000	2,460,673	(14,327)
Prosecuting Attorney	51,000	51,000	51,322	322
Treasurer	-	-	1,015	1,015
Soil erosion	500	500	-	(500)
<i>Total Fines and Forfeitures</i>	<i>2,551,500</i>	<i>2,551,500</i>	<i>2,530,015</i>	<i>(21,485)</i>
<i>Interest - Treasurer</i>	<i>1,369,000</i>	<i>1,369,000</i>	<i>1,787,255</i>	<i>418,255</i>

County of Kalamazoo, Michigan

General Fund Schedule of Sources and Uses of Financial Resources (Continued)

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues (Concluded):				
<i>Other:</i>				
Circuit Court - Trial Division	\$ 500	\$ 500	\$ 728	\$ 228
Circuit Court - Family Division	1,000	1,000	807	(193)
District Court	240,000	240,000	141,936	(98,064)
Friend of the Court	100	100	258	158
Probate Court	3,000	3,000	3,604	604
Family counseling services	26,000	26,000	24,795	(1,205)
County Clerk/Register of Deeds	5,000	5,000	6,158	1,158
Resource development	6,700	6,700	-	(6,700)
Finance	8,000	8,000	10,227	2,227
Indirect costs	962,700	1,036,700	967,551	(69,149)
Prosecuting Attorney	300	300	2,184	1,884
Treasurer	700	700	(1,224)	(1,924)
Drain Commissioner	1,700	1,700	14	(1,686)
Sheriff	499,400	499,400	355,478	(143,922)
Animal Services and Enforcement	24,900	24,900	25,366	466
Emergency management	-	-	(2,394)	(2,394)
Medical Examiner	3,000	3,000	-	(3,000)
<i>Total Other</i>	<i>1,783,000</i>	<i>1,857,000</i>	<i>1,535,488</i>	<i>(321,512)</i>
<i>Contributions and Donations:</i>				
County Clerk/Register of Deeds	-	-	5,000	5,000
Veteran's affairs	-	500	452	(48)
MSU Extension	7,000	7,000	7,000	-
<i>Total Contributions and Donations</i>	<i>7,000</i>	<i>7,500</i>	<i>12,452</i>	<i>4,952</i>
Total Revenues	55,433,700	55,675,500	57,330,501	1,655,001

County of Kalamazoo, Michigan

General Fund Schedule of Sources and Uses of Financial Resources (Continued)

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Expenditures:				
<i>Legislative:</i>				
Board of Commissioners	\$ 276,700	\$ 298,900	\$ 287,414	\$ 11,486
County administration	454,700	472,500	486,097	(13,597)
Legal services	122,900	125,600	124,123	1,477
<i>Total Legislative</i>	<i>854,300</i>	<i>897,000</i>	<i>897,634</i>	<i>(634)</i>
<i>Judicial:</i>				
Circuit Court - Administration	4,819,100	4,833,200	4,525,246	307,954
Circuit Court - Trial Division	425,800	408,100	409,802	(1,702)
Circuit Court - Family Division	830,700	833,300	835,648	(2,348)
District Court	4,942,600	4,942,900	4,905,882	37,018
Jury board	3,300	3,300	-	3,300
Probate Court	856,100	882,000	855,295	26,705
<i>Total Judicial</i>	<i>11,877,600</i>	<i>11,902,800</i>	<i>11,531,873</i>	<i>370,927</i>
<i>General Government:</i>				
Elections	200,900	204,500	308,465	(103,965)
County Clerk/Register of Deeds	619,200	655,400	611,173	44,227
Resource development	102,700	105,200	105,386	(186)
Finance	831,700	875,100	874,835	265
Equalization	427,600	432,000	424,914	7,086
Human resources	640,000	673,100	834,390	(161,290)
Prosecuting Attorney	2,228,100	2,277,900	2,252,843	25,057
Purchasing	110,600	113,400	109,951	3,449
Treasurer	556,600	546,100	560,955	(14,855)
Building and grounds	2,146,400	2,128,500	2,094,267	34,233
Utilities	800,000	800,000	747,246	52,754
Security	534,400	567,500	546,689	20,811
Drain Commissioner	103,300	121,400	122,924	(1,524)
Soil erosion and sedimentation control	72,000	73,500	70,010	3,490
Planning/Community development	96,700	120,700	102,095	18,605
Appropriation to SW Michigan First	75,000	75,000	75,000	-
<i>Total General Government</i>	<i>9,545,200</i>	<i>9,769,300</i>	<i>9,841,143</i>	<i>(71,843)</i>

County of Kalamazoo, Michigan

General Fund Schedule of Sources and Uses of Financial Resources (Continued)

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Expenditures (Continued):				
<i>Public Safety:</i>				
Sheriff	\$ 14,613,800	\$ 14,978,000	\$ 14,642,501	\$ 335,499
Animal services and enforcement	472,000	479,300	483,091	(3,791)
Emergency management	189,600	193,900	197,544	(3,644)
Adult probation	72,100	72,100	53,574	18,526
Total Public Safety	15,347,500	15,723,300	15,376,710	346,590
<i>Health and Welfare:</i>				
Human services administration	780,400	916,600	912,136	4,464
Veteran's affairs	122,200	130,800	130,375	425
Medical examiner	426,000	417,900	462,229	(44,329)
Veteran's burial	44,400	46,900	49,058	(2,158)
Soldier and sailor relief	9,800	9,800	10,917	(1,117)
<i>Appropriations to:</i>				
Kalamazoo Community Mental Health and Substance Abuse Services	2,221,900	2,223,600	2,223,626	(26)
Public Housing	-	250,000	129,000	121,000
Michigan Department of Human Services	19,000	19,000	19,000	-
Child Care Welfare	612,100	612,100	612,100	-
Total Health and Welfare	4,235,800	4,626,700	4,548,441	78,259
<i>Recreation and Culture - MSU extension</i>	<i>281,700</i>	<i>287,800</i>	<i>285,283</i>	<i>2,517</i>
<i>Other:</i>				
Contingencies	419,400	373,400	25,000	348,400
At-large drains	25,000	25,000	27,776	(2,776)
Landfill	5,000	5,000	-	5,000
Retiree health insurance	2,277,000	2,277,000	2,222,375	54,625
DD/MI/other personnel costs	1,902,200	833,800	-	833,800
Insurance and surety bonds	1,099,600	1,099,600	616,147	483,453
Strategic issues	70,000	110,000	13,106	96,894
Total Other	5,798,200	4,723,800	2,904,404	1,819,396

County of Kalamazoo, Michigan

General Fund Schedule of Sources and Uses of Financial Resources (Concluded)

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Expenditures (Concluded):				
<i>Debt Service:</i>				
Principal	\$ 350,100	\$ 350,100	\$ 349,040	\$ 1,060
Interest and other charges	32,000	32,000	39,401	(7,401)
<i>Total Debt Service</i>	<i>382,100</i>	<i>382,100</i>	<i>388,441</i>	<i>(6,341)</i>
<i>Capital Outlay</i>	<i>975,700</i>	<i>4,395,800</i>	<i>1,603,546</i>	<i>2,792,254</i>
Total Expenditures	49,298,100	52,708,600	47,377,475	5,331,125
Excess of Revenues Over Expenditures	6,135,600	2,966,900	9,953,026	6,986,126
Other Financing Sources (Uses):				
<i>Transfers In:</i>				
Revenue Sharing Reserve Fund	4,805,200	4,805,200	4,847,264	42,064
Accommodation Tax Fund	26,800	26,800	29,576	2,776
Family Planning	-	7,000	-	(7,000)
County Incentive Transportation	-	-	22,364	22,364
Internal Delinquent Tax Revolving Fund	975,000	975,000	975,000	-
Veterans' Trust Fund	12,000	12,000	12,000	-
Issuance of bonds	-	-	1,900	1,900
<i>Total Transfers In</i>	<i>5,819,000</i>	<i>5,826,000</i>	<i>5,888,104</i>	<i>62,104</i>
<i>Transfers Out:</i>				
Parks and Recreation Fund	(267,200)	(281,800)	(262,543)	19,257
Friend of the Court Fund	(2,879,300)	(3,027,300)	(2,759,232)	268,068
G.C.P.I.	(1,821,200)	(1,821,200)	(1,849,352)	(28,152)
Health Fund	(2,180,100)	(2,109,700)	(1,902,097)	207,603
Law Library Fund	(40,000)	(40,000)	(40,435)	(435)
Area Agency on Aging Fund	(53,900)	(53,900)	(53,900)	-
Child Care Probate Fund	(3,659,600)	(3,852,600)	(3,609,252)	243,348
Judicial Special Grants Fund	(169,200)	(173,300)	(113,156)	60,144
Public Safety Special Grants Fund	-	-	(490)	(490)
Health and Welfare Special Grants Fund	(50,000)	(50,000)	(12,719)	37,281
Information Systems Fund	(834,100)	(844,700)	(837,582)	7,118
<i>Total Transfers Out</i>	<i>(11,954,600)</i>	<i>(12,254,500)</i>	<i>(11,440,758)</i>	<i>813,742</i>
Total Other Financing Uses	(6,135,600)	(6,428,500)	(5,552,654)	875,846
Net Change in Fund Balance	\$ -	\$ (3,461,600)	\$ 4,400,372	\$ 7,861,972

Nonmajor Governmental Funds



County of Kalamazoo, Michigan

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Budget Stabilization Fund - This fund was established to account for funds set aside under the provisions of Public Act 30 of 1978, with the intention of assuring solid financial condition of the County in case of an emergency.

Parks and Recreation Fund - This fund was established to account for the maintenance and operation of the County owned parks and fairgrounds. Funding is provided from charges for services and interfund transfers.

Friend of the Court Fund - This fund was established to account for the operations of the Friend of the Court, including costs incurred in the collection and subsequent disbursement of child support payments. Funding is provided through federal and state grants and charges for services. Most of the Friend of the Court revenues are deposited in the General Fund and later transferred to the Friend of the Court Fund as needed.

Health Fund - This fund was established to account for the costs of providing health protection and health services. Funding is provided through licenses and permits, federal and state grants, charges for services, and interfund transfers.

Accommodation Tax Fund - This fund was established to account for the collection of a 4% excise tax, which is imposed on all individuals engaged in the business of providing rooms for transient guests within the County. This tax provides funding for the Kalamazoo Convention and Visitors Bureau. The County Board resolutions allocate the use of these revenues to promote tourism and convention business.

Law Library Fund - This fund was established to account for funds provided for the maintenance of a law library. Funding is provided from penal fees and interfund transfers.

Area Agency on Aging Fund - This fund was established to account for operation and administration of service programs to senior citizens. Funding is provided through federal and state grants.

Substance Abuse, Alcoholism, and Drugs Fund - This fund was established to account for operation and administration of treatment and prevention programs. Funding is provided through federal and state grants and charges for services.

County of Kalamazoo, Michigan

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Child Care Probate Fund - This fund was established to account for the County court-administered health and welfare of minor children. Funding is provided through federal and state grants and interfund transfers.

Veterans' Trust Fund - This fund was established to account for financial assistance provided to qualified veterans. Funding is provided through state grants.

Community Healthy Start Fund - This fund was established to account for operations aimed at reducing infant mortality. Funding is provided through federal grants and local grants and interfund transfers.

HIV/AIDS HOPWA Fund - This fund was established to account for providing financial assistance to individuals and their families infected or affected with AIDS during difficult financial times. Individuals (families) receive appropriate financial subsidies for housing needs to move the person (family) from an emergency housing situation to a more stable housing plan and to prevent the person (family) from becoming homeless.

Community Corrections Fund - This fund was established to account for alternatives such as tethers, bail screening, and additional probation to alleviate jail-overcrowding problems. Funding is provided through state grants and charges for services.

Workforce Investment Act (W.I.A.) Fund - This fund was established to account for training and employment programs within Kalamazoo and St. Joseph Counties under the Jobs Training Partnership Act. Funding is provided through federal and state grants.

County Incentive Transportation Fund - This fund was established to account for transportation programs serving individuals with special needs, whether physical or financial. Funding is provided through federal and state grants and charges for services.

Head Start Fund - This fund was established to account for preschool readiness programs offered to eligible children. Funding is provided through federal grants.

Judicial Special Grants Fund - This fund was established to account for various judicial function activities financed by federal and/or state grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Public Safety Special Grants Fund - This fund was established to account for various public safety function activities financed by federal and/or state grants or local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

County of Kalamazoo, Michigan

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Concluded)

Public Works Special Grants Fund - This fund was established to account for various public works function activities financed by federal and/or state grants or local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Health and Welfare Special Grants Fund - This fund was established to account for various health and welfare function activities financed by federal and/or state grants or local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Other Special Grants Fund - This fund was established to account for various other function activities financed by local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Capital Outlay Special Grants Fund - This fund was established to account for various capital outlay function activities financed by federal and/or state grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Debt Service Funds

The Debt Service Funds are used to account for the collection of resources and the payment of general long-term debt.

1982 Water Supply System No. 1 Bonds Fund - This fund was established to account for collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Village of Climax, issued in connection with a water supply system project.

1996 Sewage Disposal System No. 7 Bonds Fund - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Charter Township of Comstock, issued in connection with a sanitary sewage system project.

1998 Indian Lake/Pickerel Lake Sewage Disposal System Bonds Fund - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Townships of Brady and Pavilion, issued in connection with a sanitary sewage system project.

2001 Cooper Township Sanitary Sewage Disposal System Bonds Fund - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Township of Cooper, issued in connection with a sanitary sewage system project.

County of Kalamazoo, Michigan

Nonmajor Governmental Funds (Continued)

Debt Service Funds (Concluded)

Townline Drain Debt Retirement - This fund was established to account for collection of special assessments and the payment of limited tax obligation debt service (principal and interest).

2004 Carter Bowers Intercounty Drain Note Payable Fund - This fund was established to account for the local unit contributions and the payment of the note payable debt service (principal and interest). This debt is a special assessment debt secured by the Drainage District.

2004 Texas Township Sewage Disposal System Refunding Bonds Fund - This fund was established to account for the collection of local unit contributions and the payment of limited obligation debt service (principal and interest). This debt refunded the 1991 and 1993 Texas Township Sewage Disposal Bonds. The refunded debt is a special assessment debt secured by a commitment from the Charter Township of Texas, issued in connection with a sanitary sewage system project.

2005 Comstock Sewage Disposal Fund - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service. This debt is a special assessment debt secured by a commitment from Comstock Township, issued in connection with a sewage disposal system project.

2005 Village of Augusta Water Supply Fund - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service. This debt is a special assessment debt secured by a commitment from the Village of Augusta, issued in connection with a water supply system project.

2006 Austin Lake Consolidated Drain Fund - This fund was established to account for the collection of special assessments and the payment of the note payable debt service (principal and interest).

2007 Austin Lake Bond Fund - This fund was established to account for the collection of special assessments and the payment of the bond debt service (principal and interest). This debt is a special assessment debt secured by the Drainage District.

2007 Juvenile Home Bond Fund - This fund was established to account for the collection of ad valorem taxes and the payment of the general obligation debt service. This debt is secured by the unlimited taxing power of the County, issued in connection with the construction of a new Juvenile Home.

County of Kalamazoo, Michigan

Nonmajor Governmental Funds (Concluded)

Capital Projects Funds

The Capital Projects Funds are used to account for the accumulation of resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary Fund and Trust Funds).

General County Public Improvement Fund - This fund was established to account for renovation/small construction projects performed on the County facilities. These projects are funded primarily by General Fund appropriations.

Drains Fund - This fund was established to account for drain project costs prior to actual special assessments being levied. Monies for this purpose are advanced from the General Fund and later replenished as special assessments are levied upon benefited properties.

Townline Drain Construction Fund - This fund was established to account for the receipt and use of notes proceeds in connection with a drain system project for the Townline Drain District in Kalamazoo County.

Carter Bowers Intercounty Drain Fund - This fund was established to account for the receipt and use of notes proceeds in connection with a drain system project for the Carter Bowers Intercounty Drain District in Kalamazoo, Branch, Calhoun, and St. Joseph Counties.

Gilbert Drain Construction Fund - This fund was established to account for the receipt and use of notes proceeds in connection with a drain system project for the Gilbert Drain District in Kalamazoo County.

Village of Augusta Water Supply System Fund - This fund was established to account for the receipt and use of bond proceeds in connection with a water supply system project within the Village of Augusta.

Austin Lake Consolidated Drain Fund - This fund was established to account for the receipt and use of note proceeds in connection with a drain system project for the Austin Lake Consolidated Drain District in Kalamazoo County.

Austin Lake Special Assessment Fund - This fund was established to account for the receipt and use of bond proceeds in connection with a drain system project for the Austin Lake Drainage District.

Oshtemo Township Water Supply System Construction Fund - This fund was established to account for the receipt and use of bond proceeds in connection with a water supply system project within the Charter Township of Oshtemo.

