

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended .

Unit Name	County	Type	MuniCode
Opinion Date	Audit Submitted	Fiscal Year	

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

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

<input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input 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 type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input 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 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 type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input 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 type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input type="checkbox"/>	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <input type="text"/>
<input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies? <input type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text"/>
General Fund Expenditure:	<input type="text"/>
Major Fund Deficit Amount:	<input type="text"/>

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

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)	Last Name	Ten Digit License Number		
CPA Street Address	City	State	Zip Code	Telephone
CPA Firm Name	Unit's Street Address	City	Zip Code	

Midland County 2007



Comprehensive Annual Financial Report and Federal Financial Assistance Audit

For The Year Ended December 31, 2007

**MIDLAND COUNTY MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Year Ended December 31, 2007**

BOARD OF COMMISSIONERS

James T. Bentley, Chairman

Jim Stone, Vice Chairman

John Neal

Rose Marie McQuaid

Anthony C. Scarborough

Bill Waterman

Clara Wilson

Administrative Controller

David D. Benda

Finance Director

Balacchi M. Cransden, CPA, CFIM

Chief Accountant

Christopher Colkey

County Clerk

Scott Ashby

County Treasurer

Richard E. Enzer

Independent Auditors

Rehmann Robson CPAs & Consultants, PC

This report was prepared by
Midland County Finance Department

MIDLAND COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

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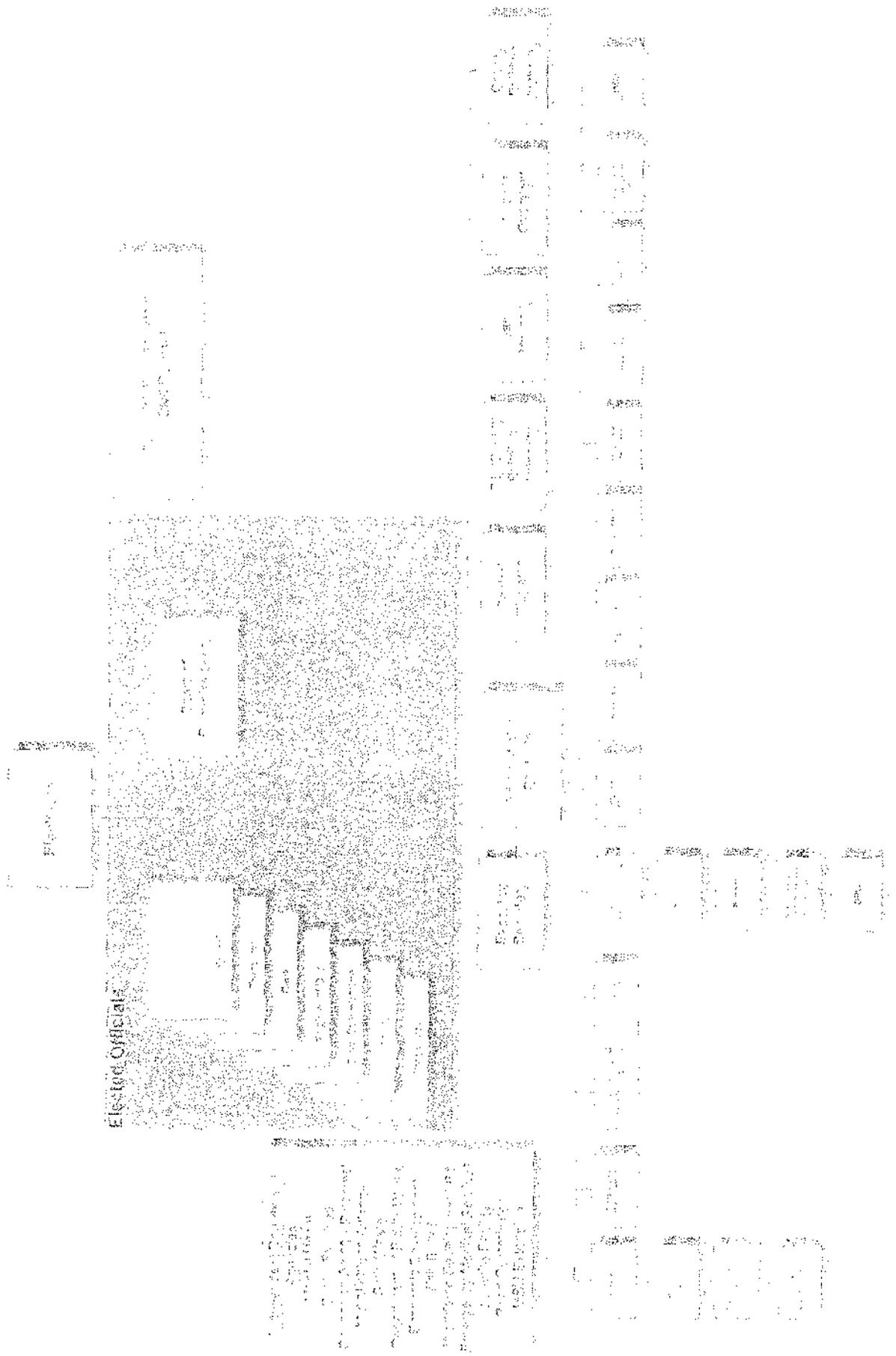
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Midland County Organizational Chart





OFFICE OF THE ADMINISTRATOR/CONTROLLER

Midland County Services Building • 220 W. Ellsworth St. • Midland, Michigan 48640-5194

David D. Benda

Administrator/Controller

Phone (989) 832-6786

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June 25, 2008

To the Citizens of
Midland County, Michigan:

The Comprehensive Annual Financial Report of the County of Midland, Michigan, for the fiscal year ended December 31, 2007, is submitted herewith. This report was prepared by the Midland County Finance Department with assistance from the County's Independent Auditors. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds; and that the disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The **introductory section** includes this transmittal letter, a list of principal officials and the Certificate of Achievement for Excellence in Financial Reporting. The **financial section** includes Management's Discussion and Analysis, the basic financial statements and the combining fund statements, as well as the auditor's report on the financial statements. The **statistical section** includes, at a minimum, the required GFOA financial and demographic information, generally presented on a multi year basis.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants, is included in the **single audit section** of this report.

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Procurement & Contracts Administrator
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This report includes all funds of the County and its component units as defined in Government Accounting Standards Board Statement No. 14, “The Financial Reporting Entity.” The County has implemented GASB Statement No. 14, which sets forth criteria for including/excluding certain related entities in the County’s basic financial statements. As a result, the Midland County Road Commission, the Office of the Midland County Drain Commissioner, the Economic Development Corporation of the County of Midland (“EDCCM”), and the Midland Economic Development Council (EDCCM Loan Revolving Fund) have been discretely presented as component units in the basic financial statements.