County of Kalamazoo, Michigan

Nonmajor Governmental Funds Combining Balance Sheet

<i>December 31, 2007</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
Assets:				
Cash	\$ 4,005,992	\$ 589,879	\$ 504,827	\$ 5,100,698
Investments	4,100,000	-	6,265,752	10,365,752
Receivables:				
Accounts/Taxes	674,732	1,319,613	-	1,994,345
Unlevied assessments	-	-	82,404	82,404
Interest	-	93	1,749	1,842
Due from other governmental units	3,336,025	-	235,298	3,571,323
Due from other funds	7,358	-	-	7,358
Other	44,897	417	-	45,314
Total Assets	\$ 12,169,004	\$ 1,910,002	\$ 7,090,030	\$ 21,169,036
 Liabilities and Fund Balance				
Liabilities:				
Checks issued against future deposits	\$ 1,861,431	\$ -	\$ -	\$ 1,861,431
Accounts payable	1,123,207	104,339	4,257	1,231,803
Due to governmental units	1,517,353	-	7,350	1,524,703
Accrued liabilities	343,139	1,634,230	-	1,977,369
Advances to other funds	-	-	78,147	78,147
Deferred revenue	1,732,155	171,119	-	1,903,274
Total Liabilities	6,577,285	1,909,688	89,754	8,576,727
Fund Balance:				
Reserved for encumbrances	191,127	-	-	191,127
Unreserved - Undesignated	5,400,592	314	7,000,276	12,401,182
Fund Balance	5,591,719	314	7,000,276	12,592,309
Total Liabilities and Fund Balance	\$ 12,169,004	\$ 1,910,002	\$ 7,090,030	\$ 21,169,036

County of Kalamazoo, Michigan

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Year Ended December 31, 2007</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
Revenues:				
Taxes	\$ 1,977,861	\$ -	\$ -	\$ 1,977,861
Licenses and permits	390,482	-	-	390,482
Federal grants	17,971,888	-	-	17,971,888
State grants	9,359,777	-	-	9,359,777
Local unit contributions	495,954	-	-	495,954
Donations and contributions	438,394	1,809,463	-	2,247,857
Charges for services	3,127,449	-	-	3,127,449
Interest and rents	58,887	1,104	288,768	348,759
Other	25,554	(13,122)	83,521	95,953
Total Revenues	33,846,246	1,797,445	372,289	36,015,980
Expenditures:				
Current:				
Judicial	4,484,665	-	-	4,484,665
Public safety	2,393,473	-	-	2,393,473
Public works	148,242	-	151,093	299,335
Health and welfare	31,582,134	-	-	31,582,134
Recreation and culture	2,641,261	-	-	2,641,261
Other	21,600	-	448,254	469,854
Debt service:				
Principal	-	1,461,000	-	1,461,000
Interest and other charges	-	477,821	-	477,821
Capital outlay	1,477,614	-	-	1,477,614
Total Expenditures	42,748,989	1,938,821	599,347	45,287,157
Deficiency of Revenues Over Expenditures	(8,902,743)	(141,376)	(227,058)	(9,271,177)
Other Financing Sources (Uses):				
Transfers in	9,064,264	141,690	1,854,053	11,060,007
Transfers out	(186,270)	-	(146,391)	(332,661)
Issuance of bond	-	-	630,000	630,000
Total Other Financing Sources	8,877,994	141,690	2,337,662	11,357,346
Net Change in Fund Balance	(24,749)	314	2,110,604	2,086,169
Fund Balance, beginning of year	5,616,468	-	4,889,672	10,506,140
Fund Balance, end of year	\$ 5,591,719	\$ 314	\$ 7,000,276	\$ 12,592,309

<i>December 31, 2007</i>	<i>Special Revenue</i>			
	<i>Budget Stabilization</i>	<i>Parks and Recreation</i>	<i>Friend of the Court</i>	<i>Health</i>
Assets:				
Cash	\$ -	\$ -	\$ 56,193	\$ 721,903
Investments	2,500,000	-	-	-
Accounts receivable	-	39,798	-	304,316
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	132,424
Other	-	670	219	9,062
Total Assets	\$ 2,500,000	\$ 40,468	\$ 56,412	\$ 1,167,705
Liabilities and Fund Balance				
Liabilities:				
Checks issued against future deposits	\$ -	\$ 20,569	\$ -	\$ -
Accounts payable	-	8,142	14,455	83,600
Due to governmental units	-	-	-	970,829
Accrued liabilities	-	11,757	41,957	71,763
Deferred revenues	-	-	-	40,014
Total Liabilities	-	40,468	56,412	1,166,206
Fund Balance:				
Reserved - Encumbrances	-	999	4,250	710
Unreserved - Undesignated	2,500,000	(999)	(4,250)	789
Total Fund Balance	2,500,000	-	-	1,499
Total Liabilities and Fund Balance	\$ 2,500,000	\$ 40,468	\$ 56,412	\$ 1,167,705

County of Kalamazoo, Michigan

Nonmajor Special Revenue Funds Combining Balance Sheet

<i>Special Revenue</i>								
<i>Accom-</i> <i>modation</i> <i>Tax</i>	<i>Law</i> <i>Library</i>	<i>Area</i> <i>Agency on</i> <i>Aging</i>	<i>Substance</i> <i>Abuse,</i> <i>Alcoholism,</i> <i>and Drugs</i>	<i>Child</i> <i>Care</i> <i>Probate</i>	<i>Veterans'</i> <i>Trust</i>	<i>Community</i> <i>Healthy</i> <i>Start</i>	<i>HIV/AIDS</i> <i>HOPWA</i>	
\$224,119	\$ -	\$ -	\$ 3,423	\$ -	\$ -	\$ -	\$ 37,071	
-	-	-	-	-	-	-	-	
114,583	-	6,321	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	391,252	-	490,035	910	171,364	-	
-	-	33,000	-	1,000	-	-	-	
\$338,702	\$ -	\$ 430,573	\$ 3,423	\$ 491,035	\$ 910	\$ 171,364	\$ 37,071	
\$ -	\$ -	\$ 286,234	\$ -	\$ 210,675	\$ 814	\$ 40,126	\$ -	
149,545	-	115,233	-	206,906	96	71,757	21,316	
-	-	-	3,423	-	-	618	15,755	
-	-	5,442	-	73,454	-	2,282	-	
-	-	1,183	-	-	-	56,515	-	
149,545	-	408,092	3,423	491,035	910	171,298	37,071	
1,815	-	-	-	-	-	-	-	
187,342	-	22,481	-	-	-	66	-	
189,157	-	22,481	-	-	-	66	-	
\$338,702	\$ -	\$ 430,573	\$ 3,423	\$ 491,035	\$ 910	\$ 171,364	\$ 37,071	

Special Revenue

<i>December 31, 2007</i>	<i>Community Corrections</i>	<i>W.I.A.</i>	<i>County Incentive Transportation</i>	<i>Head Start</i>	<i>Judicial Special Grants</i>
Assets:					
Cash	\$ 356,073	\$ -	\$ 189	\$ -	\$ 56,324
Investments	-	-	-	-	-
Accounts receivable	-	-	-	2,531	22,256
Due from other funds	-	-	-	-	-
Due from other governmental units	70,910	-	-	789,536	359,621
Other	78	-	-	649	119
Total Assets	\$ 427,061	\$ -	\$ 189	\$ 792,716	\$ 438,320

Liabilities and Fund Balance

Liabilities:					
Checks issued against future deposits	\$ -	\$ -	-	\$ 396,865	\$ 292,592
Accounts payable	22,212	-	189	61,042	68,430
Due to governmental units	5,385	-	-	-	11,111
Accrued liabilities	7,957	-	-	57,255	15,910
Deferred revenues	15,962	-	-	276,253	50,277
Total Liabilities	51,516	-	189	791,415	438,320
Fund Balance:					
Reserved - Encumbrances	-	-	-	126,504	-
Unreserved - Undesignated	375,545	-	-	(125,203)	-
Total Fund Balance	375,545	-	-	1,301	-
Total Liabilities and Fund Balance	\$ 427,061	\$ -	\$ 189	\$ 792,716	\$ 438,320

County of Kalamazoo, Michigan

Nonmajor Special Revenue Funds Combining Balance Sheet (Concluded)

<i>Special Revenue</i>					
<i>Public Safety Special Grants</i>	<i>Public Works Special Grants</i>	<i>Health and Welfare Special Grants</i>	<i>Other Special Grants</i>	<i>Capital Outlay Special Grants</i>	<i>Total Special Revenue</i>
\$ 782,905	\$ 1,495	\$ 1,571,799	\$ 12,744	\$ 181,754	\$ 4,005,992
-	-	700,000	-	900,000	4,100,000
-	-	181,297	-	3,630	674,732
-	-	7,358	-	-	7,358
419,932	88,769	302,929	-	118,343	3,336,025
-	-	-	-	100	44,897
\$ 1,202,837	\$ 90,264	\$ 2,763,383	\$ 12,744	\$ 1,203,827	\$ 12,169,004
\$ 306,321	\$ 82,688	\$ 220,947	\$ -	\$ 3,600	\$ 1,861,431
56,128	3,791	125,397	-	114,968	1,123,207
14,517	2,363	493,352	-	-	1,517,353
10,473	-	44,889	-	-	343,139
152,764	-	1,139,187	-	-	1,732,155
540,203	88,842	2,023,772	-	118,568	6,577,285
-	-	-	6,102	50,747	191,127
662,634	1,422	739,611	6,642	1,034,512	5,400,592
662,634	1,422	739,611	12,744	1,085,259	5,591,719
\$ 1,202,837	\$ 90,264	\$ 2,763,383	\$ 12,744	\$ 1,203,827	\$ 12,169,004

Special Revenue

<i>Year Ended December 31, 2007</i>	<i>Budget Stabilization</i>	<i>Parks and Recreation</i>	<i>Friend of the Court</i>	<i>Health</i>	<i>Accom- modation Tax</i>
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$1,977,861
Licenses and permits	-	-	-	390,482	-
Federal grants	-	-	-	347,841	-
State grants	-	-	-	1,256,345	-
Local unit contributions	-	-	-	40,379	-
Donations and contributions	-	35,662	-	83	-
Charges for services	-	654,089	66,967	1,517,009	-
Interest	-	18,036	-	-	-
Other	-	1,431	364	-	-
Total Revenues	-	709,218	67,331	3,552,139	1,977,861
Expenditures:					
Current:					
Judicial	-	-	2,846,563	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	5,457,867	-
Recreation and culture	-	1,037,011	-	-	1,604,250
Other expenditures	-	-	-	-	-
Capital outlay	-	-	-	7,596	675,406
Total Expenditures	-	1,037,011	2,846,563	5,465,463	2,279,656
Excess (Deficiency) of Revenues Over Expenditures	-	(327,793)	(2,779,232)	(1,913,324)	(301,795)
Other Financing Sources (Uses):					
Transfers in	-	347,050	2,779,232	1,913,324	-
Transfers out	-	(19,257)	-	-	(114,083)
Total Other Financing Sources (Uses)	-	327,793	2,779,232	1,913,324	(114,083)
Net Change in Fund Balance	-	-	-	-	(415,878)
Fund Balance, beginning of year	2,500,000	-	-	1,499	605,035
Fund Balance, end of year	\$2,500,000	\$ -	\$ -	\$ 1,499	\$ 189,157

County of Kalamazoo, Michigan

Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Special Revenue</i>						
<i>Law Library</i>	<i>Area Agency on Aging</i>	<i>Substance Abuse, Alcoholism</i>	<i>Child Care Probate</i>	<i>Veterans' Trust</i>	<i>Community Healthy Start</i>	<i>HIV/AIDS HOPWA</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	893,722	-	76,641	-	628,760	-
-	697,201	-	3,241,408	28,681	-	-
-	-	-	99,571	-	-	-
-	1,577	-	-	-	-	-
-	25,269	-	18,668	-	4,520	-
-	-	-	-	-	-	-
6,500	1,294	-	1,889	-	-	-
6,500	1,619,063	-	3,438,177	28,681	633,280	-
46,935	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,672,963	-	7,194,554	16,681	633,391	-
-	-	-	-	-	-	-
-	-	-	20,000	-	-	-
-	-	-	-	-	-	-
46,935	1,672,963	-	7,214,554	16,681	633,391	-
(40,435)	(53,900)	-	(3,776,377)	12,000	(111)	-
40,435	53,900	-	3,776,377	-	-	-
-	-	-	-	(12,000)	-	-
40,435	53,900	-	3,776,377	(12,000)	-	-
-	-	-	-	-	(111)	-
-	22,481	-	-	-	177	-
\$ -	\$ 22,481	\$ -	\$ -	\$ -	\$ 66	\$ -

Special Revenue

<i>Year Ended December 31, 2007</i>	<i>Community Corrections</i>	<i>W.I.A.</i>	<i>County Incentive Transportation</i>	<i>Head Start</i>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal grants	-	7,049,985	(38)	4,210,472
State grants	1,306,842	417,262	22,402	158,400
Local unit contributions	-	-	-	-
Donations and contributions	-	-	-	116,814
Charges for services	161,983	-	-	400
Interest	-	-	-	-
Other	-	-	-	429
Total Revenues	1,468,825	7,467,247	22,364	4,486,515
Expenditures:				
Current:				
Judicial	-	-	-	-
Public safety	1,489,937	-	-	-
Public works	-	-	-	-
Health and welfare	-	7,467,247	-	4,485,525
Recreation and culture	-	-	-	-
Other expenditures	-	-	-	-
Capital outlay	-	-	-	1,017
Total Expenditures	1,489,937	7,467,247	-	4,486,542
Excess (Deficiency) of Revenues Over Expenditures				
	(21,112)	-	22,364	(27)
Other Financing Sources (Uses):				
Transfers in	-	-	-	27
Transfers out	-	-	(22,364)	-
Total Other Financing Sources (Uses)	-	-	(22,364)	27
Net Change in Fund Balance	(21,112)	-	-	-
Fund Balance, beginning of year	396,657	-	-	1,301
Fund Balance, end of year	\$ 375,545	\$ -	\$ -	\$ 1,301

County of Kalamazoo, Michigan

Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Concluded)

<i>Special Revenue</i>							
<i>Judicial Special Grants</i>	<i>Public Safety Special Grants</i>	<i>Public Works Special Grants</i>	<i>Health and Welfare Special Grants</i>	<i>Other Special Grants</i>	<i>Capital Outlay Special Grants</i>	<i>Total Special Revenue</i>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,977,861	
-	-	-	-	-	-	390,482	
947,803	764,227	-	3,052,475	-	-	17,971,888	
322,019	596,851	147,679	1,164,687	-	-	9,359,777	
-	-	-	356,004	-	-	495,954	
156,396	9,659	-	101,748	-	16,455	438,394	
53,549	-	-	49,089	-	575,906	3,127,449	
-	-	-	-	-	40,851	58,887	
2	2,531	-	11,114	-	-	25,554	
<u>1,479,769</u>	<u>1,373,268</u>	<u>147,679</u>	<u>4,735,117</u>	<u>-</u>	<u>633,212</u>	<u>33,846,246</u>	
1,591,167	-	-	-	-	-	4,484,665	
-	903,536	-	-	-	-	2,393,473	
-	-	148,242	-	-	-	148,242	
-	-	-	4,653,906	-	-	31,582,134	
-	-	-	-	-	-	2,641,261	
-	-	-	-	1,600	-	21,600	
1,758	337,175	-	28,836	-	425,826	1,477,614	
<u>1,592,925</u>	<u>1,240,711</u>	<u>148,242</u>	<u>4,682,742</u>	<u>1,600</u>	<u>425,826</u>	<u>42,748,989</u>	
<u>(113,156)</u>	<u>132,557</u>	<u>(563)</u>	<u>52,375</u>	<u>(1,600)</u>	<u>207,386</u>	<u>(8,902,743)</u>	
113,156	985	490	20,031	-	19,257	9,064,264	
-	-	-	(18,566)	-	-	(186,270)	
<u>113,156</u>	<u>985</u>	<u>490</u>	<u>1,465</u>	<u>-</u>	<u>19,257</u>	<u>8,877,994</u>	
-	133,542	(73)	53,840	(1,600)	226,643	(24,749)	
-	529,092	1,495	685,771	14,344	858,616	5,616,468	
<u>\$ -</u>	<u>\$ 662,634</u>	<u>\$ 1,422</u>	<u>\$ 739,611</u>	<u>\$ 12,744</u>	<u>\$ 1,085,259</u>	<u>\$ 5,591,719</u>	

County of Kalamazoo, Michigan

Nonmajor Debt Service Funds Combining Balance Sheet

<i>December 31, 2007</i>	<i>Debt Service</i>		<i>Total Debt Service</i>
	<i>2007 Austin Lake Bond Fund</i>	<i>2007 Juvenile Home Bond Fund</i>	
Assets:			
Cash	\$ 171,026	\$ 418,853	\$ 589,879
Receivables:			
Interest	93	-	93
Taxes	-	1,319,613	1,319,613
Other	-	417	417
Total Assets	\$ 171,119	\$ 1,738,466	\$ 1,910,002
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ 104,339	\$ 104,339
Accrued interest payable	-	1,634,230	1,634,230
Deferred revenue	171,119	-	171,119
Total Liabilities	171,119	1,738,569	1,909,688
Fund Balance -			
Undesignated	-	314	314
Total Liabilities and Fund Balance	\$ 171,119	\$ 1,738,883	\$ 1,910,002

<i>Year Ended December 31, 2007</i>	<i>Debt Service</i>				
	<i>1982 Water Supply System No. 1 Bonds</i>	<i>1996 Sewage Disposal System No. 7 Bonds</i>	<i>1998 Indian Lake/ Pickerel Lake/ Sewage Disposal System Bonds</i>	<i>2001 Cooper Township Sanitary Sewage Disposal System Bonds</i>	<i>Townline Drain Debt Retirement</i>
Revenues:					
Interest and rents	\$ -	\$ -	\$ -	\$ -	\$ -
Local unit contributions	34,125	154,775	516,275	196,538	-
Other revenues	-	-	-	-	-
Total Revenues	34,125	154,775	516,275	196,538	-
Expenditures:					
Principal retirement	25,000	100,000	350,000	100,000	-
Interest and fiscal charges	9,125	54,775	166,275	96,538	2,484
Total Expenditures	34,125	154,775	516,275	196,538	2,484
Deficiency of Revenues Over Expenditures	-	-	-	-	(2,484)
Other Financing Sources - Operating transfers in	-	-	-	-	2,484
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, beginning of year	-	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Nonmajor Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Debt Service</i>							
<i>2004 Carter Bowers Intercounty Drain Note Payable</i>	<i>2004 Texas Township Sewage Disposal System Refunding Bonds</i>	<i>2005 Comstock Sewage Disposal</i>	<i>2005 Village of Augusta Water Supply</i>	<i>2006 Austin Lake Consolidated Drain</i>	<i>2007 Austin Lake Bond</i>	<i>2007 Juvenile Home Bond</i>	<i>Total Debt Service</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 707	\$ 397	\$ 1,104
-	416,081	199,606	45,264	246,799	-	-	1,809,463
-	-	-	-	-	(13,122)	-	(13,122)
-	416,081	199,606	45,264	246,799	(12,415)	397	1,797,445
29,000	345,000	165,000	30,000	317,000	-	-	1,461,000
1,647	71,081	34,606	15,264	13,158	12,785	83	477,821
30,647	416,081	199,606	45,264	330,158	12,785	83	1,938,821
(30,647)	-	-	-	(83,359)	(25,200)	314	(141,376)
30,647	-	-	-	83,359	25,200	-	141,690
-	-	-	-	-	-	314	314
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314	\$ 314

Capital Projects

<i>December 31, 2007</i>	<i>General County Public Improvement</i>	<i>Drains</i>	<i>Townline Drain Construction</i>	<i>Carter Bowers Intercounty Drain</i>
Assets:				
Cash	\$ 149,352	\$ -	\$ 2,145	\$ 1,041
Investments	6,265,752	-	-	-
Receivables:				
Interest	-	-	7	-
Unlevied assessments	-	82,404	-	-
Due from other governmental units	235,298	-	-	-
Total Assets	\$ 6,650,402	\$82,404	\$ 2,152	\$ 1,041
 Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ 4,257	\$ -	\$ -
Due to other governmental units	-	-	-	-
Advance from other funds	-	78,147	-	-
Total Liabilities	-	82,404	-	-
 Fund Balance -				
Undesignated	6,650,402	-	2,152	1,041
Total Liabilities and Fund Balance	\$ 6,650,402	\$82,404	\$ 2,152	\$ 1,041

County of Kalamazoo, Michigan

Nonmajor Capital Projects Funds Combining Balance Sheet

<i>Capital Projects</i>					
<i>Gilbert Drain Construction</i>	<i>Village of Augusta Water Supply</i>	<i>Austin Lake Consolidated Drain</i>	<i>Austin Lake Special Assessment</i>	<i>Oshtemo Township Water Supply System Construction</i>	<i>Total Capital Projects</i>
\$ 151,187	\$ -	\$ -	\$ 172,291	\$ 28,811	\$ 504,827
-	-	-	-	-	6,265,752
563	-	-	1,179	-	1,749
-	-	-	-	-	82,404
-	-	-	-	-	235,298
\$ 151,750	\$ -	\$ -	\$ 173,470	\$ 28,811	\$ 7,090,030
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,257
-	-	-	7,350	-	7,350
-	-	-	-	-	78,147
-	-	-	7,350	-	89,754
151,750	-	-	166,120	28,811	7,000,276
\$ 151,750	\$ -	\$ -	\$ 173,470	\$ 28,811	\$ 7,090,030

Capital Projects

<i>Year Ended December 31, 2007</i>	<i>General County Public Improvement</i>	<i>Drains</i>	<i>Townline Drain Construction</i>	<i>Carter Bowers Intercounty Drain</i>
Revenues:				
Interest	\$ 276,547	\$ -	\$ 47	\$ -
Other	-	54,798	-	25,668
Total Revenues	276,547	54,798	47	25,668
Expenditures:				
Public works	56,313	50,097	-	-
Other	-	-	-	-
Total Expenditures	56,313	50,097	-	-
Excess (Deficiency) of Revenues Over Expenditures	220,234	4,701	47	25,668
Other Financing Sources (Uses):				
Transfers in	1,849,352	-	4,701	-
Transfers out	-	(4,701)	(2,484)	(30,647)
Issuance of bond	-	-	-	-
Total Other Financing Sources (Uses)	1,849,352	(4,701)	2,217	(30,647)
Net Change in Fund Balance	2,069,586	-	2,264	(4,979)
Fund Balance, beginning of year	4,580,816	-	(112)	6,020
Fund Balance, end of year	\$ 6,650,402	\$ -	\$ 2,152	\$ 1,041

County of Kalamazoo, Michigan

Nonmajor Capital Projects Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Capital Projects</i>					
<i>Gilbert Drain Construction</i>	<i>Village of Augusta Water Supply</i>	<i>Austin Lake Consolidated Drain</i>	<i>Austin Lake Special Assessment</i>	<i>Oshtemo Township Water Supply System Construction</i>	<i>Total Capital Projects</i>
\$ 3,535	\$ -	\$ -	\$ 8,639	\$ -	\$ 288,768
-	2,560	-	495	-	83,521
3,535	2,560	-	9,134	-	372,289
1,505	-	43,178	-	-	151,093
-	-	440	447,814	-	448,254
1,505	-	43,618	447,814	-	599,347
2,030	2,560	(43,618)	(438,680)	-	(227,058)
-	-	-	-	-	1,854,053
-	-	(83,359)	(25,200)	-	(146,391)
-	-	-	630,000	-	630,000
-	-	(83,359)	604,800	-	2,337,662
2,030	2,560	(126,977)	166,120	-	2,110,604
149,720	(2,560)	126,977	-	28,811	4,889,672
\$ 151,750	\$ -	\$ -	\$ 166,120	\$ 28,811	\$ 7,000,276

County of Kalamazoo, Michigan

Budget Stabilization Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Other	\$ -	\$ -	\$ -	\$ -
Expenditures -				
Other	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	2,500,000	2,500,000	2,500,000	-
Fund Balance, end of year	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ -

County of Kalamazoo, Michigan

Parks and Recreation Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Donations and contributions	\$ 35,000	\$ 35,000	\$ 35,662	\$ 662
Charges for services	641,500	641,500	654,089	12,589
Interest and rents	17,300	17,300	18,036	736
Other	-	-	1,431	1,431
Total Revenues	693,800	693,800	709,218	15,418
Expenditures -				
Recreation and culture	1,043,400	1,058,000	1,037,011	20,989
Deficiency of Revenues Over Expenditures	(349,600)	(364,200)	(327,793)	36,407
Other Financing Sources (Uses):				
Transfers in:				
General Fund	267,200	281,800	262,543	(19,257)
Accommodation Tax Fund	82,400	82,400	84,507	2,107
Transfers out -				
Parks Improvement Fund	-	-	(19,257)	(19,257)
Total Other Financing Sources	349,600	364,200	327,793	(36,407)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Friend of the Court Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Charges for services	\$ 69,600	\$ 69,600	\$ 66,967	\$ (2,633)
Other	100	100	364	264
Total Revenues	69,700	69,700	67,331	(2,369)
Expenditures -				
Judicial	2,969,000	3,117,000	2,846,563	270,437
Deficiency of Revenues Over Expenditures				
	(2,899,300)	(3,047,300)	(2,779,232)	268,068
Other Financing Sources -				
Transfers in:				
General Fund	2,879,300	3,027,300	2,759,232	(268,068)
Law Enforcement Fund	20,000	20,000	20,000	-
Total Other Financing Sources	2,899,300	3,047,300	2,779,232	(268,068)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Health Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Licenses and permits	\$ 440,800	\$ 371,500	\$ 390,482	\$ 18,982
Federal grants	284,700	331,500	347,841	16,341
State grants	1,194,300	1,256,100	1,256,345	245
Local unit contributions	34,600	45,400	40,379	(5,021)
Donations and contributions	2,000	-	83	83
Charges for services	1,700,500	1,448,900	1,517,009	68,109
Total Revenues	3,656,900	3,453,400	3,552,139	98,739
Expenditures:				
Health and welfare	5,835,000	5,565,100	5,457,867	107,233
Capital outlay	2,000	8,800	7,596	1,204
Total Expenditures	5,837,000	5,573,900	5,465,463	108,437
Deficiency of Revenues Over Expenditures	(2,180,100)	(2,120,500)	(1,913,324)	207,176
Other Financing Sources -				
Transfers in:				
General Fund	2,180,100	2,109,700	1,902,097	(207,603)
Substance Abuse Fund	-	10,800	11,227	427
Total Other Financing Sources	2,180,100	2,120,500	1,913,324	(207,176)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	1,499	1,499	1,499	-
Fund Balance, end of year	\$ 1,499	\$ 1,499	\$ 1,499	\$ -

County of Kalamazoo, Michigan

Accommodation Tax Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Taxes	\$ 1,785,000	\$ 1,785,000	\$ 1,977,861	\$ 192,861
Expenditures:				
Recreation and culture	1,463,700	1,463,700	1,604,250	140,550
Capital outlay	212,100	212,100	675,406	463,306
Total Expenditures	1,675,800	1,675,800	2,279,656	603,856
Excess (Deficiency) of Revenues Over Expenditures	109,200	109,200	(301,795)	(410,995)
Other Financing Uses -				
Transfers out:				
General Fund	(26,800)	(26,800)	(29,576)	(2,776)
Parks and Recreation Fund	(82,400)	(82,400)	(84,507)	(2,107)
Total Other Financing Uses	(109,200)	(109,200)	(114,083)	(4,883)
Net Change in Fund Balance	-	-	(415,878)	(415,878)
Fund Balance, beginning of year	605,035	605,035	605,035	-
Fund Balance, end of year	\$ 605,035	\$ 605,035	\$ 189,157	\$ (415,878)

County of Kalamazoo, Michigan

Law Library Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Other	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Expenditures -				
Judicial	46,500	46,500	46,935	(435)
Deficiency of Revenues Over Expenditures	(40,000)	(40,000)	(40,435)	(435)
Other Financing Sources -				
Transfers in - General Fund	40,000	40,000	40,435	435
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Area Agency on Aging Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 913,955	\$ 893,722	\$ (20,233)
State grants	-	708,981	697,201	(11,780)
Donations and contributions	-	1,114	1,577	463
Charges for services	-	19,772	25,269	5,497
Other	-	-	1,294	1,294
Total Revenues	-	1,643,822	1,619,063	(24,759)
Expenditures -				
Health and welfare	-	1,699,846	1,672,963	26,883
Deficiency of Revenues Over Expenditures				
	-	(56,024)	(53,900)	2,124
Other Financing Sources -				
Transfers in - General Fund	-	56,024	53,900	(2,124)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	22,481	22,481	-
Fund Balance, end of year	\$ -	\$ 22,481	\$ 22,481	\$ -

County of Kalamazoo, Michigan

Child Care Probate Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 71,000	\$ 71,000	\$ 76,641	\$ 5,641
State grants	2,956,100	3,141,100	3,241,408	100,308
Local unit contributions	120,000	120,000	99,571	(20,429)
Charges for services	26,000	26,000	18,668	(7,332)
Other	2,500	2,500	1,889	(611)
Total Revenues	3,175,600	3,360,600	3,438,177	77,577
Expenditures:				
Health and welfare	6,973,800	7,351,800	7,194,554	157,246
Other expenditures	20,000	20,000	20,000	-
Total Expenditures	6,993,800	7,371,800	7,214,554	157,246
Deficiency of Revenues Over Expenditures	(3,818,200)	(4,011,200)	(3,776,377)	234,823
Other Financing Sources -				
Transfers in:				
General Fund	3,659,600	3,852,600	3,609,252	(243,348)
Law Enforcement Fund	158,600	158,600	167,125	8,525
Total Other Financing Sources	3,818,200	4,011,200	3,776,377	(234,823)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Veterans' Trust Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
State grants	\$ 24,800	\$ 24,800	\$ 28,681	\$ (3,881)
Expenditures -				
Health and welfare	12,800	12,800	16,681	(3,881)
Excess of Revenues Over Expenditures	12,000	12,000	12,000	-
Other Financing Uses -				
Transfers out - General Fund	(12,000)	(12,000)	(12,000)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Community Healthy Start Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 524,220	\$ 628,760	\$ 104,540
Charges and services	-	-	4,520	4,520
Other	-	150	-	(150)
Total Revenues	-	524,370	633,280	108,910
Expenditures -				
Health and welfare	-	524,370	633,391	(109,021)
Net Change in Fund Balance	-	-	(111)	(111)
Fund Balance, beginning of year	-	177	177	-
Fund Balance, end of year	\$ -	\$ 177	\$ 66	\$ (111)

County of Kalamazoo, Michigan

HIV/AIDS HOPWA Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures -				
Health and welfare	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Community Corrections Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
State grants	\$ -	\$ 1,726,781	\$ 1,306,842	\$ (419,939)
Charges for services	-	230,000	161,983	(68,017)
Total Revenues	-	1,956,781	1,468,825	(487,956)
Expenditures -				
Public safety	-	1,956,781	1,489,937	466,844
Net Change in Fund Balance	-	-	(21,112)	(21,112)
Fund Balance, beginning of year	-	396,657	396,657	-
Fund Balance, end of year	\$ -	\$ 396,657	\$ 375,545	\$ (21,112)

County of Kalamazoo, Michigan

Workforce Investment Act (W.I.A.) Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ -	\$7,049,985	\$ 7,049,985
State grants	-	8,166,578	417,262	(7,749,316)
Total Revenues	-	8,166,578	7,467,247	(699,331)
Expenditures -				
Health and welfare	-	8,166,578	7,467,247	699,331
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

County Incentive Transportation Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ -	\$ (38)	\$ (38)
State grants	-	-	22,402	22,402
Total Revenues	-	-	22,364	22,364
Expenditures -				
Health and welfare	-	-	-	-
Excess of Revenues Over Expenditures	-	-	22,364	22,364
Other Financing Uses -				
Transfers out - General Fund	-	-	(22,364)	(22,364)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Head Start Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 4,638,272	\$ 4,210,472	\$ (427,800)
State grants	-	193,600	158,400	(35,200)
Donations and contributions	-	136,818	116,814	(20,004)
Charges for services	-	-	400	400
Other	-	-	429	429
Total Revenues	-	4,968,690	4,486,515	(482,175)
Expenditures:				
Health and welfare	-	4,968,690	4,485,525	483,165
Capital outlay	-	-	1,017	(1,017)
Total Expenditures	-	4,968,690	4,486,542	482,148
Deficiency of Revenues Over Expenditures	-	-	(27)	(27)
Other Financing Sources -				
Transfers in - School readiness	-	-	27	27
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	1,301	1,301	-
Fund Balance, end of year	\$ -	\$ 1,301	\$ 1,301	\$ -

County of Kalamazoo, Michigan

Judicial Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 1,592,123	\$ 947,803	\$ (644,320)
State grants	-	331,378	322,019	(9,359)
Donations and contributions	-	169,096	156,396	(12,700)
Charges for services	-	40,046	53,549	13,503
Other	-	-	2	2
Total Revenues	-	2,132,643	1,479,769	(652,874)
Expenditures:				
Judicial	-	2,307,121	1,591,167	715,954
Capital outlay	-	6,293	1,758	4,535
Total Expenditures	-	2,313,414	1,592,925	720,489
Deficiency of Revenues Over Expenditures	-	(180,771)	(113,156)	67,615
Other Financing Sources -				
Transfers in - General Fund	-	180,771	113,156	(67,615)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Public Safety Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 1,090,730	\$ 764,227	\$ (326,503)
State grants	-	639,380	596,851	(42,529)
Donations and contributions	-	10,385	9,659	(726)
Other	-	-	2,531	2,531
Total Revenues	-	1,740,495	1,373,268	(367,227)
Expenditures:				
Public safety	-	934,976	903,536	31,440
Capital outlay	-	806,504	337,175	469,329
Total Expenditures	-	1,741,480	1,240,711	500,769
Excess (Deficiency) of Revenues Over Expenditures	-	(985)	132,557	133,542
Other Financing Sources -				
Transfers in - Law Enforcement Fund	-	985	985	-
Net Change in Fund Balance	-	-	133,542	133,542
Fund Balance, beginning of year	-	529,092	529,092	-
Fund Balance, end of year	\$ -	\$ 529,092	\$ 662,634	\$ 133,542

County of Kalamazoo, Michigan

Public Works Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
State grants	\$ -	\$ 148,500	\$ 147,679	\$ (821)
Expenditures -				
Public works	-	148,500	148,242	258
Deficiency of Revenues Over Expenditures	-	-	(563)	(563)
Other Financing Sources -				
Transfers in - General Fund	-	-	490	490
Net Change in Fund Balance	-	-	(73)	(73)
Fund Balance, beginning of year	1,495	1,495	1,495	-
Fund Balance, end of year	\$ 1,495	\$ 1,495	\$ 1,422	\$ (73)

County of Kalamazoo, Michigan

Health and Welfare Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 2,894,071	\$ 3,052,475	\$ 158,404
State grants	-	1,819,382	1,164,687	(654,695)
Local unit contributions	-	878,549	356,004	(522,545)
Donations and contributions	-	152,944	101,748	(51,196)
Charges for services	-	8,000	49,089	41,089
Other	-	35,617	11,114	(24,503)
Total Revenues	-	5,788,563	4,735,117	(1,053,446)
Expenditures:				
Health and welfare	-	5,804,288	4,653,906	1,150,382
Capital outlay	-	28,100	28,836	(736)
Total Expenditures	-	5,832,388	4,682,742	1,149,646
Excess (Deficiency) of Revenues Over Expenditures	-	(43,825)	52,375	96,200
Other Financing Sources (Uses):				
Transfers in:				
General Fund	-	61,625	12,719	(48,906)
EMMSS/MIHAS	-	4,678	3,544	(1,134)
Tobacco Red Coalition	-	-	3,768	3,768
Transfers out:				
General Fund	-	(7,000)	-	7,000
Local Tobacco Control	-	-	(3,768)	(3,768)
STD Control	-	(4,678)	(3,544)	1,134
Healthy Start	-	-	(11,227)	(11,227)
Health Special Revenue Fund	-	(10,800)	(27)	10,773
Total Other Financing Sources	-	43,825	1,465	(42,360)
Net Change in Fund Balance	-	-	53,840	53,840
Fund Balance, beginning of year	649,495	685,771	685,771	-
Fund Balance, end of year	\$ 649,495	\$ 685,771	\$ 739,611	\$ 53,840

County of Kalamazoo, Michigan

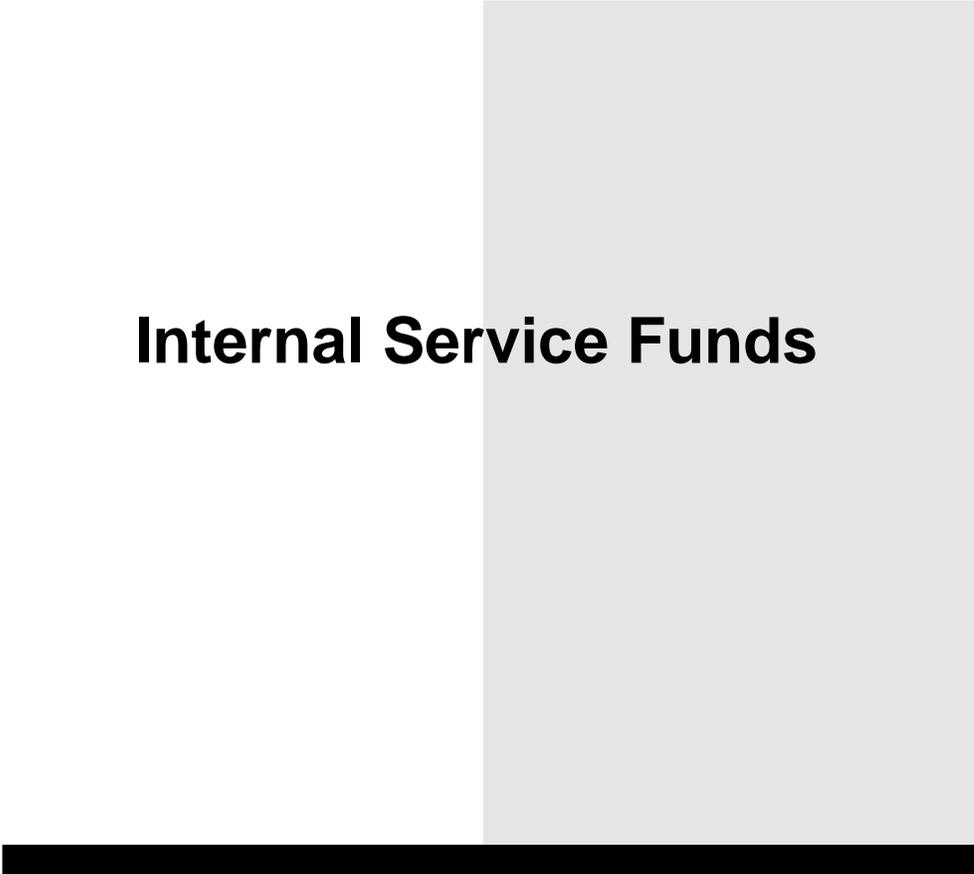
Other Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Other revenues	\$ 14,300	\$ 14,300	\$ -	\$ (14,300)
Expenditures -				
Other	14,300	14,300	1,600	12,700
Net Change in Fund Balance	-	-	(1,600)	(1,600)
Fund Balance, beginning of year	14,344	14,344	14,344	-
Fund Balance, end of year	\$ 14,344	\$ 14,344	\$ 12,744	\$ (1,600)

County of Kalamazoo, Michigan

Capital Outlay Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 350,000	\$ -	\$ (350,000)
Donations and contributions	-	-	16,455	16,455
Charges for services	250,000	250,000	575,906	325,906
Interest and revenues	10,000	10,000	40,851	30,851
Total Revenues	260,000	610,000	633,212	23,212
Expenditures -				
Capital outlay	260,000	610,000	425,826	184,174
Excess of Revenues Over Expenditures				
	-	-	207,386	207,386
Other Financing Sources -				
Transfers in - Parks and Recreation Fund	-	-	19,257	19,257
Net Change in Fund Balance	-	-	226,643	226,643
Fund Balance, beginning of year	858,616	858,616	858,616	-
Fund Balance, end of year	\$ 858,616	\$ 858,616	\$1,085,259	\$ 226,643



Internal Service Funds

County of Kalamazoo, Michigan

Internal Service Funds

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, and to other government units on a cost reimbursement basis.