PROFILE OF THE GOVERNMENT:

The management of Midland County is overseen by a district-elected Board of Commissioners. This board consists of seven members. Board of Commissioners are elected for two year terms and have the responsibility of making appropriations to all County functions and establishing policy for all County operations. The Board of Commissioners appoints an Administrator/Controller who has the overall responsibility to oversee the administrative duties of the County with the exception of Elected Officials’ Offices.

The County provides many services to the County residents including, the administration of the Courts, Sheriff Road Patrol services in the unincorporated jurisdictions of the County, the constitutional offices of the County Clerk, Treasurer, Register of Deeds, Sheriff and Prosecutor and the statutory office of the Drain Commissioner. In addition, the County supports many other programs such as the Mosquito Control Program, Gypsy Moth Suppression, Health Services, Ambulance Services, County Transportation, County Infirmary and Services to older Citizens. The County also supports cultural and recreational services such as the MSU Extension, Parks and Recreation Services, and the Pere` Marquette Rail-Trail of Mid-Michigan.

FACTORS AFFECTING FINANCIAL CONDITION:

Local Economy:

The County continues to experience economic growth and development. Historically, much of the focus has been on industrial growth with Midland as the global headquarters for both the Dow Chemical and Dow Corning Corporations. However, recent expansion has been in other segments of the economy, thanks in large part to the efforts of the Midland Tomorrow, the local economic development entity. Following is a summary of some recent developmental activity in the County.

Commercial:

During 2007, commercial growth was primarily in the City of Midland. One of the most upscale hotels in the area, The Ashman Court, underwent a major renovation and was renamed the “H”. This was to correspond with the Dow Chemical Human Element global campaign. Three new businesses opened in the vicinity of the Midland Mall—Communications Family Credit Union, Chemical Bank, and Spring Hill Suites hotel.

Residential:

New housing in 2007 was down significantly from the year before. In 2007, there were approximately 150 new housing starts, compared to 177 in 2006. During the last three years, an average of 190 units have been started each year. The County also oversees a housing rehabilitation assistance program to facilitate comprehensive residential development.

Major Initiatives:

In 2007, the County is trying to adjust to a lower revenue base due to several issues. The first is the settlement of an outstanding tax appeal with its largest taxpayers, the Midland Cogeneration Venture. This appeal was approved by the State of Michigan in April 2008 and resulted in a reduction in General Fund revenue of almost 11%.

The 2008 budget includes the first bond interest payment for the newest bond issued for the construction on the new jail. The Midland County Building Authority has begun construction and the new jail is expected to open in September 2009.

Financial Management:

Management of the County is responsible for establishing and maintaining internal control designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Control:

The County maintains budgetary control with the objective to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the General and Special Revenue Funds are included in the annual appropriation budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by activity within these Funds. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end and are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Single Audit:

As a recipient of federal and state awards, the County is responsible for ensuring that adequate internal control is in place to achieve compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and the independent auditors of the County.

As part of the County's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal award programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended December 31, 2007, disclosed no material weaknesses in internal control and no significant violations of applicable laws and regulations.

Cash and Investments:

During the year, idle cash was temporarily invested in obligations of the U.S. Government and in Certificates of Deposit ranging from 30 to 180 days to maturity, in short-term repurchase agreements with local banks, in daily interest savings accounts and in interest-bearing checking accounts.

Pension Trust Fund Operations:

Net assets available for plan benefits of the County Employees increased by 8.8% and the County Act 345 Retirement Fund increased by 2.7%. Additionally, the County Employees' plan is over funded by 5.4%, and the Act 345 plan continued to be over funded by 8%. These plans are managed through the County Clerk's Office and the County Treasurer's office, respectively, in conjunction with several outside financial institutions and investment firms.

Risk Management:

The County of Midland operates a Self-Insured Workers Compensation Fund to fund its workers compensation claims. The County's Self-Insured Plan is certified by the State of Michigan on an annual basis to insure sufficiency of funds, and sufficiency of reinsurance coverage within the fund.

The County contracts its processing of workers compensation claims with a third party. This third party conducts semiannual safety inspections at County facilities. In addition to the third party contractor, the County has established a Safety Committee responsible for reviewing accident reports, work place safety training, and making recommendations to the County on improvements to facilities or procedures that will reduce the possibility of injury.

OTHER INFORMATION:

Independent Audit:

The Michigan Uniform Accounting and Budgeting Act requires an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson was selected by the Midland County Board of Commissioners to perform the County's annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are also included in this report in the Single Audit Section.

Accounting Systems and Reports:

The County's accounting records for traditional governmental operations; i.e., General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds, are maintained on a modified accrual basis of accounting. As a result, the more significant revenues such as property taxes, intergovernmental revenues and investment earnings are recognized as earned and other revenues are generally recognized only when received. Expenditures are recorded when incurred and encumbrances placed when purchase orders are issued. Employees' accumulated unused annual leave, sick pay and longevity pay are also recognized on the modified accrual basis.

Budgetary control is maintained by an annual allotment system. Allotments, or appropriation, balances are encumbered by the simultaneous issuance and recording of purchase orders. Purchase orders that exceed allotted balances are not released until additional appropriations or appropriate budgetary adjustments are made available.

Awards:

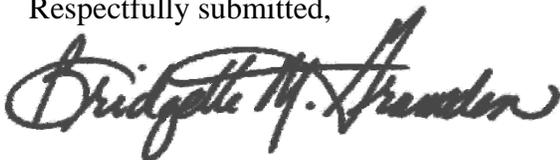
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Midland County for its comprehensive annual financial report for the fiscal year ended December 31, 2006. In order to be awarded a Certificate 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements:

Appreciation is extended to the Finance Department and various employees throughout the County responsible for financial management and reporting. Their adherence to following the law, utilizing proper accounting methods and eliminating waste from processes has greatly improved the efficiency and accountability of the entire County.

Respectfully submitted,



Bridgette M. Gransden, CPA, CGFM
Midland County Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Midland
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.



Charles S. Cox

President

Jeffrey R. Egan

Executive Director



INDEPENDENT AUDITORS' REPORT

June 25, 2008

Board of Commissioners
Midland County, 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 **Midland County, Michigan**, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Midland County, Michigan's** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Road Commission or the Economic Development Corporation of the County of Midland ("E.D.C.C.M."), which represents 72.41% and 4.00%, respectively, of the total assets and 97.65% and 0.03%, respectively, of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission and E.D.C.C.M. is 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 financial statements are free of material misstatement. The financial statements of the E.D.C.C.M. were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008, on our consideration of the **Midland County, Michigan's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3 through 13 and the historical pension information listed in the table of contents on pages 83 and 84 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Midland County, Michigan's** basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the County. The combining and individual fund financial statements and schedules and accompanying schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

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

Management's Discussion and Analysis

As management of *Midland County, Michigan*, 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 that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the current fiscal year by \$45,726,805 (*net assets*). Of this amount, \$25,189,573 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$23,048,324.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$20,348,637, a decrease of \$24,187,612 (54.5%) in comparison with the prior year. Approximately 92 percent of this total amount, or \$18,819,416, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,686,411, or 9.2 percent of total general fund expenditures and transfers out.
- The County's total bonded debt decreased by a net of \$770,000 during the current fiscal year. The County had two new water bond issues during 2007. Both issues were bond anticipation notes on behalf of Lee and Larkin Townships for \$625,000 and \$110,000, respectively.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County'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.

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 special assessments).

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 (including the jail), health and welfare, public works, and parks and recreation. The business-type activities of the County include the delinquent tax collections, property foreclosures and jail commissary operations.

The government-wide financial statements include not only Midland County itself (known as the primary government), but also a legally separate Road Commission, Economic Development Council Loan Revolving Fund, Drain Commissioner Office, and Economic Development Corporation, for which Midland County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Midland County Building Authority, although legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14-16 of this report.

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

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

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

The County maintains 47 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues,

expenditures, and changes in fund balances for the General, Tax Set-aside, and Revenue Sharing Reserve funds, each of which are considered to be major funds. Data from the other 44 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-23 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its delinquent tax collections, local unit water construction projects, property foreclosures and jail commissary operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Midland County uses internal service funds to account for its computer equipment maintenance and replacement, insurances, and mobile data terminal operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *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 enterprise fund major funds. Both the enterprise fund nonmajor funds and internal service funds are combined in separate single, aggregated presentations in the proprietary fund financial statements. Individual fund data for nonmajor enterprise funds and internal service funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

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

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-80 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found beginning on page 84 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Midland County, assets exceeded liabilities by \$45,726,805 at the close of the most recent fiscal year.

One of the largest portions of the County's net assets (37.8 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Midland County's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$56,494,936	\$62,032,243	\$19,879,509	\$ 20,315,947	\$76,374,445	\$ 82,348,190
Capital assets	<u>18,351,788</u>	<u>17,862,523</u>	<u>99,150</u>	<u>-</u>	<u>18,450,938</u>	<u>17,862,523</u>
Total assets	<u>74,846,724</u>	<u>79,894,766</u>	<u>19,978,659</u>	<u>20,315,947</u>	<u>94,825,383</u>	<u>100,210,713</u>
Long-term liabilities						
outstanding	2,526,544	3,048,930	16,065,000	16,385,000	18,591,544	19,433,930
Other liabilities	<u>30,156,977</u>	<u>11,292,507</u>	<u>350,057</u>	<u>480,073</u>	<u>30,507,034</u>	<u>11,772,580</u>
Total liabilities	<u>32,683,521</u>	<u>14,341,437</u>	<u>16,415,057</u>	<u>16,865,073</u>	<u>49,098,578</u>	<u>31,206,510</u>
Net assets						
Invested in capital assets,						
net of related debt	17,300,317	16,263,177	-	-	17,300,317	16,263,177
Restricted	3,236,915	3,649,802	-	-	3,236,915	3,649,802
Unrestricted	<u>21,625,971</u>	<u>45,640,350</u>	<u>3,563,602</u>	<u>3,450,874</u>	<u>25,189,573</u>	<u>49,091,224</u>
Total net assets	<u>\$42,163,203</u>	<u>\$65,553,329</u>	<u>\$ 3,563,602</u>	<u>\$ 3,450,874</u>	<u>\$ 45,726,805</u>	<u>\$ 69,004,203</u>

An additional portion of the County's net assets (7.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (92.9 percent) may be used to meet the government's 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. The same situation held true for the prior fiscal year.

The government's net assets decreased by \$23,048,324 during the current fiscal year. This reduction largely reflects the final tax appeal settlement with the Midland Cogeneration Venture.