Employee Benefits Fund - This fund was established to accumulate and allocate the costs of fringe benefits provided to employees of the primary government. Funding is provided through charges to the departments based upon payroll costs.

Information Systems Fund - This fund was established to account for the costs to maintain financial, management computer systems, and application software used by departments of the primary government. Funding is provided through charges to benefited departments and interfund transfers.

Technology Fund - This fund was established to accumulate and allocate the costs to provide telephone services throughout all departments of the primary government. Funding is provided through charges for services to benefited departments.

Nazareth Facility Fund - This fund was established to accumulate and allocate the operating and maintenance costs of the facility that house many health and welfare departments of the primary government. Funding is provided through rental charges to benefited departments.

Central Stores Fund - This fund was established to accumulate and allocate the costs of print shop and central stores of the primary government. Funding is provided through charges for services and products to benefited departments.

HSD Personnel Pool Fund - This fund was established to accumulate and allocate the costs of a personnel pool utilized by many of the health and welfare departments of the primary government. Funding is provided through charges for services to benefited departments.

<i>December 31, 2007</i>	<i>Employee Benefits</i>	<i>Information Systems</i>	<i>Technology</i>
Assets:			
Cash	\$ 2,965,628	\$ 439,899	\$ 932,276
Investments	4,298,777	-	-
Receivables - Accounts	263,180	-	-
Accrued interest	36,145	-	-
Inventories	-	-	-
Prepaid items	80,718	-	69,174
Total Current Assets	7,644,448	439,899	1,001,450
Property, Plant, and Equipment, net of accumulated depreciation	-	50,106	339,791
Total Assets	\$ 7,644,448	\$ 490,005	\$ 1,341,241
Liabilities and Net Assets			
Liabilities:			
Accounts payable	\$ 567,644	\$ 325	\$ 21,911
Due to other funds	25,248	-	-
Accrued liabilities	94,615	112,221	-
Liability for estimated claims	1,781,372	-	-
Deposits payable	27,409	-	-
Total Liabilities	2,496,288	112,546	21,911
Net Assets:			
Investment in capital assets, net of related debt	-	50,106	339,791
Unrestricted	5,148,160	327,353	979,539
Total Net Assets	5,148,160	377,459	1,319,330
Total Liabilities and Net Assets	\$ 7,644,448	\$ 490,005	\$ 1,341,241

County of Kalamazoo, Michigan

Combining Statement of Net Assets Internal Service Funds

<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
\$ 318,158	\$ 17,033	\$ 2,073	\$ 4,675,067
-	-	-	4,298,777
28	-	-	263,208
-	-	-	36,145
154	112,158	-	112,312
333	-	-	150,225
<hr/> 318,673	<hr/> 129,191	<hr/> 2,073	<hr/> 9,535,734
97,969	13,358	-	501,224
<hr/> \$ 416,642	<hr/> \$142,549	<hr/> \$ 2,073	<hr/> \$ 10,036,958
\$ 31,301	\$ 39,510	\$ 665	\$ 661,356
-	-	-	25,248
17,498	11,055	1,408	236,797
-	-	-	1,781,372
-	7,000	-	34,409
<hr/> 48,799	<hr/> 57,565	<hr/> 2,073	<hr/> 2,739,182
97,969	13,358	-	501,224
269,874	71,626	-	6,796,552
<hr/> 367,843	<hr/> 84,984	<hr/> -	<hr/> 7,297,776
<hr/> \$ 416,642	<hr/> \$142,549	<hr/> \$ 2,073	<hr/> \$ 10,036,958

<i>Year Ended December 31, 2007</i>	<i>Employee Benefits</i>	<i>Information Systems</i>	<i>Technology</i>
Operating Revenues -			
Charges for services	\$19,793,328	\$ 87,625	\$ 636,110
Operating Expenses:			
Operating expenses	-	900,178	278,504
Depreciation and amortization	-	25,029	176,970
Employee benefits	17,715,917	-	-
Total Operating Expenses	17,715,917	925,207	455,474
Operating Income (Loss)	2,077,411	(837,582)	180,636
Transfers In - General Fund	-	837,582	-
Change in Net Assets	2,077,411	-	180,636
Net Assets, beginning of year	3,070,749	377,459	1,138,694
Net Assets, end of year	\$ 5,148,160	\$ 377,459	\$ 1,319,330

County of Kalamazoo, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Assets Internal Service Funds

<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
\$ 832,977	\$ 1,103,475	\$ 156,296	\$ 22,609,811
670,569	1,116,456	156,296	3,122,003
5,480	3,177	-	210,656
-	-	-	17,715,917
676,049	1,119,633	156,296	21,048,576
156,928	(16,158)	-	1,561,235
-	-	-	837,582
156,928	(16,158)	-	2,398,817
210,915	101,142	-	4,898,959
\$ 367,843	\$ 84,984	\$ -	\$ 7,297,776

<i>Year Ended December 31, 2007</i>	<i>Employee Benefits</i>	<i>Information Systems</i>	<i>Technology</i>
Operating Activities:			
Cash received from interfund services provided	\$19,538,471	\$ 87,625	\$ 636,110
Cash paid to employees	(746,419)	(619,370)	-
Cash paid for interfund services used	(866,499)	(231,189)	-
Cash paid to suppliers	(15,204,803)	(34,859)	(329,047)
Cash Provided by (Used in) Operating Activities	2,720,750	(797,793)	307,063
Cash Used in Investing Activities -			
Purchase of investment	(1,998,778)	-	-
Cash Provided by Non-Capital Financing Activities -			
Transfers from other funds	-	837,582	-
Cash Used in Capital and Related Financing Activities -			
Acquisition of capital assets	-	-	(51,076)
Net Increase (Decrease) in Cash	721,972	39,789	255,987
Cash, beginning of year	2,243,656	400,110	676,289
Cash, end of year	\$ 2,965,628	\$ 439,899	\$ 932,276
Reconciliation of Operating Income (Loss) to			
Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 2,077,411	\$ (837,582)	\$ 180,636
Depreciation and amortization	-	25,029	176,970
Changes in assets and liabilities:			
(Increase) decrease in:	-	-	-
Accounts receivable	(225,146)	-	-
Interest receivable	(29,711)	-	-
Inventories	-	-	-
Prepaid items	421,248	4,433	(27,592)
Increase (decrease) in:			
Accounts payable	31,447	(125)	(22,951)
Due to other funds	(7,724)	-	-
Accrued expenses	18,403	10,452	-
Liability for estimated claims	432,426	-	-
Deposits payable	2,630	-	-
Deferred revenue	(234)	-	-
Cash Provided by (Used in) Operating Activities	\$ 2,720,750	\$ (797,793)	\$ 307,063

County of Kalamazoo, Michigan

Combining Statement of Cash Flows Internal Service Funds

<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
\$ 835,662	\$ 1,107,834	\$ 177,366	\$ 22,383,068
(224,150)	(112,002)	(77,013)	(1,778,954)
(134,616)	(41,339)	(39,146)	(1,312,789)
(307,059)	(976,023)	(60,429)	(16,912,220)
169,837	(21,530)	778	2,379,105
-	-	-	(1,998,778)
-	-	-	837,582
(22,049)	-	-	(73,125)
147,788	(21,530)	778	1,144,784
170,370	38,563	1,295	3,530,283
\$ 318,158	\$ 17,033	\$ 2,073	\$ 4,675,067
\$ 156,928	\$ (16,158)	\$ -	\$ 1,561,235
5,480	3,177	-	210,656
2,685	4,359	21,070	(197,032)
-	-	-	(29,711)
103	(14,087)	-	(13,984)
(333)	1,558	-	399,314
8,394	(3,442)	307	13,630
-	-	-	(7,724)
(3,420)	4,340	(20,599)	9,176
-	-	-	432,426
-	(1,277)	-	1,353
-	-	-	(234)
\$ 169,837	\$ (21,530)	\$ 778	\$ 2,379,105

County of Kalamazoo, Michigan

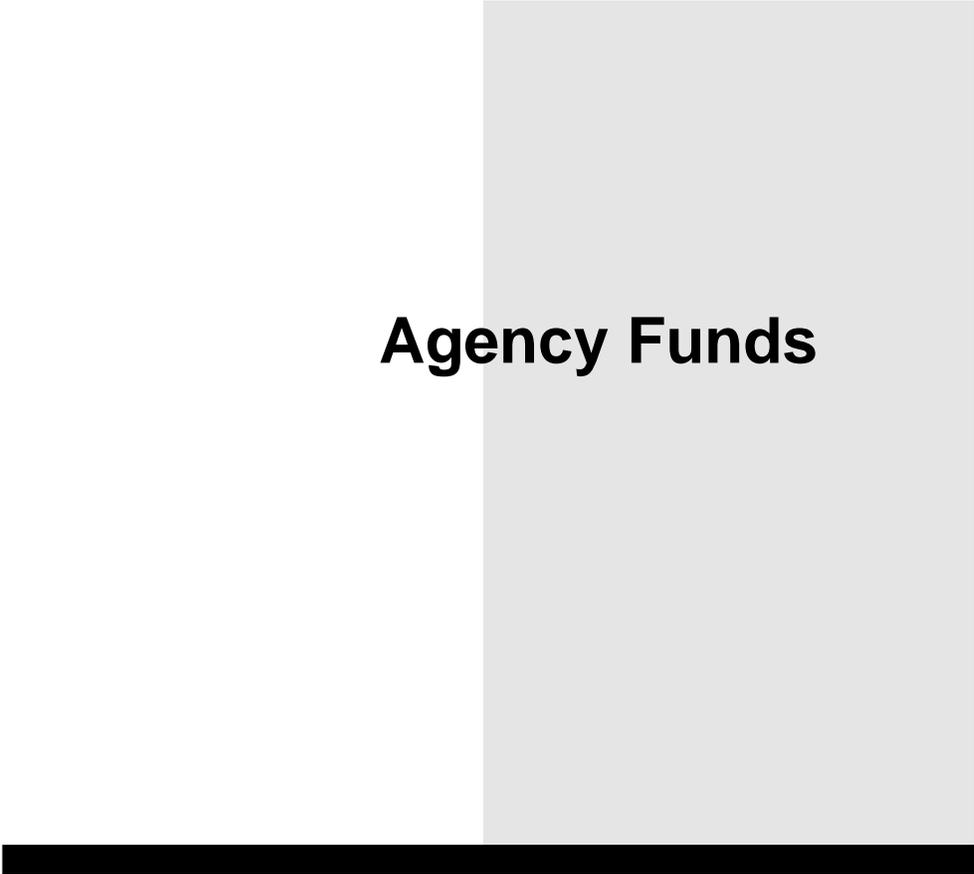
Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual Information Systems Fund

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Operating Revenues -				
Charges for services	\$ 964,100	\$ 130,000	\$ 87,625	\$ (42,375)
Operating Expenses:				
Employment expenses	838,400	874,000	868,743	5,257
Contractual and other	73,000	48,000	27,206	20,794
Supplies	25,600	25,600	4,229	21,371
Depreciation	27,100	27,100	25,029	2,071
Total Operating Expenses	964,100	974,700	925,207	49,493
Operating Income (Loss)	-	(844,700)	(837,582)	7,118
Transfers -				
Transfers in - General Fund	-	844,700	837,582	(7,118)
Change in Net Assets	-	-	-	-
Net Assets, beginning of year	377,459	377,459	377,459	-
Net Assets, end of year	\$ 377,459	\$ 377,459	\$ 377,459	\$ -

County of Kalamazoo, Michigan

Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual Central Stores Fund

<i>Year Ended December 31, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Operating Revenues -				
Charges for services	\$ 1,200,000	\$ 1,096,500	\$ 1,103,475	\$ 6,975
Operating Expenses:				
Employment expenses	165,200	62,000	157,701	(95,701)
Contractual and other	213,500	261,700	306,846	(45,146)
Supplies	819,700	771,200	651,909	119,291
Depreciation	1,600	1,600	3,177	(1,577)
Total Operating Expenses	1,200,000	1,096,500	1,119,633	(23,133)
Change in Net Assets	-	-	(16,158)	(16,158)
Net Assets, beginning of year	101,142	101,142	101,142	-
Net Assets, end of year	\$ 101,142	\$ 101,142	\$ 84,984	\$ (16,158)



Agency Funds

County of Kalamazoo, Michigan

Agency Funds

Agency Funds

Trust and Agency Fund - This fund was established to primarily account for collected taxes, court fees, and other assets held by the County in a trustee capacity or as an agent to be distributed to other individuals, private organizations, and other governments.

Library Trust Fund - This fund was established to account for monies collected by circuit and district courts, which are disbursed at the request of the State of Michigan Library Service to local libraries.

Bail Bond Fund - This fund was established to account for the collection and distribution of bail bonds.

Inmates' Trust Fund - This fund was established to account for the receipt and distribution of monies belonging to individuals residing in the County's corrections facility.

Drain Performance Bond Fund - This fund was established to account for the receipt and disbursement of monies deposited with the Office of the Drain Commissioner as performance bonds to ensure satisfactory completion of contractual obligations.

County of Kalamazoo, Michigan

Agency Funds Statement of Fiduciary Assets and Liabilities

<i>December 31, 2007</i>	<i>Trust and Agency</i>	<i>Library Trust</i>	<i>Bail Bond</i>	<i>Inmates' Trust</i>	<i>Drain Performance Bond</i>	<i>Total</i>
Assets:						
Cash	\$ -	\$ 229,339	\$ 3,000	\$ 200,751	\$ 110,761	\$ 543,851
Investments	2,746,390	-	-	-	-	2,746,390
Accounts receivable	847	-	-	-	-	847
Total Assets	\$ 2,747,237	\$ 229,339	\$ 3,000	\$ 200,751	\$ 110,761	\$ 3,291,088
Liabilities:						
Checks issued against future deposits	\$ 919,630	\$ -	\$ -	\$ -	\$ -	\$ 919,630
Due to other governmental units	210,213	229,339	-	-	-	439,552
Other payables	1,617,394	-	3,000	200,751	110,761	1,931,906
Total Liabilities	\$ 2,747,237	\$ 229,339	\$ 3,000	\$ 200,751	\$ 110,761	\$ 3,291,088

County of Kalamazoo, Michigan

Agency Funds Combining Statement of Changes in Assets and Liabilities Year Ended December 31, 2007

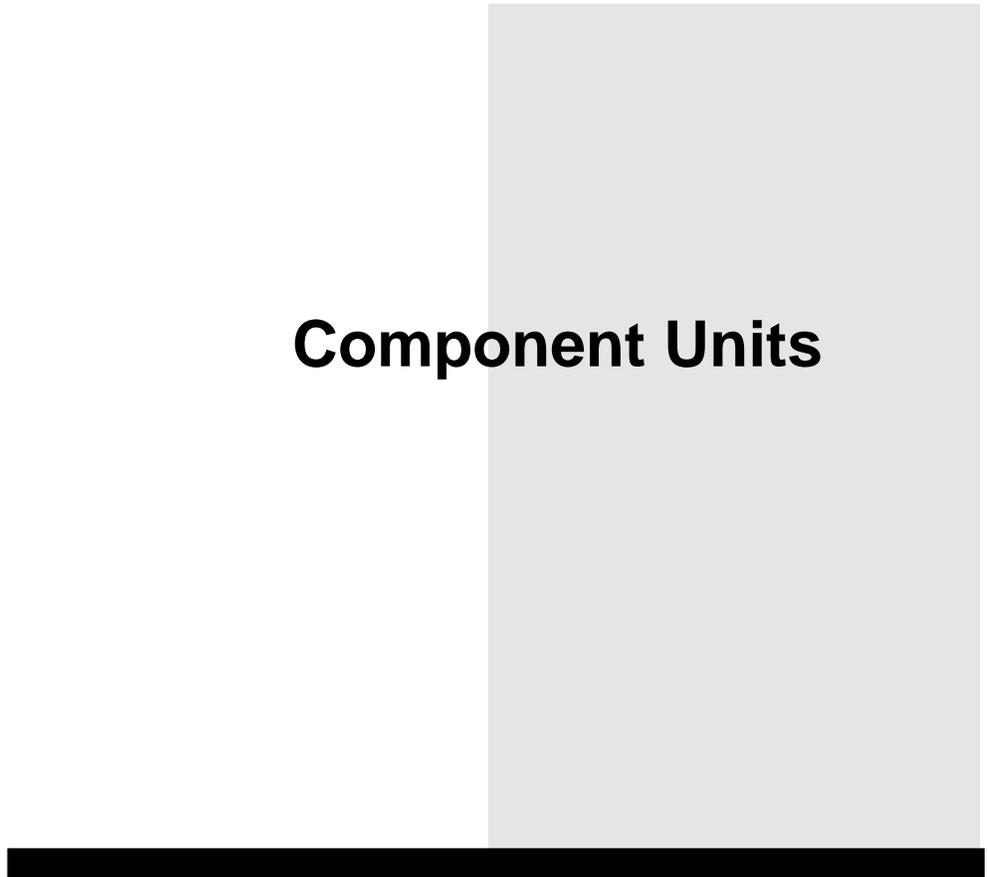
	<i>Balance, January 1, 2007</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance, December 31, 2007</i>
<u>Trust and Agency Fund</u>				
Assets:				
Cash	\$ 2,070,302	\$ 247,789,623	\$ 249,859,925	\$ -
Investments	1,742,000	110,321,923	109,317,533	2,746,390
Accounts receivable	-	847	-	847
Total Assets	\$ 3,812,302	\$ 358,112,393	\$ 359,177,458	\$ 2,747,237
Liabilities:				
Checks issued against future deposits	\$ -	\$ -	\$ 919,630	\$ 919,630
Due to other governmental units	1,696,052	139,944,608	138,458,769	210,213
Other payables	2,116,250	63,720,208	63,221,352	1,617,394
Total Liabilities	\$ 3,812,302	\$ 203,664,816	\$ 202,599,751	\$ 2,747,237
<u>Library Trust Fund</u>				
Assets - Cash	\$ 215,502	\$ 644,552	\$ 630,715	\$ 229,339
Liability - Due to other governmental units	\$ 215,502	\$ 1,257,051	\$ 1,270,888	\$ 229,339
<u>Bail Bond Fund</u>				
Assets - Cash	\$ 3,020	\$ 762,716	\$ 762,736	\$ 3,000
Liability - Other payables	\$ 3,020	\$ 762,696	\$ 762,676	\$ 3,000

County of Kalamazoo, Michigan

Agency Funds Combining Statement of Changes in Assets and Liabilities Year Ended December 31, 2007 (Concluded)

	<i>Balance, January 1, 2007</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance, December 31, 2007</i>
<u>Inmates' Trust Fund</u>				
Assets - Cash	\$ 186,349	\$ 508,706	\$ 494,304	\$ 200,751
Liability - Other payables	\$ 186,349	\$ 506,346	\$ 520,748	\$ 200,751
<u>Drain Performance Bond Fund</u>				
Assets - Cash	\$ 114,811	\$ 25,930	\$ 29,980	\$ 110,761
Liability - Other payables	\$ 114,811	\$ 58,760	\$ 54,710	\$ 110,761
<u>All Agency Funds</u>				
Assets:				
Cash	\$ 2,589,984	\$ 249,731,527	\$ 251,777,660	\$ 543,851
Investments	1,742,000	110,321,923	112,063,923	-
Accounts receivable	-	847	-	847
Total Assets	\$ 4,331,984	\$ 360,053,450	\$ 363,841,583	\$ 544,698
Liabilities:				
Checks issued against future deposits	\$ -	\$ -	\$ 919,630	\$ 919,630
Due to other governmental units	1,911,554	141,201,659	139,729,657	439,552
Other payables	2,420,430	65,048,010	64,559,486	1,931,906
Total Liabilities	\$ 4,331,984	\$ 206,249,669	\$ 205,208,773	\$ 3,291,088