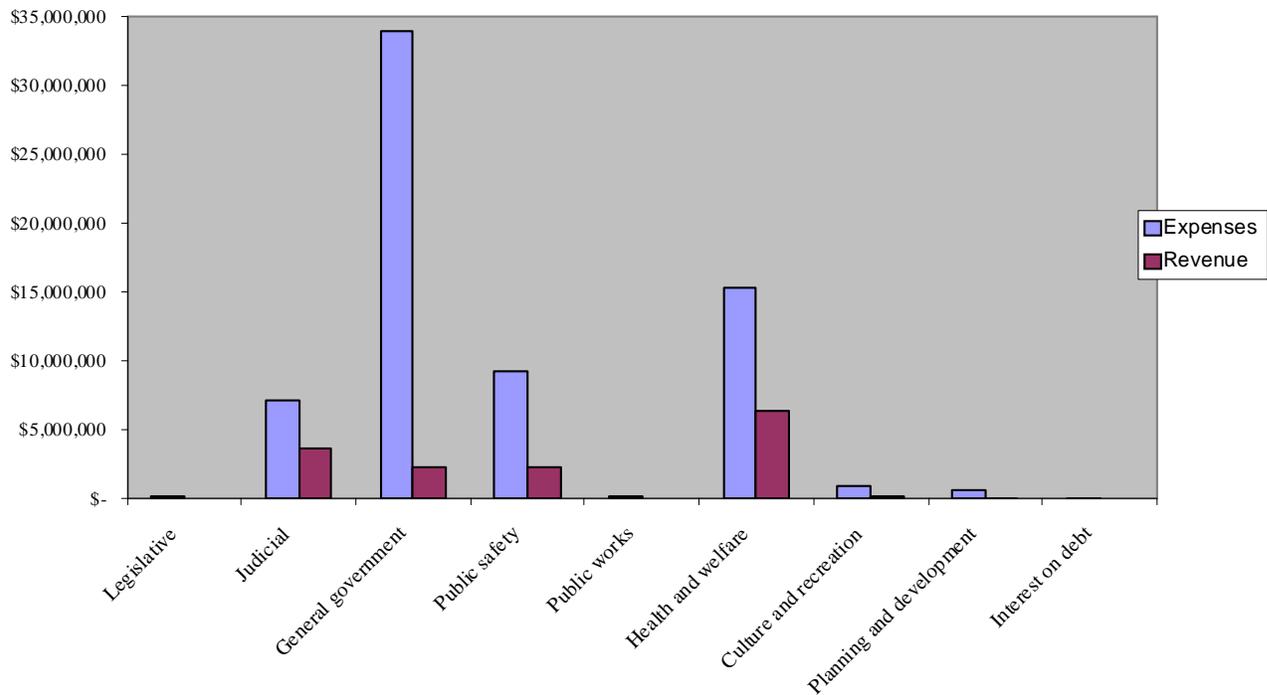
Midland County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenue						
Program revenue:						
Charges for services	\$ 6,184,813	\$ 6,020,789	\$ 895,533	\$ 774,343	\$ 7,080,346	\$ 6,795,132
Operating grants and contributions	7,781,635	7,578,580	-	-	7,781,635	7,578,580
Capital grants and contributions	863,631	530,340	537,915	1,306,683	1,401,546	1,837,023
General revenue:						
Property taxes	26,064,855	30,306,817	-	-	26,064,855	30,306,817
Grants and contributions not restricted to specific programs	257,241	19,749	-	-	257,241	19,749
Other	<u>2,691,133</u>	<u>2,342,034</u>	<u>213,317</u>	<u>95,841</u>	<u>2,904,450</u>	<u>2,437,875</u>
Total revenue	<u>43,843,308</u>	<u>46,798,309</u>	<u>1,646,765</u>	<u>2,176,867</u>	<u>45,490,073</u>	<u>48,975,176</u>
Expenses						
Legislative	212,137	187,788	-	-	212,137	187,788
Judicial	7,152,321	6,045,807	-	-	7,152,321	6,045,807
General government	33,921,164	12,655,110	-	-	33,921,164	12,655,110
Public safety	9,298,163	8,028,374	-	-	9,298,163	8,028,374
Public works	117,811	83,708	-	-	117,811	83,708
Health and welfare	15,358,161	14,810,248	-	-	15,358,161	14,810,248
Culture and recreation	871,130	1,630,182	-	-	871,130	1,630,182
Planning and development	593,358	566,968	-	-	593,358	566,968
Interest on debt	36,849	50,540	-	-	36,849	50,540
Delinquent property tax	-	-	185,999	153,900	185,999	153,900
Local unit water services	-	-	743,985	1,636,951	743,985	1,636,951
Inmate services	-	-	47,319	57,847	47,319	57,847
Total expenses	<u>67,561,094</u>	<u>44,058,725</u>	<u>977,303</u>	<u>1,848,698</u>	<u>68,538,397</u>	<u>45,907,423</u>
Increase (decrease) in net assets before transfers	(23,717,786)	2,739,584	669,462	328,169	(23,048,324)	3,067,753
Transfers	<u>556,734</u>	<u>259,575</u>	<u>(556,734)</u>	<u>(259,575)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(23,161,052)	2,999,159	112,728	68,594	(23,048,324)	3,067,753
Net assets, beginning of year, as restated	<u>65,324,255</u>	<u>62,554,170</u>	<u>3,450,874</u>	<u>3,382,280</u>	<u>68,775,129</u>	<u>65,936,450</u>
Net assets, end of year	<u>\$42,163,203</u>	<u>\$65,553,329</u>	<u>\$3,563,602</u>	<u>\$3,450,874</u>	<u>\$45,726,805</u>	<u>\$69,004,203</u>

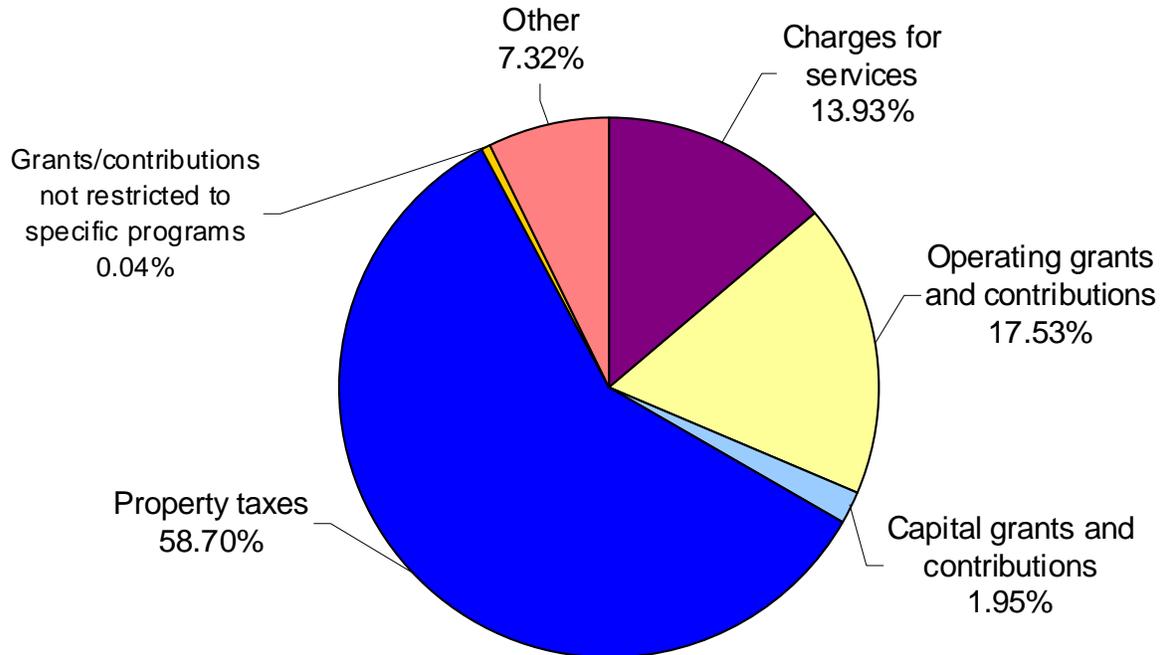
Governmental activities. Governmental activities decreased the County’s net assets by \$23,161,052, accounting for 100 percent of the total reduction in the net assets of the County. Key elements of this decrease are as follows:

- Property taxes decreased by \$4,241,962 (14 percent) during the year.
- Other revenues increased due to an increase in the County’s investment earnings, due to the continually improving investment climate.
- The increase in General government program expenses of \$21,266,054 is directly related to the repayment of taxes and related interest in the tax appeal case that was settled with the Midland Cogeneration Venture (“MCV”).
- Beginning net assets have been restated for the governmental activities to make adjustments to the December 31, 2006, balance. These adjustments are detailed in note F on page 79.