Component Units



County of Kalamazoo, Michigan

Component Units Balance Sheet – At-Large Drains

	<i>Special Revenue</i>
	<i>At-Large Drains</i>
<hr/>	
<i>December 31, 2007</i>	
<hr/>	
Assets:	
Cash	\$ 1,063,517
Other assets	1,552
<hr/>	
Total Assets	1,065,069
<hr/>	
Liabilities -	
Accounts payable	\$ 1,068
Fund Balance -	
Unreserved	1,064,001
<hr/>	
Total Liabilities and Fund Balance	\$ 1,065,069
<hr/>	

County of Kalamazoo, Michigan

Component Units Statement of Revenues, Expenditures, and Changes in Fund Balance – At-Large Drains

	<i>Special Revenue</i>
	<i>At-Large Drains</i>
<hr/> <i>Year Ended December 31, 2007</i> <hr/>	
Revenues:	
Interest and rents	\$ 42,981
Other	12,493
<hr/>	
Total Revenues	55,474
Expenditures -	
Public Works - Drains	6,470
<hr/>	
Net Change in Fund Balance	49,004
Fund Balance, beginning of year	1,014,997
<hr/>	
Fund Balance, end of year	\$ 1,064,001

County of Kalamazoo, Michigan

Component Units Balance Sheet – DHS/Child Care Welfare

	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<hr/> <i>December 31, 2007</i> <hr/>	
Assets -	
Cash	\$ 1,108,673
<hr/>	
Liabilities -	
Deferred revenues	\$ 1,108,673
<hr/>	

County of Kalamazoo, Michigan

Component Units Statement of Revenues, Expenditures, and Changes in Fund Balance – DHS/Child Care Welfare

	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<hr/> <i>Year Ended December 31, 2007</i> <hr/>	
Revenues:	
State grants	\$ 675,489
Local unit contributions	651,100
Charges for services	90,345
Other revenues	101,208
<hr/>	
Total Revenues	1,518,142
Expenditures -	
Health and welfare	1,518,142
<hr/>	
Net Change in Fund Balance	-
Fund Balance, beginning of year	-
<hr/>	
Fund Balance, end of year	\$ -
<hr/>	

County of Kalamazoo, Michigan

Component Units Balance Sheet – Transportation Authority

	<i>Special Revenue</i>
<i>December 31, 2007</i>	<i>Transportation Authority</i>
Assets:	
Cash	\$ 691,270
Investments	1,783,000
Accounts receivable	2,529,023
Total Assets	\$ 5,003,293
Liabilities:	
Accounts payable	\$ 18,311
Accrued liabilities	1,662
Deferred revenues	3,111,504
Total Liabilities	3,131,477
Fund Balance - Unreserved	1,871,816
Total Liabilities and Fund Balance	\$ 5,003,293

County of Kalamazoo, Michigan

Component Units Statement of Revenues, Expenditures, and Changes in Fund Balance – Transportation Authority

	<i>Special Revenue</i>
<i>Year Ended December 31, 2007</i>	<i>Transportation Authority</i>
Revenues:	
Taxes	\$ 3,204,075
Interest	95,956
Total Revenues	3,300,031
Expenditures -	
Transportation	1,591,700
Net Change in Fund Balance	1,708,331
Fund Balance, beginning of year	163,485
Fund Balance, end of year	\$ 1,871,816

**Statistical Section
(Unaudited)**

County of Kalamazoo, Michigan

Statistical Section (Unaudited) Contents

This part of the County of Kalamazoo, Michigan’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

	<i>Page</i>
Financial Trends – Schedules 1-4	131 - 135
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity – Schedules 5-8	136 - 139
These schedules contain information to help the reader assess the factors affecting the County’s ability to generate its property and sales tax.	
Debt Capacity – Schedules 9-11	140 - 143
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
Demographic and Economic Information – Schedules 12-13	144 and 145
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information – Schedules 14-16	146 - 148
These schedules contain information about the County’s operations and resources to help the reader understand how the County’s financial information relates to the service the County provides and the activities it performs.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

County of Kalamazoo, Michigan

Schedule 1 – Net Assets by Component, Last Six Fiscal Years – 2007-2002 (Unaudited)

<i>December 31,</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
Governmental Activities:						
Invested in capital assets, net of related debt	\$ 11,728,648	\$ 14,594,522	\$ 15,261,715	\$ 15,521,670	\$ 15,339,334	\$ 15,519,059
Restricted:						
Revenue sharing reserve	18,318,542	21,154,552	14,334,413	8,357,014	-	-
Capital projects	-	4,882,322	4,169,092	4,169,994	7,670,957	7,496,724
Special revenue grants	6,544,606	6,254,864	4,836,203	3,584,389	198,507	4,353,842
Unrestricted	44,414,631	32,575,999	32,683,732	37,673,606	43,838,436	35,647,333
Total Governmental Activities						
Net Assets	\$ 81,006,427	\$ 79,462,259	\$ 71,285,155	\$ 69,306,673	\$ 67,047,234	\$ 63,016,958
Business-Type Activities:						
Invested in capital assets, net of related debt	\$ 24,479,312	\$ 22,144,066	\$ 22,238,237	\$ 17,177,064	\$ 25,622,908	\$ 25,136,081
Unrestricted	25,967,411	24,150,506	22,834,327	25,133,407	15,401,720	16,850,333
Total Business-Type Activities						
Net Assets	\$ 50,446,723	\$ 46,294,572	\$ 45,072,564	\$ 42,310,471	\$ 41,024,628	\$ 41,986,414
Primary Government:						
Invested in capital assets, net of related debt	\$ 36,207,960	\$ 36,738,588	\$ 37,499,952	\$ 32,698,734	\$ 40,962,242	\$ 40,655,140
Restricted:						
Revenue sharing reserve	18,318,542	21,154,552	14,334,413	8,357,014	-	-
Capital projects	-	4,882,322	4,169,092	4,169,994	7,670,957	7,496,724
Special revenue grants	6,544,606	6,254,864	4,836,203	3,584,389	198,507	4,353,842
Unrestricted	70,382,042	56,726,505	55,518,059	62,807,013	59,240,156	52,497,666
Total Primary Government						
Net Assets	\$ 131,453,150	\$ 125,756,831	\$ 116,357,719	\$ 111,617,144	\$ 108,071,862	\$ 105,003,372

Source: County of Kalamazoo, Michigan, Office of Finance.

Note: Accrual-basis financial information for the County government as a whole is available back to 2002 only, the year GASB Statement No. 34 was implemented.

County of Kalamazoo, Michigan

Schedule 2 – Changes in Net Assets, Last Six Fiscal Years – 2007-2002 (Unaudited)

<i>Year Ended December 31,</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
Expenses:						
Governmental activities:						
General government	\$ 20,264,934	\$ 13,287,815	\$ 13,112,946	\$ 11,732,332	\$ 11,123,116	\$ 10,880,583
Public safety	25,519,348	24,567,020	23,603,804	22,280,373	20,966,523	20,542,319
Public works	299,344	943,220	1,387,569	2,217,157	3,726,950	2,968,647
Health and welfare	36,180,122	29,999,233	35,057,267	37,871,316	35,414,960	39,402,887
Recreation and culture	3,232,282	8,583,164	3,085,417	3,272,460	3,271,733	3,074,684
Legislative	897,634	840,222	877,050	966,888	1,026,702	877,044
Judicial	17,774,174	17,872,285	18,775,967	19,129,554	19,413,915	19,181,485
Other	-	-	3,447,841	3,153,334	2,598,686	3,010,874
Transfer to Component Unit	-	-	-	-	3,200,421	-
Interest and fiscal charges	656,948	517,525	650,538	770,194	101,494	12,645
Total governmental activities expenses	104,824,786	96,610,484	99,998,399	101,393,608	100,844,500	99,951,168
Business-type activities:						
Delinquent tax	6,690	130,180	4,692	-	-	-
Airport operations	5,759,066	5,360,135	5,112,676	5,166,426	4,787,446	4,736,051
Total business-type activities expenses	5,765,756	5,490,315	5,117,368	5,166,426	4,787,446	4,736,051
Total Primary Government Expenses	\$ 110,590,542	\$ 102,100,799	\$ 105,115,767	\$ 106,560,034	\$ 105,631,946	\$ 104,687,219
Program Revenues:						
Governmental activities:						
Charges for Services:						
General government	\$ 2,703,273	\$ 2,950,571	\$ 3,260,615	\$ 3,034,136	\$ 3,159,116	\$ 2,531,938
Public safety	1,728,469	2,041,571	1,955,818	1,880,319	2,828,112	2,369,491
Health and welfare	2,016,657	1,245,711	2,536,375	2,897,372	3,900,534	3,525,571
Recreation and culture	2,634,950	2,419,217	2,349,378	2,184,590	2,150,853	1,875,856
Judicial	5,871,196	6,057,390	5,567,520	5,643,531	5,177,202	5,158,766
Interest and fiscal charges	-	-	-	-	5,721	-
Other	-	-	-	2,535,357	-	-
Operating Grants and Contributions:						
General government	249,407	301,947	225,171	2,380,121	4,919,944	5,699,471
Public safety	2,919,091	3,470,642	4,256,489	3,447,189	2,604,522	2,506,079
Public works	147,679	134,747	133,005	101,632	81,241	96,385
Health and welfare	23,970,105	23,641,025	22,353,996	23,478,271	22,686,497	26,539,470
Recreation and culture	1,389,113	1,293,595	1,200,748	1,088,279	1,071,803	1,071,299
Judicial	7,448,395	7,596,287	7,609,797	7,470,937	6,094,228	5,468,000
Interest and fiscal charges	15,395	-	-	-	-	16,679
Other	-	-	21,819	-	63,650	6,805
Other	-	-	51,625	970,524	2,092,493	166,459
Total governmental activities program revenues	51,093,730	51,152,703	51,522,356	57,112,258	56,835,916	57,032,269

County of Kalamazoo, Michigan

Schedule 2 – Changes in Net Assets, Last Six Fiscal Years – 2007-2002 (Concluded) (Unaudited)

<i>Year Ended December 31,</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
Program Revenues (Concluded):						
Business-type activities:						
Charges for services:						
Delinquent tax	\$ 1,957,711	\$ 1,444,859	\$ 1,497,697	\$ 1,253,219	\$ 1,334,219	\$ 1,389,643
Airport operations	4,316,214	4,233,581	4,483,389	4,004,586	3,971,819	4,228,094
Operating grants and contributions -						
Airport operations	(28,892)	600,649	186,278	165,547	225,328	518,604
Capital grants and contributions -						
Airport operations	3,471,510	721,909	1,760,080	1,627,723	(1,088,788)	3,700,929
<hr/>						
Total business-type activities						
program revenues	9,716,543	7,000,998	7,927,444	7,051,075	4,442,578	9,837,270
<hr/>						
Total Primary Government						
Program Revenues	\$ 60,810,273	\$ 58,153,701	\$ 59,449,800	\$ 64,163,333	\$ 61,278,494	\$ 66,869,539
<hr/>						
Net (Expense) Revenue:						
Governmental activities	\$ (53,731,056)	\$ (45,457,781)	\$ (48,476,043)	\$ (44,281,350)	\$ (44,008,584)	\$ (42,918,899)
Business-type activities	3,950,787	1,510,683	2,810,076	1,884,649	(344,868)	5,101,219
Expenses	\$ (49,780,269)	\$ (43,947,098)	\$ (45,665,967)	\$ (42,396,701)	\$ (44,353,452)	\$ (37,817,680)
<hr/>						
General Revenues and Other Changes in Net Assets:						
Governmental activities:						
Property taxes levied for operating	\$ 47,291,086	\$ 34,879,561	\$ 33,990,340	\$ 30,922,234	\$ 34,573,669	\$ 37,232,784
Property taxes levied for						
revenue sharing reserve	1,108,851	11,064,283	10,416,376	10,654,932	10,689,067	284,333
Other taxes	-	-	-	46,309	89,972	3,979,224
Local unit contract revenue	1,218,268	1,276,194	1,631,699	1,285,000	-	-
Other	1,633,340	1,583,650	1,714,911	2,100,784	2,486,451	-
Unrestricted investment earnings	3,460,386	3,113,934	1,776,199	631,530	639,642	892,627
Transfers in (out)	975,000	953,000	925,000	900,000	800,000	(1,214,438)
<hr/>						
Total governmental activities	55,686,931	52,870,622	50,454,525	46,540,789	49,278,801	41,174,530
<hr/>						
Business-type activities:						
Other	3,550	3,449	391,916	-	-	-
Unrestricted investment earnings	1,172,814	660,876	485,101	301,194	183,082	200,298
Transfers in (out)	(975,000)	(953,000)	(925,000)	(900,000)	(800,000)	(975,000)
<hr/>						
Total business-type activities	201,364	(288,675)	(47,983)	(598,806)	(616,918)	(774,702)
<hr/>						
Total Primary Government	\$ 55,888,295	\$ 52,581,947	\$ 50,406,542	\$ 45,941,983	\$ 48,661,883	\$ 40,399,828
<hr/>						
Change in Net Assets:						
Governmental activities	\$ 1,955,875	\$ 7,412,841	\$ 1,978,482	\$ 2,259,439	\$ 5,270,217	\$ (1,744,369)
Business-type activities	4,152,151	1,222,008	2,762,093	1,285,843	(961,786)	4,326,517
<hr/>						
Total Primary Government	\$ 6,108,026	\$ 8,634,849	\$ 4,740,575	\$ 3,545,282	\$ 4,308,431	\$ 2,582,148

Source: County of Kalamazoo, Michigan, Office of Finance.

Note: Accrual-basis financial information for the County government as a whole is available back to 2002 only, the year GASB Statement No. 34 was implemented.

County of Kalamazoo, Michigan

Schedule 3 – Fund Balances, Governmental Funds, Last Six Fiscal Years – 2007-2002 (Unaudited)

<i>December 31,</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
General Fund:						
Reserved:						
Encumbrances	\$ 320,821	\$ 142,981	\$ 137,877	\$ 118,176	\$ 62,986	\$ 92,536
Prepaid expenditures/inventories	219,467	34,327	108,592	18,497	9,495	7,844
Long-term advances	-	23,790	300,000	-	-	-
Unreserved -						
Designated for future expenditures	5,764,300	5,764,300	4,252,900	4,252,900	4,040,300	3,937,113
Unreserved, reported in -						
General Fund	15,078,874	11,017,692	6,448,111	4,736,676	4,712,564	8,942,016
Total General Fund	\$ 21,383,462	\$ 16,983,090	\$ 11,247,480	\$ 9,126,249	\$ 8,825,345	\$ 12,979,509
All Other Governmental Funds:						
Reserved:						
Revenue Sharing Reserve Fund	\$ 18,318,542	\$ -	\$ 14,334,413	\$ 8,357,014	\$ -	\$ -
Encumbrances	232,968	198,706	253,453	497,474	65,648	13,000
Prepaid expenditures/inventories	-	-	485	23,156	76,293	76,224
Long-term receivable from other governmental unit	-	279,901	320,439	-	-	-
Unreserved:						
Designated for future expenditures (Special Revenue Funds)	411,500	411,500	224,720	222,876	378,700	37,626
Special Revenue Funds	6,502,765	6,254,864	4,836,203	3,584,389	3,745,252	4,353,842
Debt Service Funds	314	-	-	-	-	-
Capital Projects Funds	32,081,896	4,602,421	3,848,653	4,169,994	4,047,920	7,496,724
Total All Other Governmental Funds	\$ 57,547,985	\$ 11,747,392	\$ 23,818,366	\$ 16,854,903	\$ 8,313,813	\$ 11,977,416

Source: County of Kalamazoo, Michigan, Office of Finance.

Note: Due to changes connected with the implementation of GASB 34, Fund Balance information is available back to 2002 only.

<i>Year Ended December 31,</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
Revenues:			
Taxes	\$ 49,760,689	\$ 57,777,230	\$ 53,541,737
Licenses and permits	793,611	785,730	846,714
Intergovernmental	35,704,794	37,753,619	36,904,503
Changes for services	10,124,910	9,598,624	10,762,032
Fines and forfeitures	2,634,069	2,789,201	2,618,152
Interest	3,460,386	3,113,934	1,776,199
Other	1,631,441	1,566,376	1,714,911
Donations and contributions	2,260,309	249,663	578,346
Total Revenues	106,370,209	113,634,377	108,742,594
Expenditures:			
General government	9,841,143	10,909,325	11,159,696
Public safety	24,822,423	24,539,667	23,294,592
Public works	299,335	943,231	1,387,608
Health and welfare	36,130,575	30,248,194	35,179,510
Recreation and culture	2,926,544	8,309,375	2,812,928
Legislation	897,634	840,222	877,050
Judicial	17,432,615	17,829,372	18,617,735
Other	8,102,389	2,320,857	2,944,769
Transfer to component units	-	-	-
Debt service:			
Principal	1,810,040	1,443,530	1,386,687
Interest	517,222	524,919	633,923
Bond issuance costs	149,183	-	-
Capital outlay	3,294,285	1,742,541	2,138,519
Total Expenditures	106,223,388	99,651,233	100,433,017
Excess (Deficiency) of Revenues Over Expenditures	146,821	13,983,144	8,309,577
Other Financing Sources (Uses):			
Transfers in	16,946,211	16,541,876	16,434,229
Transfers in - Component unit	-	-	-
Transfers out	(16,808,792)	(16,212,332)	(16,275,980)
Transfers out - Component unit	-	-	-
Issuance of note	630,000	506,500	750,000
Issuance of bond	28,321,900	-	1,295,000
Bond discount	(189,727)	-	-
Premium on refunding bond	-	-	13,231
Payments to escrow agent	-	-	(1,441,363)
Total Other Financing Sources (Uses)	28,899,592	836,044	775,117
Net Change in Fund Balances	\$ 29,046,413	\$ 14,819,188	\$ 9,084,694
Debt Service as a Percentage of Noncapital Expenditures	2.3%	2.0%	2.1%

County of Kalamazoo, Michigan

Schedule 4 – Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years – 2007-1998 (Unaudited)

2004	2003	2002	2001	2000	1999	1998
\$ 51,332,024	\$ 38,747,183	\$ 35,881,691	\$ 34,389,722	\$ 33,639,192	\$ 32,162,941	\$ 29,307,154
862,458	482,737	688,569	678,286	688,512	623,520	605,089
41,158,355	42,331,020	44,701,470	49,588,372	42,952,013	42,749,024	37,463,152
10,664,460	13,395,974	11,524,246	11,141,138	11,846,956	11,263,768	7,630,463
2,747,894	2,016,715	1,832,553	507,820	572,187	632,519	508,581
631,530	645,363	922,473	1,974,071	2,346,753	1,748,122	1,705,692
2,100,784	2,511,701	4,008,224	2,405,863	1,963,790	3,721,684	3,238,676
-	-	-	-	-	-	-
109,497,505	100,130,693	99,559,226	100,685,272	94,009,403	92,901,578	80,458,807
11,461,734	10,699,858	10,222,174	9,343,025	9,028,594	8,566,885	8,300,971
21,472,657	19,960,944	19,452,026	18,383,360	16,511,539	16,257,625	14,903,060
2,195,172	3,726,967	2,968,693	634,696	2,825,818	5,940,702	1,784,574
37,117,973	34,549,824	38,425,154	40,744,738	36,561,442	34,141,268	30,918,499
2,976,942	2,984,957	2,785,506	2,378,743	2,388,419	2,350,775	2,332,582
966,888	1,026,702	877,044	801,485	741,196	810,213	907,187
18,644,364	18,790,626	18,411,630	17,779,870	16,125,090	16,871,141	11,799,054
3,090,484	2,567,505	2,974,320	2,519,217	2,025,681	1,816,431	1,815,536
-	3,200,421	-	-	-	-	-
1,647,000	2,345,000	2,067,865	1,656,855	1,592,210	2,026,554	1,945,899
686,452	793,684	909,528	962,062	898,063	1,054,299	951,824
-	-	-	-	-	-	-
2,803,172	2,940,717	2,327,244	1,963,590	1,880,581	3,844,294	2,856,682
103,062,838	103,587,205	101,421,184	97,167,641	90,578,633	93,680,187	78,515,868
6,434,667	(3,456,512)	(1,861,958)	3,517,631	3,430,770	(778,609)	1,942,939
13,816,990	12,515,159	12,954,003	14,023,183	13,134,062	11,723,721	11,297,800
-	-	6,614	-	-	-	-
(13,646,120)	(12,876,414)	(13,136,988)	(14,362,615)	(13,167,785)	(11,831,795)	(11,200,518)
-	-	(2,196,052)	(1,593,931)	(1,606,051)	(1,606,051)	(1,589,435)
2,151,000	-	-	2,623,647	-	6,048,252	-
2,910,000	-	-	-	-	-	-
-	-	-	-	-	-	-
65,401	-	-	-	-	-	-
(2,889,944)	-	-	-	-	-	-
2,407,327	(361,255)	(2,372,423)	690,284	(1,639,774)	4,334,127	(1,492,153)
\$ 8,841,994	\$ (3,817,767)	\$ (4,234,381)	\$ 4,207,915	\$ 1,790,996	\$ 3,555,518	\$ 450,786
2.3%	3.1%	3.0%	2.8%	2.8%	3.4%	3.8%

Source: County of Kalamazoo, Michigan, Office of Finance.

County of Kalamazoo, Michigan

Schedule 5 – Assessed Value and Actual Value of Taxable Property^(a), Last Ten Fiscal Years – 2007-1998 (Unaudited)

<i>Fiscal Year</i>	<i>Real Property Value</i>						<i>(b)</i>
	<i>Agricultural Property</i>	<i>Commercial Property</i>	<i>Industrial Property</i>	<i>Residential Property</i>	<i>Personal Property</i>	<i>Total</i>	<i>Total Direct Tax Rate</i>
	\$	\$	\$	\$	\$	\$	\$
2007	216,698,123	1,719,347,867	505,724,481	6,159,696,308	809,587,546	9,411,054,325	6.34
2006	199,195,596	1,639,755,890	485,676,345	5,838,021,440	795,172,638	8,957,821,909	6.14
2005	202,576,301	1,561,122,682	481,762,317	5,428,008,097	806,931,249	8,480,400,646	6.14
2004	185,417,194	1,487,215,229	475,181,926	5,082,135,722	792,256,281	8,022,206,352	6.14
2003	153,280,951	1,396,751,002	443,920,723	4,729,736,472	810,320,054	7,534,009,202	6.14
2002	147,726,339	1,280,730,398	450,485,268	4,372,387,161	789,912,726	7,041,241,892	6.14
2001	137,259,433	1,157,989,445	365,365,750	4,060,031,323	794,179,125	6,514,825,076	6.14
2000	123,334,529	1,054,166,442	356,122,565	4,060,031,323	732,544,957	6,326,199,816	6.14
1999	111,974,649	979,061,642	352,629,755	3,819,201,153	797,200,071	6,060,067,270	6.14
1998	101,887,357	895,847,115	329,743,971	3,325,381,747	752,597,048	5,405,457,238	6.14

^(a) Property is assessed at the legal market value determined by the local assessor's office.

^(b) Per \$1,000 of value.

Source: County of Kalamazoo, Michigan, Equalization Department.

Note: The County assesses property annually. In Michigan, the proportion of real and tangible personal property not exempt by law is assessed at 50% of true cash value.

County of Kalamazoo, Michigan

Schedule 6 – Direct and Overlapping Property Tax Rates, Last Ten Years – 2007-1998 (Unaudited)

<i>December 31,</i>	<i>Year Taxes Are Payable</i>									
	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
County Direct Rates:										
Operating	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6900	4.6900	4.6900	4.6900
Law enforcement	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4500	1.4500	1.4500	1.4500
Juvenile Home Debt	0.2000	-	-	-	-	-	-	-	-	-
Total direct rates	6.3362	6.1362	6.1362	6.1362	6.1362	6.1362	6.1400	6.1400	6.1400	6.1400
City Rates:										
Galesburg	9.7856	9.8112	9.8112	9.9144	9.9603	10.0004	9.0477	9.0814	9.1198	9.2287
Kalamazoo	19.2705	19.1606	19.2705	19.2705	19.2705	19.2705	21.5667	21.5667	21.5667	21.1440
Parchment	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	11.6772	11.6772	10.0000
Portage	10.4892	10.1442	10.1442	10.1442	10.1442	10.3017	10.0000	10.0000	10.1000	10.1770
Township Rates:										
	0.7860	0.7978-	0.8059-	0.8151-	0.352-	0.8352-	0.8457-	0.8513-	0.8597-	0.7665-
	8.9691	10.8691	8.9691	8.9367	8.9943	8.9943	9.0587	9.0906	9.1372	9.1483
Village Rates:										
	9.000-	9.5000-	9.0000-	9.0000-	9.0000-	9.0000-	9.0000-	8.8000-	9.0000-	8.8000-
	16.000	16.0000	16.20000	16.4000	15.1185	15.1251	15.9370	15.9482	15.9517	15.9585
Intermediate School Rates:										
	4.1217-	2.6837-	2.6837-	2.9307-	2.7054-	2.7130-	2.7235-	2.7527-	2.7843-	2.8037-
	6.2057	9.0832	6.2057	6.2057	6.2641	6.3558	6.4390	6.4754	6.5371	6.5907
Local School Rates:										
	18.000-	18.0000-	16.6421-	16.9801-	17.3267-	17.6408-	18.0000-	17.7223-	18.0000-	18.0000-
	27.050	27.0990	26.6209	27.8283	27.0500	26.8967	27.0838	26.9348	27.0500	27.0500
Library Rates:										
	0.4291-	0.4376-	0.4483-	0.4558-	0.4629-	0.4784-	0.4852-	0.4919-	0.5000-	0.4200-
	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583	4.0000
Community College Rates:										
Glen Oaks	2.7249	2.7249	2.7088	2.7453	2.7453	2.7495	2.7559	2.7806	2.8117	2.8409
Kalamazoo Valley	2.8135	5.6270	2.8135	2.8135	2.8139	2.8139	2.8151	2.8151	2.8151	2.8231
Kellogg	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7128	3.7128	3.7239
State Education Tax Rates -										
	6.0000	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000

Source: County of Kalamazoo, Michigan, Equalization Department.

Note: Rates are stated in dollars per one thousand of state equalized or taxable valuation.

County of Kalamazoo, Michigan

Schedule 7 – Principal Property Taxpayers, Current Year and Nine Years Ago – December 31, 2007 and 1998 (Unaudited)

<i>Taxpayer</i>	<i>Fiscal Year 2007</i>			<i>Fiscal Year 1998</i>		
	<i>Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total County Taxable Assessed Value</i>	<i>Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total County Taxable Assessed Value</i>
Pfizer/Pharmacia	\$ 456,600,159	1	4.85%	\$ 402,661,698	1	6.92%
Consumer's Energy	104,758,871	2	1.11%	106,570,446	2	1.83%
Stryker Corp.	61,633,244	3	0.65%	11,863,450	10	0.20%
Meijer, Inc./Goodwill	32,005,106	4	0.34%	17,919,600	9	0.31%
Target	31,647,159	5	0.34%	-	-	-
Greenleaf/Catalyst Dev. Co.	30,409,685	6	0.32%	-	-	-
Graphic Packaging	24,171,152	7	0.26%	-	-	-
Benteler Auto Corp.	19,946,700	8	0.21%	-	-	-
Edward Rose	21,677,915	9	0.23%	12,695,539	5	0.22%
Connecticut General Life Insurance-Crossroads Mall	21,494,343	10	0.23%	27,773,700	6	0.48%
James River	-	-	-	65,134,001	3	1.12%
General Motors	-	-	-	43,859,400	4	0.75%
First of America	-	-	-	24,267,597	7	0.42%
Southland Mall	-	-	-	23,048,500	8	0.40%
Total	\$ 804,344,334		8.54%	\$ 735,793,931		12.65%

Source: County of Kalamazoo, Michigan, Equalization Department.

County of Kalamazoo, Michigan

Schedule 8 – Property Tax Levies and Collections, Last Ten Years – 2007-1998 (Unaudited)

Fiscal Year	Levy Year	Taxes (a) Levied for the Fiscal Year			Collected Within the Fiscal Year of the Levy			Total Collections to Date	
		(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2007	2006	\$ 50,775,893	\$ 818,318	\$ 49,957,575	\$ 45,113,305	88.85%	*	\$ 45,113,305	90.30%
2006	2005	\$ 46,640,625	\$ 911,302	\$ 45,729,323	\$ 43,297,409	92.83%	*	\$ 43,297,409	94.68%
2005	2004	\$ 44,014,109	\$ 1,865,269	\$ 42,148,840	\$ 38,821,673	88.20%	*	\$ 38,821,673	92.11%
2004	2003	\$ 41,847,285	\$ 2,678,991	\$ 39,168,294	\$ 36,770,855	87.87%	*	\$ 36,770,855	93.88%
2003	2002	\$ 39,647,219	\$ 3,043,657	\$ 36,603,562	\$ 34,665,210	87.43%	*	\$ 34,665,210	94.70%
2002	2001	\$ 38,055,102	\$ 4,545,137	\$ 33,509,965	\$ 31,485,341	82.74%	*	\$ 31,485,341	93.96%
2001	2000	\$ 35,694,912	\$ 529,273	\$ 35,165,639	\$ 30,982,184	86.80%	*	\$ 30,982,184	88.10%
2000	1999	\$ 33,428,660	\$ 1,494,761	\$ 31,933,899	\$ 30,249,479	90.49%	*	\$ 30,249,479	94.73%
1999	1998	\$ 32,475,422	\$ 1,594,325	\$ 30,881,097	\$ 29,277,008	90.15%	*	\$ 29,277,008	94.81%
1998	1997	\$ 30,481,563	\$ 2,928,034	\$ 27,553,529	\$ 26,176,970	85.88%	*	\$ 26,176,970	95.00%

Source: County of Kalamazoo, Michigan, Treasurer's Office.

Note: The information in this schedule relates to the County's own property levies, and does not include those it collects on behalf of other governments.

* Information not available.

County of Kalamazoo, Michigan

Schedule 9 – Ratios of General Bonded Debt Outstanding, Last Ten Years – 2007-1998 (Unaudited)

<i>Fiscal Year</i>	<i>General Bonded Debt Outstanding</i>			<i>Percentage of</i>		
	<i>General Obligation Bonds</i>	<i>Less Amounts Restricted to Repaying Principal</i>	<i>Total</i>	<i>Personal Income</i>	<i>Actual Value of Taxable Property</i>	<i>Per Capital</i>
2007	\$ 48,655,000	\$ -	\$ 48,655,000	0.59%	0.52%	\$ 198.32
2006	\$ 20,285,000	\$ -	\$ 22,877,284	0.25%	0.26%	\$ 95.04
2005	\$ 22,300,000	\$ -	\$ 22,300,000	0.29%	0.41%	\$ 92.71
2004	\$ 24,756,000	\$ -	\$ 24,756,000	0.33%	0.41%	\$ 102.25
2003	\$ 24,120,000	\$ -	\$ 24,120,000	0.33%	0.38%	\$ 99.62
2002	\$ 17,515,000	\$ -	\$ 17,515,000	0.25%	0.27%	\$ 73.41
2001	\$ 19,310,000	\$ -	\$ 19,310,000	0.28%	0.27%	\$ 80.93
2000	\$ 18,770,000	\$ -	\$ 18,770,000	0.28%	0.25%	\$ 78.67
1999	\$ 20,610,000	\$ -	\$ 20,610,000	0.32%	0.26%	\$ 89.66
1998	\$ 16,780,000	\$ -	\$ 16,780,000	0.27%	0.20%	\$ 73.06

Source: County of Kalamazoo, Michigan, Office of Finance.

Note: 2007 percentage calculated using 2006 personal income data, which is the most recent available.

County of Kalamazoo, Michigan

Schedule 10 – Direct and Overlapping Governmental Activities Debt, as of December 31, 2007 (Unaudited)

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Direct and Overlapping Debt</i>
Libraries:			
Kalamazoo District	\$ 7,835,000	100%	\$ 7,835,000
Otsego	3,630,000	31%	1,109,328
Richland	820,000	100%	820,000
Total Libraries			9,764,328
Townships:			
Brady	2,717,280	100%	2,717,280
Comstock	2,070,000	100%	2,070,000
Cooper	2,100,000	100%	2,100,000
Pavilion	1,020,520	100%	1,020,520
Richland	33,000	100%	33,000
Schoolcraft	3,150	100%	3,150
Texas	2,612,000	100%	2,612,000
Total Townships			10,555,950
Cities:			
Galesburg	2,400,000	100%	2,400,000
Kalamazoo	31,015,000	100%	31,015,000
Parchment	720,000	100%	720,000
Portage	84,915,650	100%	84,915,650
Total Cities			119,050,650
Villages:			
Augusta	1,495,000	100%	1,495,000
Climax	170,000	100%	170,000
Richland	195,000	100%	195,000
Schoolcraft	750,000	100%	750,000
Vicksburg	80,000	100%	80,000
Total Villages			2,690,000

County of Kalamazoo, Michigan

Schedule 10 – Direct and Overlapping Governmental Activities Debt, as of December 31, 2007 (Concluded) (Unaudited)

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Direct and Overlapping Debt</i>
School Districts:			
Athens	\$ 2,110,000	5%	\$ 114,151
Climax Scotts	7,945,297	88%	7,005,368
Comstock	7,256,000	100%	7,256,000
Galesburg Augusta	19,977,357	100%	19,977,357
Gull Lake	44,352,000	83%	36,781,114
Kalamazoo	133,242,000	100%	133,242,000
Lawton	29,767,659	1%	199,443
Mattawan	27,915,000	64%	17,773,481
Mendon	15,979,864	2%	247,688
Otsego	62,289,346	38%	23,545,373
Parchment	34,245,000	100%	34,245,000
Plainwell	36,760,308	34%	12,358,816
Portage	30,575,000	100%	30,575,000
Schoolcraft	18,267,237	100%	18,267,237
Vicksburg	22,839,000	97%	22,249,754
Total School Districts			363,837,781
Community Colleges:			
Glen Oaks	995,000	0%	1,791
Kellogg	9,900,000	0%	18,810
Total Community Colleges			20,601
Intermediate School Districts -			
Allegan	255,000	12%	30,320
Subtotal, Overlapping Debt			505,949,629
Total Direct Debt			48,655,000
Total Direct and Overlapping Debt			\$ 554,604,629

Source: County of Kalamazoo, Michigan, Office of Finance.

Note: Percentage of overlap based on assessed property values.

<i>December 31,</i>	<i>2007</i>	<i>2006</i>	<i>2005*</i>	<i>2004</i>
Legal Debt Margin:				
Assessed value of property*	\$ 9,500,767,380	\$ 9,075,219,802	\$ 8,549,329,614	\$ 8,022,206,352
Debt limit, 10% of assessed value (constitutional debt limit)	950,076,738	907,521,980	854,932,961	802,220,635
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building Authority	37,420,000	9,300,000	9,500,000	9,500,000
Notes payable	741,244	1,090,282	1,424,813	1,750,000
Debt issues for benefit of local improvements:				
Water	875,000	930,000	970,000	245,000
Sewage	9,730,000	10,790,000	11,830,000	12,860,000
Water and sewage	-	-	-	-
Drainage	630,000	-	-	-
Notes payable	422,900	767,000	289,500	401,000
Total net debt applicable to limit	49,819,144	22,877,282	24,014,313	24,756,000
Outstanding debt	-	-	-	-
Legal Debt Margin	\$ 900,257,594	\$ 884,644,698	\$ 830,918,648	\$ 777,464,635
Total Net Debt Applicable to the				
Limit as a Percentage of Debt Limit	5.28%	2.52%	2.81%	3.09%

County of Kalamazoo, Michigan

Schedule 11 – Legal Debt Margin Information, Last Ten Years – 2007-1998 (Unaudited)

2003	2002	2001	2000	1999	1998
\$ 7,534,009,202	\$ 7,041,241,892	\$ 6,514,825,076	\$ 6,326,199,816	\$ 6,060,067,270	\$ 5,405,457,238
753,400,920	704,124,189	651,482,508	632,619,982	606,006,727	540,545,724
9,500,000	325,000	850,000	1,350,000	1,825,000	2,275,000
-	-	-	-	-	-
270,000	1,015,000	1,085,000	1,155,000	1,225,000	1,295,000
13,725,000	15,475,000	16,600,000	15,415,000	16,635,000	12,235,000
625,000	-	775,000	850,000	925,000	975,000
-	-	-	-	-	-
-	700,000	-	-	-	-
24,120,000	17,515,000	19,310,000	18,770,000	20,610,000	16,780,000
-	-	-	18,770,000	-	-
\$ 729,280,920	\$ 686,609,189	\$ 632,172,508	\$ 595,079,982	\$ 585,396,727	\$ 523,765,724
3.20%	2.49%	2.96%	2.97%	3.40%	3.10%

Source: County of Kalamazoo, Michigan, Equalization Department and Office of Finance.

Note: Prior to Board of Review actions.

* Beginning in 2005, Assessed Value includes Ad Valorem Taxes, Assessed Value of the Taxable Value of Act 198 Exemptions, and DNR Properties State Equalized Value.