Expenses and Program Revenues - Governmental Activities



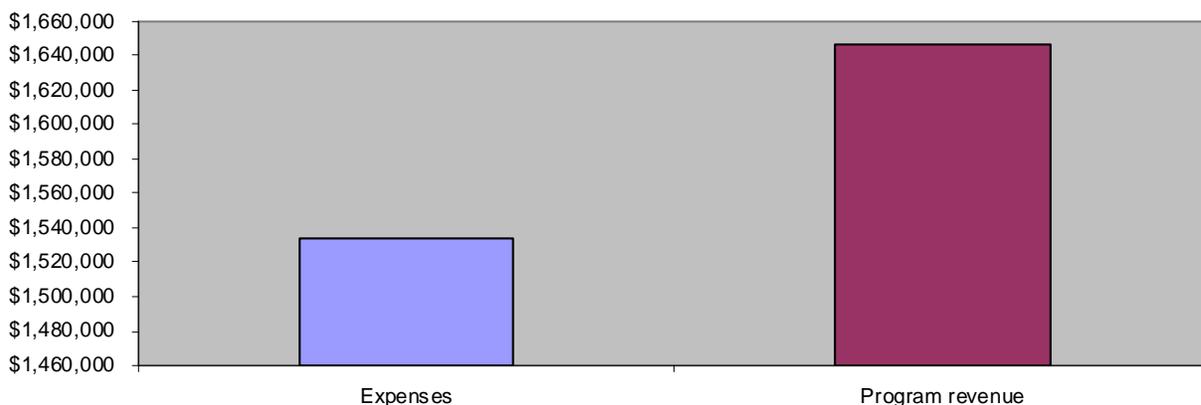
Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the County's net assets by \$112,728. Although this was a 64% increase from the prior year change in net assets, the governmental activity reductions were large enough to result in an overall decrease in the primary government's net assets for the current year. Key elements of the increase for business-type activities are as follows:

- Revenues decreased by 24 percent or \$530,102. This was due to a decrease in capital grants received for township water projects.
 - Expenses decreased by 55 percent, or \$892,966, due to reduced bond payments for township water projects.
-

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County'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 \$20,348,637, a decrease of \$24,187,612 in comparison with the prior year. Approximately 92.5 percent of this total amount (\$18,819,416) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$32,006), 2) for prepaid items (\$38,650), 3) for long-term advances (\$800,089), or 4) for encumbrances (\$658,476).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,346,062, while total fund balance was \$4,252,218. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 11.4 percent of total general fund expenditures and transfers out.

The fund balance of the County's general fund decreased by \$2,422,874 during the current fiscal year. This is primarily attributable to the tax appeal settlement with MCV. As this tax settlement did not occur until early 2008, no applicable budget adjustment was made to the 2007 budget.

The Tax Set-aside fund's fund balance has been reduced to zero with the final settlement of the outstanding tax appeal with the County's largest taxpayer MCV.

The Revenue Sharing Reserve Fund has a total fund balance of \$9,585,999. This fund was established in 2004 as a result of PA 357 of 2004. Annually, transfers out of this fund to the General Fund will be made until the balance is zero. The amount allowed to transfer is determined by the Michigan Department of Treasury.

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

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures resulted in an increase of \$383,952 in appropriations. The largest increase in the budget during the year was an across the board increase in wage increases of 1%.

The 2007 general fund revenues exceeded budgetary estimates as well as expenditures coming in under the amended budget, resulting in revenues over expenses. The actual reduction in fund balance did exceed both the original and amended budgets due to an increase in transfers out. This increase in transfers out was the \$3,454,108 repayment of taxes to the Midland Cogeneration Venture. With the exception of the tax appeal repayment, fund balance would have increased by \$1,031,234.

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, amounted to \$18,450,938 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was 3.3 percent. This increase was due to construction in progress for major renovations and additions at Sanford Lake Park and the beginning of construction on the County's new jail.

Major capital asset events during the current fiscal year included the following:

- Various equipment and vehicles have been purchased in the governmental funds (\$273,658) and internal service funds (\$78,616)

Midland County's Capital Assets
(net of depreciation)

	Governmental activities
Land (including construction in progress)	\$ 2,258,131
Land improvements	503,520
Construction in Progress	1,372,477
Buildings and improvements	12,509,399
Machinery and equipment	1,001,892
Vehicles	706,369

Total	<u>\$ 18,351,788</u>

Additional information on the County's capital assets can be found in note III C on pages 46-50 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$18,591,544. Of this amount, \$16,535,000 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents leases, deferred premiums, and compensated absences.

Midland County's Outstanding Debt
General Obligation Bonds

	Governmental activities	Business-type activities
General obligation bonds	\$ 470,000	\$ 16,065,000
	_____	_____
Total	<u>\$ 470,000</u>	<u>\$ 16,065,000</u>

The County's total bonded debt decreased by \$770,000 (4 percent) during the current fiscal year, with two new bond issues.

The County's bond rating ranges from A to AAA. The AAA rating is given for bond issues that are backed with millage levies.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is \$368,677,849, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III G on pages 53-62 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2008 fiscal year:

- The annualized 2007 unemployment rate for the Midland micropolitan area was 5.5 percent, which is a decrease from a rate of 5.6 percent a year ago. This was lower than the State's April 2007 average unemployment rate of 7.1 percent and higher than the national average rate of 4.5 percent.
- Inflationary trends in the region compare favorably to national indices.
- Labor contracts with multiple bargaining units expired at December 31, 2006 and 2007. The retirement and retiree health care benefits offered to employees in these agreements have become major budgetary issues for both current and future years. The County has successfully negotiated contracts with four out of seven of these labor units, with the elimination of both defined benefit pension plans and retiree health care for all new hires. A defined contribution plan was implemented in place of the pension plan.
- Though the 2008 budget included money to offset an unfavorable outcome of the final tax appeal with the County's largest taxpayer, the appeal was settled in early 2008. The outcome of this settlement was a reduction in property tax revenues as well as a reduction in the county's general fund expenses.
- The County started construction on a new jail in late 2007, and issued \$25 million in jail bonds in early 2008. While issuing these bonds, the County received an upgrade in its bond rating from Standard and Poors to AA-. Thus, new debt retirement has been included in the 2008 budget.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director's office, 220 W. Ellsworth, Midland, Michigan 48640.