County of Kalamazoo, Michigan

Schedule 12 – Demographic and Economic Statistics, Last Ten Fiscal Years – 2007-1998 (Unaudited)

<i>Year</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2007	245,333	*	*	5.20%
2006	244,212	\$ 8,197,651,000	\$ 33,568	5.20%
2005	242,913	\$ 7,705,033,000	\$ 32,089	5.10%
2004	242,110	\$ 7,522,956,000	\$ 31,411	5.80%
2003	242,110	\$ 7,370,638,000	\$ 30,534	5.30%
2002	238,603	\$ 7,111,167,000	\$ 29,590	4.40%
2001	238,603	\$ 6,843,529,000	\$ 28,626	4.30%
2000	238,603	\$ 6,642,895,000	\$ 27,809	3.50%
1999	229,867	\$ 6,420,365,000	\$ 27,024	2.99%
1998	229,660	\$ 6,307,681,000	\$ 26,692	2.72%

Source: State of Michigan Department of Labor and Economic Growth, U.S. Census Bureau, and U.S. Department of Commerce – Bureau of Economic Analysis.

** Personal income and per capita personal income information is not yet available for 2007.*

County of Kalamazoo, Michigan

Schedule 13 – Principal Employers, Current Year and Nine Years Ago – December 31, 2007 and 1998 (Unaudited)

<i>Employer</i>	<i>Fiscal Year 2007</i>			<i>Fiscal 1998</i>		
	<i>Employees</i>	<i>Rank</i>	<i>Percentage of Total County Employment</i>	<i>Employees</i>	<i>Rank</i>	<i>Percentage of Total County Employment</i>
Borgess Medical Center	4,642	1	3.45%	2,503	5	1.97%
Western Michigan University	4,045	2	3.00%	2,667	3	2.09%
Pfizer/Pharmacia	4,000	3	2.97%	6,289	1	4.94%
Bronson Methodist Hospital	3,729	4	2.77%	2,561	4	2.01%
Kalamazoo Public School District	2,200	5	1.63%	2,200	6	1.73%
Stryker Corporation	1,792	6	1.33%	900	9	0.71%
National City Bank (First of America)	1,600	7	1.19%	2,800	2	2.20%
Meijer, Inc.	1,306	8	0.97%	2,120	7	1.66%
Summit Polymers, Inc.	1,230	9	0.91%			
Portage Public Schools	1,229	10	0.91%			
General Motors				1,470	8	1.15%
Abex NWL Aerospace				780	10	0.61%
	25,773		19.14%	24,290		19.07%
Total	134,630			127,370		

Source: Kalamazoo Chamber of Commerce and W.E. Upjohn Institute.

County of Kalamazoo, Michigan

Schedule 14 – Full-time Equivalent County Government Employees by Function, Last Ten Fiscal Years – 2007-1998 (Unaudited)

<i>Function/Program</i>	<i>Full-time Equivalent Employees as of December 31,</i>									
	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
General government	128.2	128.7	127.7	128.4	133.4	130.8	134.8	132.1	130.3	122.0
Public safety	226.5	226.0	225.9	227.2	236.0	231.4	238.5	233.8	230.5	215.8
Health and welfare	299.3	306.3	314.4	316.2	328.3	321.9	331.9	325.1	320.6	300.2
Recreation and culture	17.3	17.7	19.5	19.8	20.5	20.1	20.8	20.3	20.0	18.8
Legislative	6.0	6.0	9.8	9.8	10.3	10.1	10.4	10.2	10.0	9.4
Judicial	222.1	225.1	225.9	227.3	235.9	231.3	238.5	223.6	230.5	215.8
Other	29.6	28.9	29.5	29.6	30.8	30.2	31.1	30.5	30.1	28.1
Airport	23.5	23.5	19.5	19.8	20.5	20.2	20.8	20.3	20.0	18.8
Total	952.5	962.3	972.2	978.0	1015.6	995.7	1026.6	995.8	991.9	928.6

Source: County of Kalamazoo, Michigan, Office of Finance.

County of Kalamazoo, Michigan

Schedule 15 – Operating Indicators by Function, Last Ten Fiscal Years – 2007-1998 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Government:										
Revenue from sale of maps, aerial photos, and street directories	12,117	1,039	1,809	262	362	1,034	580	733	*	*
Revenue from soil erosion and sedimentation control permits issued	36,180	47,147	50,011	60,728	58,353	60,361	22,423	18,563	NA	NA
Public Safety:										
Jail bookings	11,499	12,319	11,777	11,305	10,652	9,214	8,578	8,347	8,722	8,876
Average daily population	366	340	365	359	340	340	341	342	350	342
Judicial:										
8th District										
Court caseloads	80,700	79,257	82,326	80,608	79,296	71,796	69,045	68,198	73,879	77,012
Airport:										
Based aircraft	148	148	144	130	123	111	NA	NA	NA	NA
Enplanements	206,659	236,744	222,343	223,244	234,796	233,572	NA	NA	NA	NA

Source: County of Kalamazoo, Michigan, Office of Finance and individual county departments.

* Information not available.

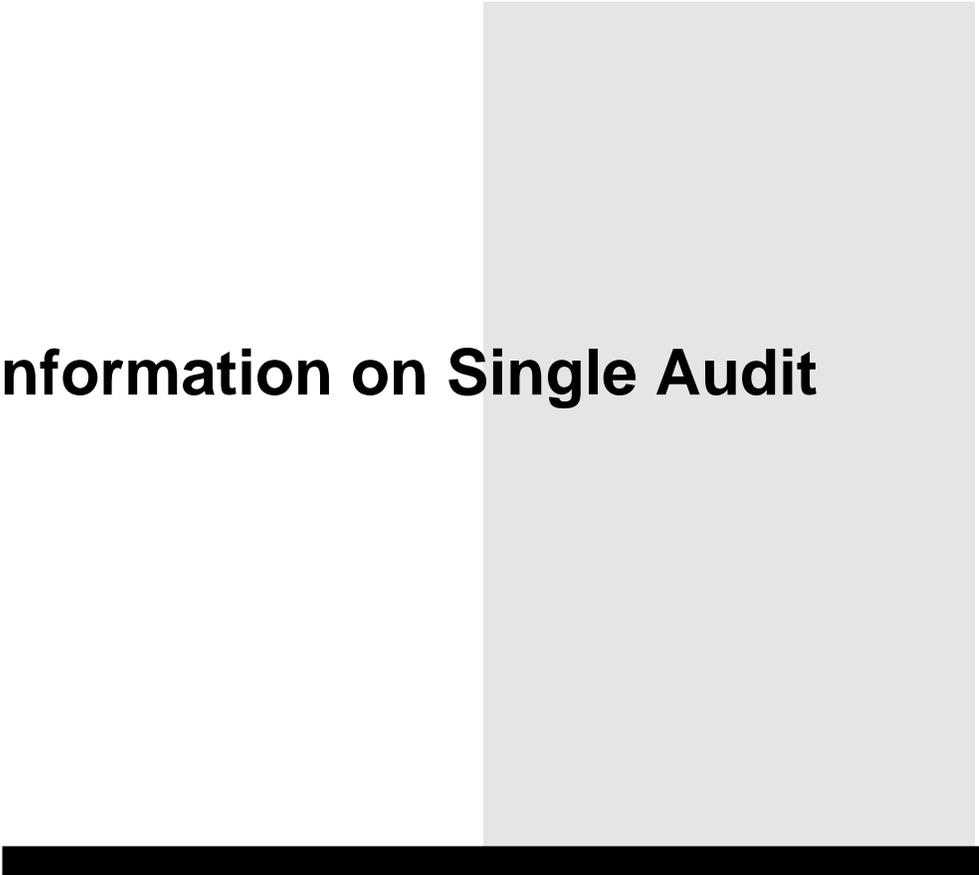
County of Kalamazoo, Michigan

Schedule 16 – Capital Asset Statistics by Function, Last Ten Fiscal Years – 2007-1998 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Public Safety:										
Correction facility capacity	327	327	327	327	327	327	327	327	327	327
Juvenile Home capacity	40	40	40	40	40	40	40	40	40	40
Recreation and Culture:										
Parks	6	6	6	6	6	6	6	6	6	6
County Fairground	1	1	1	1	1	1	1	1	1	1
Judicial -										
Courthouse buildings	3	3	3	3	2	2	1	1	1	1
Airport Operations:										
Number of runways	3	3	3	3	3	3	3	3	3	3
Terminals	1	1	1	1	1	1	1	1	1	1
Number of hangars	95	95	95	95	95	95	95	95	95	95

Source: County of Kalamazoo, Michigan, Office of Finance and individual county departments.

Information on Single Audit





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Accountants and Consultants

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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*

Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the County of Kalamazoo, Michigan (the County), as of and for the year ended December 31, 2007 (September 30, 2007, for a certain component unit), and have issued our report thereon dated June 13, 2008. We did not audit the financial statements of the Kalamazoo County Road Commission or the Kalamazoo Community Mental Health and substance Abuse Services (KCMHSAS), which represents 96% of the total assets of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Kalamazoo County Road Commission and KCMHSAS, are based solely on the reports 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.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County'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 County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated June 13, 2008.

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

BDO Seidman, LLP

Certified Public Accountants

June 13, 2008



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Accountants and Consultants

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Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan

Compliance

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

The County's basic financial statements include the operations of the Road Commission, which expended \$2,879,962 in federal awards, and KCMHSAS, which expended \$5,566,537 in federal awards, which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2007. Our audit, described below, did not include the operations of the Road Commission and KCMHSAS because the component units' audits in accordance with *OMB Circular A-133* were performed separately and a separate report was issued.

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

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

Internal Control Over Compliance

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

A control deficiency in the County'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 County'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 County'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 County'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 the County's 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.

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

BDO Seidman, LLP

Certified Public Accountants

June 13, 2008

Schedule of Expenditures of Federal Awards



County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Agriculture:		
<i>Passed-through Michigan Department of Human Services:</i>		
Food Stamp Fraud Prosecution	10.550	\$ 13,058
<i>Passed-through Michigan Department of Education:</i>		
Food distribution - Commodities	10.550	5,520
		18,578
<i>Passed-through Michigan State University:</i>		
Family Nutrition Program - Food Stamps	10.551	9,019
<i>Passed-through Michigan Department of Education:</i>		
School Breakfast Program:		
Breakfast - Project No. 71970	10.553	21,113
Breakfast - Project No. 81970	10.553	8,198
		29,311
National School Lunch Program:		
Section 4 - All Lunches - Project No. 71950	10.555	3,506
Section 4 - All Lunches - Project No. 81950	10.555	1,314
Section 11 - Free and Reduced - Project No. 71950	10.555	30,732
Section 11 - Free and Reduced - Project No. 81960	10.555	11,778
		47,330
<i>Passed-through Michigan Department of Community Health:</i>		
Special Supplemental Food Program for Women, Infants, and Children	10.557	455,498
<i>Passed-through Michigan Department of Education:</i>		
Child Care Food Program	10.558	210,129
<i>Passed-through Michigan Department of Labor and Economic Growth:</i>		
Food Stamp Employment and Training Plan	10.561	76,221
<i>Passed-through Michigan State University:</i>		
Food Stamp Nutrition Education	10.561	8,993
		85,214
<i>Passed-through Michigan Department of Education:</i>		
Temporary Emergency Food Assistance Program	10.568	21,113
Emergency Food Assistance Program - USDA Commodities - TEFAP	10.569	25,692
Total U.S. Department of Agriculture		901,884

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Housing and Urban Development:		
<i>Passed-through Kalamazoo Neighborhood Housing Services, Inc.:</i> CDBG Contracted Lead Services	14.218	\$ 10,450
<i>Passed-through Michigan Department of Consumer and Industry Services:</i> CDBG Small Cities Program - Housing Grant	14.219	120,262
<i>Passed-through Michigan Economic Development Corporation:</i> South Burdick Streetscape Project	14.228	336,101
<i>Passed-through Michigan Department of Consumer and Industry Services:</i> Emergency Shelter Grants Program - MSHDA - ESG	14.231	48,051
Direct Program - Supportive Housing Program - Transitional Housing	14.235	70,646
<i>Passed-through Southwest Michigan Community Action Agency:</i> CDBG Contracted Lead Services	14.239	4,812
Total U.S. Department of Housing and Urban Development		590,322
U.S. Department of Justice:		
<i>Passed-through Michigan Department of State Police:</i> State Domestic Preparedness Equipment Grant	16.007	110
Direct Program - Comprehensive Approaches to Sex Offender Management Discretionary Grant	16.203	63,825
<i>Passed-through Michigan Department of Human Services:</i> Juvenile Accountability Incentive Block Grant JAIBG-07-39001	16.523	15,395
Juvenile Justice and Delinquency Prevention - Allocation to States: Juvenile Offenders With Co-Occurring Disorders JDMHC-06-39001	16.540	13,526
Better Tomorrows JJBRC-05-39001-03	16.540	53,923
		67,449
<i>Passed-through Michigan Department of Community Health:</i> Crime Victim Assistance	16.575	64,433

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Justice (Concluded):		
Direct Program -		
Grants to Encourage Arrest Policies and Enforcement of Protection Orders -		
Domestic Violence Liaison Prosecutor Program	16.590	\$ 147,720
Direct Program - State Criminal Alien Assistance Program	16.606	77,409
Direct Program - Public Safety Partnership -		
COPS Grant 2004-CK-WX-0103	16.710	140,947
Direct Program - Public Safety Partnership -		
COPS Grant 2005-CK-WX-0191	16.710	68,601
Direct Program - Public Safety Partnership -		
COPS Grant 2006-CK-WX-0555	16.710	83,802
		293,350
Direct Program - Reduction and Prevention of Children's Exposure to Violence -		
Safe Start - Project "Revoc"	16.730	22,603
<i>Passed-through Michigan Department of Community Health:</i>		
SWET 70888-8-07-B	16.738	64,534
SWET 70888-9-08-B	16.738	25,076
Adult Drug Court SCAO-2006-005	16.738	151,375
Adult Drug Court SCAO-2007-053	16.738	472
<i>Passed-through City of Kalamazoo:</i>		
Justice Assistant Grant 2006-DJ-BX-0532	16.738	12,970
Justice Assistant Grant 2007-DJ-BX-0822	16.738	23,595
		278,022
Total U.S. Department of Justice		1,030,316

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Labor:		
<i>Passed-through Michigan Department of Labor and Economic Growth:</i>		
Wagner-Peyser Employment Service	17.207	\$ 263,490
Wagner-Peyser Employment Service	17.207	165,118
		428,608
Reed Act Work First	17.225	194,817
Trade Adjustment Act - Type A - Trade Adjustment Assistance	17.245	1,588
Trade Adjustment Act - Type A - Trade Adjustment Assistance	17.245	176,792
		178,380
Work Force Investment Act:		
WIA Adult	17.258	852,619
WIA Local Administration	17.258	118,546
WIA High Concentration Youth	17.258	8,349
WIA WF Support	17.258	9,806
WIA Performance Incentive	17.258	13,947
WIA One-Stop Operation	17.258	42,419
WIA Capacity Building and Professional Development	17.258	7,840
		1,053,526
WIA Youth	17.259	1,177,923
WIA Local Administration	17.259	118,546
WIA High Concentration Youth	17.259	8,349
WIA WF Support	17.259	9,806
WIA Performance Incentive	17.259	13,947
WIA One-Stop Operation	17.259	42,419
WIA Capacity Building and Professional Development	17.259	7,840
		1,378,830

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Labor (Concluded):		
<i>Passed-through Michigan Department of Labor and Economic Growth:</i>		
Work Force Investment Act:		
WIA Dislocated Worker	17.260	\$ 1,028,968
WIA Local Administration	17.260	118,546
WIA High Concentration Youth	17.260	8,349
WIA Performance Incentive	17.260	13,947
WIA One- Stop Operation	17.260	42,419
WIA Capacity Building and Professional Development	17.260	7,840
WIA Rapid Response Type C - 21st Century Workforce	17.260	22,532
WIA Rapid Response Type C - NWLB	17.260	22,978
WIA Rapid Response Type I - Incumbent Worker	17.260	5,333
WIA Type S-DW Scholarships	17.260	13,394
WIA WF Support	17.260	9,806
WIA Type I - DW Incumbent	17.260	74,651
		1,368,763
Work Incentive Grant - WIA Disability Program Navigator	17.266	1,671
Total U.S. Department of Labor		4,604,595
 U.S. Department of Transportation:		
<i>Passed-through Michigan Department of Transportation:</i>		
Formula Grants for Other than Urbanized Areas -		
Care-A-Van Transportation	20.509	(38)
 <i>Passed-through Michigan Department of State Police:</i>		
Interagency Hazardous Materials Public Sector Training & Planning Grants		
H.M.E.P. Planning Grant	20.703	189
Total U.S. Department of Transportation		151

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Environmental Protection Agency:		
<i>Passed-through Michigan Department of Environmental Quality:</i>		
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities - DEQ Air Monitoring	66.034	\$ 5,160
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs - Nontransient NCW System	66.471	5,200
Hazardous Waste Management State Program Support - Clean Sweep	66.801	5,833
Direct Program - Brownfield Assessment and Cleanup Cooperative Agreements - Brownfield Assessment	66.818	52,563
Total U.S. Environmental Protection Agency		68,756
U.S. Department of Energy -		
<i>Passed-through Michigan Department of Human Services:</i>		
Weatherization Assistance for Low-Income Persons - Weatherization Assistance Program	81.042	292,886
Total U.S. Department of Energy		292,886
U.S. Department of Health and Human Services:		
<i>Passed-through Michigan Office of Services to the Aging:</i>		
Special Programs for the Aging - Title VII, Chapter 3 - Programs for the Preservation of Elder Abuse, Neglect, and Exploitation - Title VII EAP	93.041	6,717
Special Programs for the Aging: Title VII, Chapter 2 - Long Term Care Ombudsman Services to Individuals	93.042	6,880
Title III, Part D - Disease Prevention and Health Promotion Services - Title III D Services	93.043	14,320
Title III, Part B - Grants for Supportive Services and Senior Centers: Title III B - Administration	93.044	66,648
Title III B - Services	93.044	204,509
		271,157

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Health and Human Services (Continued):		
<i>Passed-through Michigan Office of Services to the Aging:</i>		
<i>Special Programs for the Aging:</i>		
<i>Title III, Part C - Nutrition Services -</i>		
Title III C1/C2 Services	93.045	\$ 327,683
<i>Title III E, National Family Caregiver Support Program:</i>		
Title III E - NFCSP	93.052	76,894
Title III E - Care Management	93.052	9,213
Title III E - Information and Assistance	93.052	8,332
		94,439
Nutrition Services Incentive Program - USDA Senior Citizen Meals	93.053	118,903
<i>Passed-through Michigan Department of Mental Health:</i>		
Projects for Assistance in Transition from Homelessness - P.A.T.H.	93.150	40,364
<i>Passed-through Michigan Department of Community Health:</i>		
Methamphetamine Prevention	93.243	17,199
<i>Immunization Grants:</i>		
Vaccine Provided	93.268	1,577,238
Infant Immunization Initiative	93.268	120,501
		1,697,739
<i>Centers for Disease Control and Prevention -</i>		
<i>Investigations and Technical Assistance:</i>		
Centers for Disease Control Prevention - Lab Services	93.283	174,594
Bioterrorism	93.283	266,690
Bioterrorism - Pandemic Flu	93.283	22,408
Asthma Coalition	93.283	10,461
BCCCP - Wise Woman	93.283	205,310
		679,463

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Health and Human Services (Continued):		
<i>Passed-through Michigan Department of Human Services:</i>		
Promoting Safe and Stable Families - MSU FIA Grandparent Support	93.556	\$ 53,368
<i>Passed-through Michigan Department of Human Services:</i>		
Temporary Assistance for Needy Families - Assistance Payments	93.558	397,121
<i>Passed-through Michigan Department of Labor and Economic Growth:</i>		
Work First	93.558	2,369,168
Temporary Assistance for Needy Families	93.558	25,155
		2,791,444
<i>Passed-through Michigan Department of Human Services:</i>		
Child Support Enforcement:		
Child Support Enforcement - FOC	93.563	1,880,834
Child Support Enforcement - PA	93.563	441,874
		2,322,708
Low-Income Home Energy Assistance	93.568	18,972
Community Services Block Grant - Community Services Block Grant/CSBG	93.569	555,305
Community Services Block Grant - Discretionary Awards		
Community Food and Nutrition	93.571	1,138
Child Care and Development Block Grant - DHS License Inspections	93.575	4,903
<i>Passed-through SCAO:</i>		
Grants to States for Access and Visitation Programs - Access and Visitation Grant	93.597	10,655
Direct Program - Head Start:		
Head Start 05CH5120/32	93.600	3,198,372
Head Start 05CH5120/33	93.600	769,369
		3,967,741

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Health and Human Services (Concluded):		
<i>Passed-through Michigan Department of Human Services:</i>		
Foster Care - Title IV-E - Prosecuting Attorney DHS Grant PROFC-06-39001	93.658	\$ 28,984
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Medical Assistance Program:</i>		
Childhood Lead	93.778	25,348
Michigan Infant Mortality Initiative	93.778	51,412
Southwest Michigan Single Point of Entry Project	93.778	192,266
Case Management Services - CHSCS	93.778	96,433
<i>Passed-through Office of Services to the Aging:</i>		
Ombudsman Medicaid	93.778	15,009
Targeted Case Management	93.778	26,236
		406,704
<i>Passed-through Area Agency on Aging Association of Michigan:</i>		
Health Care Financing Research, Demonstrations and Evaluations - MMAP	93.779	12,378
Direct Program - Healthy Start	93.926E	628,760
<i>Passed-through Michigan Department of Community Health:</i>		
HIV Prevention Activities - Health Department Based - AIDS/HIV Prevention	93.940	116,895
Block Grants for Prevention and Treatment of Substance Abuse - KCHSD Prevention	93.959	32,852
<i>Preventative Health Services - Sexually Transmitted Diseases:</i>		
Laboratory Services	93.977	32,344
Sexually Transmitted Disease Control	93.977	27,153
		59,497
Preventative Health and Health Services Block Grant - Sexually Transmitted Disease Control	93.991	18,379
<i>Maternal and Child Health Services Block Grant to the States:</i>		
MCH Block Grant	93.994	149,297
Childhood Lead	93.994	12,679
Case Management Services - CSHCS	93.994	47,439
		209,415
Total U.S. Department of Health and Human Services		14,514,962

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007 (Concluded)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Homeland Security:		
<i>Passed-through Michigan Department of Natural Resources:</i>		
<i>Boating Safety Financial Assistance:</i>		
Marine Safety Program	97.012	\$ 14,590
Marine Safety Equipment Grant	97.012	18,000
		32,590
<i>Passed-through Michigan Department of State Police:</i>		
Emergency Management Performance Grant	97.042	52,435
Homeland Security Grant	97.067	64,667
<i>Passed-through Van Buren County:</i>		
Homeland Security Grant	97.067	373,620
		438,287
Total U. S. Department of Homeland Security		523,312
Total Primary Government Unit		\$ 22,527,184

<i>Services</i>	<i>Federal Admin.</i>	<i>Title IIIB</i>	<i>Title IIIC-1</i>	<i>Title IIIC-2</i>	<i>Title VII/EAP</i>	<i>Title VIIA</i>
Personal care	\$ -	\$ 3,319	\$ -	\$ -	\$ -	\$ -
Homemaker	-	12,144	-	-	-	-
Home delivered meals	-	-	-	105,215	-	-
Adult day care	-	-	-	-	-	-
Care management	-	-	-	-	-	-
In-home respite care	-	1,529	-	-	-	-
Case coordination and support	-	37,128	-	-	-	-
Congregate meals	-	-	210,594	-	-	-
Transportation	-	38,340	-	-	-	-
Legal assistance	-	12,476	-	-	-	-
Information and assistance	-	-	-	-	-	-
Elder abuse	-	-	-	-	8,959	-
Information and referral	-	21,665	-	-	-	-
Home repair	-	3,000	-	-	-	-
Home Injury Control	-	3,000	-	-	-	-
Counseling	-	-	-	-	-	-
Senior center staffing	-	28,750	-	-	-	-
Program development	-	38,387	-	-	-	-
Medication management	-	289	-	-	-	-
Health promotion	-	-	-	-	-	-
Ombudsman	-	5,726	-	-	-	9,453
Nutrition counseling	-	-	246	246	-	-
Caregiver education support and training	-	-	-	-	-	-
Subtotal	-	205,753	210,840	105,461	8,959	9,453
Administration	69,932	-	-	-	-	-
Total	\$ 69,932	\$ 205,753	\$ 210,840	\$ 105,461	\$ 8,959	\$ 9,453

County of Kalamazoo, Michigan

Supplemental Schedule of Expenditures by Service September 30, 2007

<i>NSIP/ USDA</i>	<i>Title IID</i>	<i>NFCSP IIE</i>	<i>State Admin.</i>	<i>State Care Mgmt.</i>	<i>State Access</i>	<i>State In-Home</i>	<i>State Cong. Meals</i>	<i>State HDM</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,752	\$ -	\$ -
-	-	-	-	-	-	33,502	-	-
87,789	-	-	-	-	-	-	-	215,472
-	-	7,503	-	-	-	-	-	-
-	-	-	-	160,527	-	-	-	-
-	-	14,050	-	-	-	-	-	-
-	-	-	-	-	18,285	-	-	-
38,755	-	-	-	-	-	-	8,599	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	7,023	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	6,838	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	3,621	-	-	-	-	-	-	-
-	10,699	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	49,627	-	-	-	-	-	-
126,544	14,320	85,041	-	160,527	18,285	60,254	8,599	215,472
-	-	-	11,054	-	-	-	-	-
\$ 126,544	\$ 14,320	\$ 85,041	\$ 11,054	\$ 160,527	\$ 18,285	\$ 60,254	\$ 8,599	\$ 215,472

County of Kalamazoo, Michigan

Supplemental Schedule of Expenditures by Service September 30, 2007 (Concluded)

<i>Services</i>	<i>State NHO</i>	<i>State Alt. Care</i>	<i>State Respite/ Tobacco</i>	<i>State Merit Award Trust</i>	<i>Totals</i>
Personal care	\$ -	\$ 16,994	\$ -	\$ -	\$ 47,065
Homemaker	-	55,386	-	-	101,032
Home delivered meals	-	-	-	-	408,476
Adult day care	-	-	27,715	52,456	87,674
Care management	-	-	-	-	160,527
In-home respite care	-	-	21,543	23,016	60,138
Case coordination and support	-	-	-	-	55,413
Congregate meals	-	-	-	-	257,948
Transportation	-	-	-	-	38,340
Legal assistance	-	-	-	-	12,476
Information and assistance	-	-	-	-	7,023
Elder abuse prevention	-	-	-	-	8,959
Information and referral	-	-	-	-	21,665
Home repair	-	-	-	-	3,000
Home Injury Control	-	-	-	-	3,000
Counseling	-	-	-	-	6,838
Senior center staffing	-	-	-	-	28,750
Program development	-	-	-	-	38,387
Medication management	-	-	-	-	3,910
Health promotion	-	-	-	-	10,699
Ombudsman	30,216	-	-	-	45,395
Nutrition counseling	-	-	-	-	492
Caregiver education support and training	-	-	-	-	49,627
Subtotal	30,216	72,380	49,258	75,472	1,456,834
Administration	-	-	-	7,464	88,450
Total	\$ 30,216	\$ 72,380	\$ 49,258	\$ 82,936	\$ 1,545,284

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Schedule of Federal Pass-Through Funds to Subrecipients Year Ended December 31, 2007

<i>Program Name</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
Food Stamp Employment and Training and Supportive Services	10.561	\$ 76,221
Transitional Housing	14.235	68,199
Employment Service/Wagner-Peyser Funded Activities	17.207	428,608
Reed Act Work First	17.225	194,816
Trade Adjustment Assistance	17.245	178,380
Workforce Investment Act - Adult	17.258	852,619
Workforce Investment Act - Youth	17.259	1,177,923
Workforce Investment Act - Dislocated Workers	17.260	1,028,968
Workforce Investment Act - Local Administration Type A	17.258	118,546
	17.259	118,546
	17.260	118,546
Workforce Investment Act - High Concentration Youth Type N	17.258	8,349
	17.259	8,349
	17.260	8,349
Workforce Investment Act - One-Stop Operations Type A	17.258	42,419
	17.259	42,419
	17.260	42,419
Workforce Investment Act - Performance Incentive Type D	17.258	13,947
	17.259	13,947
	17.260	13,947
Workforce Investment Act - Capacity Building Type E	17.258	7,840
	17.259	7,840
	17.260	7,840
Workforce Investment Act - WF Support Type M	17.258	9,806
	17.259	9,806
	17.260	9,806
Workforce Investment Act -		
Rapid Response 21st Century Workforce Type C	17.260	22,532
Workforce Investment Act - Dislocated Worker Incumbent Type I	17.260	79,983
Workforce Investment Act - Dislocated Worker Scholarships Type S	17.260	13,394
Workforce Investment Act -		
Rapid Response No Worker Left Behind Type C	17.260	22,978
Workforce Investment Act - Disability Program Navigator	17.266	1,671

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Schedule of Federal Pass-Through Funds to Subrecipients Year Ended December 31, 2007 (Concluded)

<i>Program Name</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	\$ 14,320
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	132,408
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	327,181
National Family Caregiver Support	93.052	76,894
Nutrition Services Incentive Program (USDA) - Senior Citizens' Meal Program	93.053	118,903
Temporary Assistance for Needy Families - Work First	93.558	1,841,186
Temporary Assistance for Needy Families - Work First JET	93.558	527,983
Michigan Infant Mortality Initiative	93.778	4,673
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	93.779	12,224
Healthy Start Initiative - Phase II	93.926E	399,509
Total Federal Pass-Through Funds to Subrecipients		\$ 8,204,296

County of Kalamazoo, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2007

Note 1 The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of County of Kalamazoo, Michigan, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2 *U.S. Department of Transportation Grants* - The County participates in the Airport Improvement Program of the U.S. Department of Transportation, CFDA 20.106. The discretely presented component unit (Road Commission) participates in the Highway Research, Planning, and Construction Program of the U.S. Department of Transportation, CFDA 20.205. The programs are both administered by the Michigan Department of Transportation therefore the County and the Road Commission have no responsibilities regarding fiscal or compliance controls over such assistance. These grants consist of the following:

<i>December 31, 2007</i>	<i>Federal CFDA Number</i>	<i>Current Year Expenditures</i>
Primary Government -		
U.S. Department of Transportation -		
<i>Passed-through Michigan Department of Transportation:</i>		
Airport Improvement Program	20.106	\$ 2,098,249
Airport Security Reimbursement	20.106	(28,892)
<hr/>		
Total Primary Government -		
U.S. Department of Transportation		\$ 2,069,357
<hr/>		
Discretely Presented Component Unit -		
Governmental - Road Commission -		
U.S. Department of Transportation -		
<i>Passed-through Michigan Department of Transportation -</i>		
Highway Research, Planning, and Construction	20.205	\$ 2,879,962
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County of Kalamazoo, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2007

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
An unqualified opinion was issued on the compliance report for major programs.	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of <i>Circular A-133</i> ?	No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
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17.258	WIA Cluster Program
17.259	WIA Cluster Program
17.260	WIA Cluster Program
93.044	Special Programs for the Aging
93.045	Special Programs for the Aging
93.053	Special Programs for the Aging
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.600	Head Start
93.268	Immunization Grants
93.283	Center for Disease Control and Prevention

Dollar threshold used to distinguish between Type A and Type B Programs	\$ 675,816
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Auditee qualified as low-risk auditee?	Yes
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Section II – Financial Statement Findings
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No matters were reported.

Section III – Federal Award Findings and Questioned Costs
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No matters were reported.



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Accountants and Consultants

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June 13, 2008

County Board of Commissioners and Management
County of Kalamazoo, Michigan
201 West Kalamazoo Avenue
Kalamazoo, Michigan 49007

Dear County Board of Commissioners and Management:

During the course of our audit of the County of Kalamazoo, Michigan's (the County's) financial statements for the year ended December 31, 2007, we observed the County's significant accounting policies and procedures and certain business, financial, and administrative practices. In planning and performing our audit of the financial statements of the 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 of Kalamazoo'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.

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

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

Our consideration of internal control was for the limited purpose described above 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 that we consider to be material weaknesses, as defined above.

* * *



BDO Seidman, LLP
Accountants and Consultants

County Board of Commissioners and Management
County of Kalamazoo, Michigan
June 13, 2008
Page Two

We have also prepared the enclosed memorandum containing suggestions for improving the County's internal control.

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

We appreciate the outstanding cooperation from your staff that our personnel received during the audit of the County's financial statements.

Very truly yours,

BDO SEIDMAN, LLP

BDO Seidman, LLP

Certified Public Accountants

COUNTY OF KALAMAZOO, MICHIGAN

MEMORANDUM REGARDING INTERNAL CONTROL AND
ACCOUNTING PROCEDURES
YEAR ENDED DECEMBER 31, 2007

As a result of our recent audit of the County's financial statements, we have the following suggestions for improving the existing internal control. These matters did not affect the fair presentation of the financial statements.

Prior Year Recommendations:

Operating Continuity and Disaster Recovery Planning

The County does not have a documented comprehensive disaster recovery plan. The information systems department organization has data backup procedures in place, analyzed some of the recovery time requirements, and is implementing a technical infrastructure and process including redundant server hardware to be used in the event of a server failure or destruction. However, the County has not developed a comprehensive operating continuity and disaster recovery plan addressing actions to take in the event of a major event affecting a significant portion of primary facilities, including the data center area.

2008 Management Response

The County has moved progressively in this area. Since 2006, a Business Continuity Plan has been drafted and is under review by the executive committee. The plan is in the final stage of completion.

Circuit Court

During our petty cash procedures for the Circuit Court, we noted that a Deputy Clerk responsible for the petty cash account receives the replenishment check from the office of finance and also cashes the replenishment check.

Recommendation

We recommend supervisors receive and cash the petty cash replenishment checks instead of the employees responsible for the petty cash accounts.

2008 Management Response

The Circuit Court has changed procedures for the handling of petty cash. The check to replenish the petty cash is made to a different staff person than the person in charge of the petty cash. This person cashes the check and gives the cash to the person in charge of the petty cash fund. This had added an additional level of checking the transactions for petty cash.

COUNTY OF KALAMAZOO, MICHIGAN

MEMORANDUM REGARDING INTERNAL CONTROL AND
ACCOUNTING PROCEDURES
YEAR ENDED DECEMBER 31, 2007
(Continued)

Trust and Agency Accounts

During our review of various Trust and Agency accounts, we noted certain accounts were not reconciled as of December 31, 2006. These were accounts used by District Court, Circuit Court, and the Treasury Department. In 2007, we noted the Inmates Trust accounts were not reconciled as well. An Agency Fund is created to act as a custodian for other government units or private entities. Assets accounted for in an Agency Fund are held for a period of time as determined by legal contract or circumstances and then returned to their owners or some other party that is entitled to receive resources.

Recommendation

We recommend Trust and Agency accounts be reconciled on a monthly basis to ensure the accuracy of monthly financial statements. If reconciliations are performed less frequently, errors and adjustments can occur, resulting in the need for significant corrections when the reconciliations are performed. Any reconciling differences should be corrected before the books are closed for the month.

2008 Management Response

The County continues to improve in this area. In 2006, the District Court, Circuit Court, and the Treasurer's Office developed and implemented procedures for reconciliation of current activity in the Trust and Agency accounts. The office of finance provides oversight of the reconciliation procedures. The District Court, Circuit court, and Treasury Departments are up to date on their reconciliations and the Inmate Trust Department is working on theirs.

Register of Deeds

During our sales and cash receipts procedures, we noted that when an employee performs a customer refund, it does not show up on the daily reconciling report.

Recommendation

We recommend the County work with their software provider or information system department to revise the daily reconciling report to show refunds issued by each employee.

2008 Management Response

The Register of Deeds' Office is in the process of converting into software that will solve this issue. This should be completed in the fall of 2008.

COUNTY OF KALAMAZOO, MICHIGAN

MEMORANDUM REGARDING INTERNAL CONTROL AND
ACCOUNTING PROCEDURES
YEAR ENDED DECEMBER 31, 2007
(Continued)

2007 Audit Recommendations

Sheriff's Office and County Jail

During the 2007 audit, we reviewed the cash receipts procedures at the County Jail.

Recommendation

There should be a log for inmate trust receipts taken at the front desk. Each front desk and booking person should sign off next to each receipt on the bond sheet and the inmate trust log. Employees that are using the log should be properly trained on the procedures for logging cash on the bond sheet and inmate trust sheet. We noted an error made on the bond log sheet.

All checks should be stamped with a restrictive endorsement by the front desk staff or whoever receives the check first.

Combinations on padlocks and safes have not been changed for several years and prior employees have knowledge of the current combinations. We recommend combinations be changed after employee turnover.

The inmate system software handles the inmate accounting function as well as the booking and other inmate functions. One of the flaws of the inmate system is that all deposits that are posted to inmate accounts remain in the total balance regardless of whether or not deposits are subsequently spent by the inmate. As such, the system currently has a large balance of deposits in the total inmate trust account, which does not represent the actual cash balance. We suggest that reconciliation procedures are implemented for the inmate trust account so that the total deposit balance agrees to the bank balance. We recommend the Inmate Trust Fund is reconciled on a consistent basis (monthly) by reconciling the total of all inmate accounts (Inmate Cash Report) to the bank balance.

2008 Management Response

The Sheriff's Office currently has a procedure in place to account for each and every receipt. Inmate accounting personnel review all inmates' monies and receipts received each day and then chronologically account for each and every receipt in the register. The administrative secretary also accounts for Bail/Bond receipts in the same manner. It is this department's wish to continue to account for each receipt as we do currently and not add another step to the process.

COUNTY OF KALAMAZOO, MICHIGAN

**MEMORANDUM REGARDING INTERNAL CONTROL AND
ACCOUNTING PROCEDURES
YEAR ENDED DECEMBER 31, 2007
(Concluded)**

Employees are regularly trained and the Sheriff's Office will continue training as needed. The facility is a 24 hour/7 day a week operation and the Sheriff's Office is required to have a number of different individuals including relief persons available to accept bonds and inmate trust fund money. Some of these individuals do not regularly perform these tasks and occasionally make an error. It is our belief that we have enough safeguards in place to identify and correct these issues.

The appropriate stamps have been purchased and all checks will be stamped with a restrictive endorsement by the front desk staff or whoever receives the check first.

Combinations will be changed after employee turnover.

The Sheriff's Office is working with their software vendor for enhancements that will provide the necessary reports and will be implementing procedures for the inmate's trust reconciliation to the bank balance.