MIDLAND COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investment pool	\$ 42,678,496	\$ 2,350,440	\$ 45,028,936	\$ 2,162,971
Receivables	13,704,047	17,529,069	31,233,116	7,730,194
Prepaid items and other assets	112,393	-	112,393	2,509,782
Capital assets, net:				
Assets not being depreciated	3,630,608	99,150	3,729,758	4,942,603
Assets being depreciated	14,721,180	-	14,721,180	30,580,696
Total Assets	74,846,724	19,978,659	94,825,383	47,926,246
Liabilities				
Accounts payable and accrued liabilities	20,275,875	350,057	20,625,932	912,134
Unearned revenue	9,881,102	-	9,881,102	1,162,000
Noncurrent liabilities:				
Due within one year	1,751,948	1,815,000	3,566,948	973,078
Due in more than one year	774,596	14,250,000	15,024,596	3,760,085
Total Liabilities	32,683,521	16,415,057	49,098,578	6,807,297
Net Assets				
Invested in capital assets, net of related debt	17,300,317	-	17,300,317	31,387,128
Restricted for:				
Debt service	32,006	-	32,006	-
Capital projects	3,204,909	-	3,204,909	-
Conveyance of real estate	-	-	-	292,309
Unrestricted	21,625,971	3,563,602	25,189,573	9,439,512
Total Net Assets	\$ 42,163,203	\$ 3,563,602	\$ 45,726,805	\$ 41,118,949

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

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

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Primary government						
Governmental activities						
Legislative	\$ 212,137	\$ -	\$ -	\$ -	\$ (212,137)	
Judicial	7,152,321	162,521	1,787,298	1,856,301	(3,671,243)	
General government	33,921,164	(303,485)	1,023,546	1,316,217	(31,259,721)	
Public safety	9,298,163	-	681,153	702,302	(7,069,272)	
Public works	117,811	-	-	-	(117,811)	
Health and welfare	15,358,161	140,964	2,546,823	3,833,645	(9,118,657)	
Culture and recreation	871,130	-	124,088	73,170	(673,872)	
Planning and development	593,358	-	21,905	-	(571,453)	
Interest on debt	36,849	-	-	-	(36,849)	
Total governmental activities	<u>67,561,094</u>	<u>-</u>	<u>6,184,813</u>	<u>7,781,635</u>	<u>863,631</u>	<u>(52,731,015)</u>
Business-type activities						
Delinquent property tax collection	185,999	-	825,424	-	-	639,425
Local unit water bonds	743,985	-	-	-	537,915	(206,070)
Inmate services	47,319	-	70,109	-	-	22,790
Total business-type activities	<u>977,303</u>	<u>-</u>	<u>895,533</u>	<u>-</u>	<u>537,915</u>	<u>456,145</u>
Total primary government	<u>\$ 68,538,397</u>	<u>\$ -</u>	<u>\$ 7,080,346</u>	<u>\$ 7,781,635</u>	<u>\$ 1,401,546</u>	<u>\$ (52,274,870)</u>
Component units						
Road Commission	\$ 7,642,456	\$ -	\$ 1,982,908	\$ 7,047,424	\$ 647,362	\$ 2,035,238
EDCCM Loan Revolving	7,692	-	-	-	-	(7,692)
Drain Commission	224,647	-	-	-	29,524	(195,123)
EDCCM	6,203	-	-	2,453	-	(3,750)
Total component units	<u>\$ 7,880,998</u>	<u>\$ -</u>	<u>\$ 1,982,908</u>	<u>\$ 7,049,877</u>	<u>\$ 676,886</u>	<u>\$ 1,828,673</u>

continued...

MIDLAND COUNTY
STATEMENT OF ACTIVITIES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (52,731,015)	\$ 456,145	\$ (52,274,870)	\$ 1,828,673
General revenues				
Property taxes	26,064,855	-	26,064,855	1,141,393
Grants and contributions not restricted				
To specific programs	257,241	-	257,241	124,471
Unrestricted investment earnings	2,690,843	213,317	2,904,160	175,167
Gain on sale of capital assets	290	-	290	16,754
Transfers - internal activities	556,734	(556,734)	-	-
Total general revenues and transfers	29,569,963	(343,417)	29,226,546	1,457,785
Change in net assets	(23,161,052)	112,728	(23,048,324)	3,286,458
Net assets, beginning of year, as restated	65,324,255	3,450,874	68,775,129	37,832,491
Net assets, end of year	\$ 42,163,203	\$ 3,563,602	\$ 45,726,805	\$ 41,118,949

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

**MIDLAND COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Tax Set Aside	Revenue Sharing Reserve	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investment pool	\$ 6,762,119	\$ 12,873,364	\$ 11,275,824	\$ 7,454,527	\$ 38,365,834
Receivables					
Accounts	36,913	-	-	197,177	234,090
Loans	-	-	-	1,795,537	1,795,537
Current taxes	373,521	-	-	9,857,231	10,230,752
Interest	30,352	35,583	31,875	13,800	111,610
Due from other funds	394,672	5,263,081	-	31,065	5,688,818
Due from other governments	219,443	-	-	448,285	667,728
Prepaid expenditures	38,650	-	-	-	38,650
Long-term advances to other funds	355,000	-	-	-	355,000
Long-term advances to component units	445,089	-	-	-	445,089
Total assets	\$ 8,655,759	\$ 18,172,028	\$ 11,307,699	\$ 19,797,622	\$ 57,933,108
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 420,347	\$ 18,172,028	\$ -	\$ 501,764	\$ 19,094,139
Accrued wages	450,363	-	-	218,299	668,662
Due to other funds	3,454,109	-	1,721,700	513,009	5,688,818
Due to other governments	-	-	-	22,000	22,000
Deferred revenue	78,722	-	-	11,676,679	11,755,401
Deposits held	-	-	-	451	451
Long-term advances from other funds	-	-	-	355,000	355,000
Total liabilities	4,403,541	18,172,028	1,721,700	13,287,202	37,584,471
Fund balances					
Reserved for					
Long-term advances to other funds	355,000	-	-	-	355,000
Long-term advances to component units	445,089	-	-	-	445,089
Prepaid expenditures	38,650	-	-	-	38,650
Encumbrances	67,417	-	-	591,059	658,476
Debt service	-	-	-	32,006	32,006
Unreserved					
Designated for subsequent years expenditures, general fund	659,651	-	-	-	659,651
Designated for subsequent years expenditures, special revenue funds	-	-	9,585,999	608,580	10,194,579
Designated for capital projects, capital projects funds	-	-	-	3,204,909	3,204,909
Undesignated-reported in:					
General fund	2,686,411	-	-	-	2,686,411
Special revenue funds	-	-	-	2,073,866	2,073,866
Total fund balances	4,252,218	-	9,585,999	6,510,420	20,348,637
Total liabilities and fund balances	\$ 8,655,759	\$ 18,172,028	\$ 11,307,699	\$ 19,797,622	\$ 57,933,108

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

MIDLAND COUNTY
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
DECEMBER 31, 2007

Fund balances - total governmental funds	\$ 20,348,637
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Amounts reported for *governmental activities* in the statement of net assets are different because:

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

Add - capital assets	33,366,267
Deduct - accumulated depreciation	(15,134,835)

Internal service funds are used by management to charge the costs of certain activities such as insurances, to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service funds	4,239,012
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Certain revenue that was earned and accrued in the current period but not received after 60 days is deferred in the fund statements but recognized under full accrual.

Add - deferred revenue on loans receivable	1,795,577
Add - deferred revenue on taxes receivable	78,722

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

Deduct - compensated absences payable	(1,475,073)
Deduct - accrued interest payable	(3,633)
Deduct - bonds and capital leases payable	(1,051,471)

Net assets of governmental activities	<u><u>\$ 42,163,203</u></u>
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The accompanying notes are an integral part of these financial statements.

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

	General	Tax Set Aside	Revenue Sharing Reserve	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 18,257,962	\$ -	\$ -	\$ 7,728,171	\$ 25,986,133
Intergovernmental revenue	1,748,769	-	-	6,580,277	8,329,046
Charges for services	3,033,766	-	-	1,673,849	4,707,615
Licenses and permits	147,351	-	-	169,824	317,175
Rental revenue	75,757	-	-	-	75,757
Investment income	511,259	1,347,672	318,942	295,242	2,473,115
Miscellaneous revenue	611,167	-	-	1,412,921	2,024,088
Total Revenues	24,386,031	1,347,672	318,942	17,860,284	43,912,929
Expenditures					
General service administration	6,735,798	25,902,379	-	25,369	32,663,546
Legislative	210,857	-	-	-	210,857
Judicial	4,702,825	-	-	1,358,889	6,061,714
Law enforcement and corrections	6,286,335	-	-	861,994	7,148,329
Emergency services and public safety	439,344	-	-	-	439,344
Public works	19,079	-	-	-	19,079
Health and welfare	212,610	-	-	12,344,766	12,557,376
Culture and recreation	834,241	-	-	-	834,241
Planning and development	111,790	-	-	339,249	451,039
Other agencies	929,345	-	-	5,564,042	6,493,387
Capital outlay	-	-	-	1,209,587	1,209,587
Debt service					
Principal	80,875	-	-	450,000	530,875
Interest charges	19,722	-	-	18,469	38,191
Total Expenditures	20,582,821	25,902,379	-	22,172,365	68,657,565
Revenues Over (Under) Expenditures	3,803,210	(24,554,707)	318,942	(4,312,081)	(24,744,636)
Other Financing Sources (Uses)					
Sale of capital assets	290	-	-	-	290
Transfers in	2,422,901	6,695,020	-	4,217,810	13,335,731
Transfers (out)	(8,649,275)	-	(3,495,487)	(634,235)	(12,778,997)
Total Other Financing Sources (Uses)	(6,226,084)	6,695,020	(3,495,487)	3,583,575	557,024
Net Change In Fund Balances	(2,422,874)	(17,859,687)	(3,176,545)	(728,506)	(24,187,612)
Fund Balances, Beginning of Year, As Restated	6,675,092	17,859,687	12,762,544	7,238,926	44,536,249
Fund Balances, End of Year	\$ 4,252,218	\$ -	\$ 9,585,999	\$ 6,510,420	\$ 20,348,637

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

MIDLAND COUNTY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - total governmental funds \$ (24,187,612)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	1,646,135
Deduct - net loss on sale of capital assets	(136,858)
Deduct - depreciation expense	(1,045,973)

Revenues in the statement of activities that do not provide current resources are not reported as fund revenues	80,019
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	530,875
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Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

17,000

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

Deduct - net operating loss from governmental activities in internal service funds	(258,220)
Add - investment income from governmental internal service funds	217,728

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

Add - decrease in accrued interest payable	1,343
Deduct - increase in accrual for compensated absences	(25,489)

Change in net assets of governmental activities	\$ (23,161,052)
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The accompanying notes are an integral part of these financial statements.

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

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 17,996,242	\$ 17,996,242	\$ 18,257,962	\$ 261,720
Intergovernmental revenue	1,728,015	1,813,634	1,748,769	(64,865)
Charges for services	3,152,680	3,174,680	3,033,766	(140,914)
Licenses and permits	141,660	141,660	147,351	5,691
Rental revenue	76,192	76,192	75,757	(435)
Interest earnings	340,000	396,079	511,259	115,180
Miscellaneous	605,711	605,711	611,167	5,456
Total revenues	24,040,500	24,204,198	24,386,031	181,833
Expenditures				
General service administration	6,937,441	7,119,269	6,735,798	383,471
Legislative	240,614	241,192	210,857	30,335
Judicial	4,873,920	4,914,985	4,702,825	212,160
Law enforcement and corrections	6,330,362	6,453,327	6,286,335	166,992
Emergency services and public safety	459,817	467,438	439,344	28,094
Public works	20,965	20,526	19,079	1,447
Health and welfare	239,662	252,538	212,610	39,928
Culture and recreation	857,444	874,785	834,241	40,544
Planning and development	113,272	111,159	111,790	(631)
Other agencies	929,584	931,813	929,345	2,468
Debt service				
Principal	80,875	80,875	80,875	-
Interest charges	19,722	19,722	19,722	-
Total expenditures	21,103,678	21,487,630	20,582,821	904,809
Revenues over (under) expenditures	2,936,822	2,716,568	3,803,210	1,086,642
Other financing sources (uses)				
Sale of capital assets	1,500	1,500	290	(1,210)
Transfers in	2,100,236	2,156,725	2,422,901	266,176
Transfers out	(6,075,750)	(6,229,742)	(8,649,275)	(2,419,533)
Total other financing sources (uses)	(3,974,014)	(4,071,517)	(6,226,084)	(2,154,567)
Net change in fund balances	(1,037,192)	(1,354,949)	(2,422,874)	(1,067,925)
Fund balances, beginning of year, as restated	6,675,092	6,675,092	6,675,092	-
Fund balances, end of year	\$ 5,637,900	\$ 5,320,143	\$ 4,252,218	\$ (1,067,925)

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

MIDLAND COUNTY
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TAX SET-ASIDE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Interest earnings	\$ -	\$ -	\$ 1,347,672	\$ 1,347,672
Expenditures				
Repayment of tax set-asides	-	-	25,902,379	(25,902,379)
Revenues over (under) expenditures	-	-	(24,554,707)	24,554,707
Other financing sources (uses)				
Transfers in	-	-	6,695,020	6,695,020
Net change in fund balances	-	-	(17,859,687)	17,859,687
Fund balances, beginning of year	17,859,687	17,859,687	17,859,687	-
Fund balances, end of year	\$ 17,859,687	\$ 17,859,687	\$ -	\$ 17,859,687

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

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

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 1,760,170	\$ 1,773,787	\$ -	\$ (1,773,787)
Interest earnings	-	-	318,942	318,942
Total revenues	1,760,170	1,773,787	318,942	(1,454,845)
Other financing sources (uses)				
Transfers out	(1,760,170)	(1,773,787)	(3,495,487)	(1,721,700)
Net change in fund balances	-	-	(3,176,545)	(3,176,545)
Fund balances, beginning of year	12,762,544	12,762,544	12,762,544	-
Fund balances, end of year	<u>\$ 12,762,544</u>	<u>\$ 12,762,544</u>	<u>\$ 9,585,999</u>	<u>\$ (3,176,545)</u>

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

MIDLAND COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds					Governmental
	Homer Township Water Bonds	Midland Township Water Bonds	Larkin Township Water Bonds II	Other Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets						
Cash and investment pool	\$ 6,248	\$ 7,274	\$ 87,998	\$ 2,248,920	\$ 2,350,440	\$ 4,312,662
Receivables						
Accounts	-	-	-	-	-	206,930
Delinquent taxes and interest	-	-	-	1,869,368	1,869,368	-
Interest	-	-	-	2,218	2,218	12,311
Due from other governments	297,136	228,350	272,444	609,553	1,407,483	-
Prepaid expenses	-	-	-	-	-	73,743
Total current assets	303,384	235,624	360,442	4,730,059	5,629,509	4,605,646
Noncurrent assets						
Due from other governments	2,525,000	2,585,000	3,030,000	6,110,000	14,250,000	-
Long-term advances to other funds	-	-	-	1,203,000	1,203,000	-
Capital assets, net	-	-	-	99,150	99,150	120,356
Total noncurrent assets	2,525,000	2,585,000	3,030,000	7,412,150	15,552,150	120,356
Total assets	2,828,384	2,820,624	3,390,442	12,142,209	21,181,659	4,726,002
Liabilities						
Current liabilities						
Accounts payable	-	-	-	8,871	8,871	20,769
Accrued liabilities	52,136	58,350	67,444	113,914	291,844	466,221
Due to other governments	-	-	-	49,342	49,342	-
Bonds payable - current	245,000	170,000	205,000	1,195,000	1,815,000	-
Total current liabilities	297,136	228,350	272,444	1,367,127	2,165,057	486,990
Noncurrent liabilities						
Bonds payable - net of current portion	2,525,000	2,585,000	3,030,000	6,110,000	14,250,000	-
Long-term advances from other funds	-	-	-	1,203,000	1,203,000	-
Total noncurrent liabilities	2,525,000	2,585,000	3,030,000	7,313,000	15,453,000	-
Total liabilities	2,822,136	2,813,350	3,302,444	8,680,127	17,618,057	486,990
Net Assets						
Invested in capital assets	-	-	-	-	-	120,356
Unrestricted	6,248	7,274	87,998	3,462,082	3,563,602	4,118,656
Total net assets	\$ 6,248	\$ 7,274	\$ 87,998	\$ 3,462,082	\$ 3,563,602	\$ 4,239,012

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

MIDLAND COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds					Governmental
	Homer	Midland	Larkin	Other	Total	Internal
	Township Water Bonds	Township Water Bonds	Township Water Bonds II	Enterprise Funds		Service Funds
Operating revenues						
Interest earnings	\$ -	\$ -	\$ -	\$ 433,201	\$ 433,201	\$ -
Collection fees	-	-	-	371,189	371,189	-
Rental income	-	-	-	70,109	70,109	101,938
Billings to departments	-	-	-	-	-	2,833,975
Miscellaneous	-	-	-	21,034	21,034	255,882
Total operating revenues	-	-	-	895,533	895,533	3,191,795
Operating expenses						
Compensation payments	-	-	-	-	-	287,351
Consultant services	-	-	-	89,785	89,785	44,224
General service administration	-	-	-	14,031	14,031	3,073,693
Supplies	-	-	-	47,319	47,319	-
Depreciation expense	-	-	-	-	-	44,747
Total operating expenses	-	-	-	151,135	151,135	3,450,015
Operating income (loss)	-	-	-	744,398	744,398	(258,220)
Non-operating revenue (expense)						
Interest income	1,341	1,624	1,656	208,696	213,317	217,728
Contributions from local units	134,051	146,923	163,320	93,621	537,915	-
Contributions to local units	-	-	-	(7,440)	(7,440)	-
Interest expense on interfund advances	-	-	-	(82,183)	(82,183)	-
Interest and paying agent fees	(133,926)	(146,798)	(169,845)	(285,976)	(736,545)	-
Total non-operating revenue (expense)	1,466	1,749	(4,869)	(73,282)	(74,936)	217,728
Income (loss) before transfers	1,466	1,749	(4,869)	671,116	669,462	(40,492)
Transfers						
Transfers in	-	-	-	818,477	818,477	-
Transfers out	-	-	-	(1,375,211)	(1,375,211)	-
Total transfers	-	-	-	(556,734)	(556,734)	-
Change in net assets	1,466	1,749	(4,869)	114,382	112,728	(40,492)
Net assets, beginning of year	4,782	5,525	92,867	3,347,700	3,450,874	4,279,504
Net assets, end of year	\$ 6,248	\$ 7,274	\$ 87,998	\$ 3,462,082	\$ 3,563,602	\$ 4,239,012

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

MIDLAND COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds					Governmental
	Homer	Midland	Larkin	Other	Total	Activities
	Township	Township	Township	Enterprise		Internal
	Water Bonds	Water Bonds	Water Bonds II	Funds		Service
						Funds
Cash flows from operating activities						
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,066,376
Cash received from customers	-	-	-	20,015,667	20,015,667	119,396
Cash payments to suppliers for goods and services	-	-	-	(212,820)	(212,820)	(18,063)
Cash payments for interfund services received	-	-	-	(19,288,333)	(19,288,333)	-
Cash received from penalties and interest on delinquent taxes	-	-	-	804,390	804,390	-
Cash payments for delinquent tax rolls	-	-	-	(14,031)	(14,031)	-
Cash payments for insurance claims	-	-	-	-	-	(3,272,694)
Net cash provided by (used in) operating activities	-	-	-	1,304,873	1,304,873	(104,985)
Cash flows from noncapital financing activities:						
Proceeds from interfund advances	-	-	-	3,986,000	3,986,000	-
Issuances / repayments of interfund advances	-	-	-	(3,986,000)	(3,986,000)	-
Interest paid on interfund advances	-	-	-	(82,183)	(82,183)	-
Transfers in	-	-	-	818,477	818,477	-
Transfers out	-	-	-	(1,375,211)	(1,375,211)	-
Net cash provided by (used in) noncapital financing activities:	-	-	-	(638,917)	(638,917)	-
Cash flows from capital and related financing activities:						
Principal paid on long-term debt	(245,000)	(160,000)	(190,000)	(460,000)	(1,055,000)	-
Interest paid on long-term debt	(133,926)	(146,798)	(169,845)	(292,479)	(743,048)	-
Issuance of long-term debt	-	-	-	735,000	735,000	-
Construction of capital assets	-	-	-	(99,150)	(99,150)	-
Contributions from local units	379,051	306,923	353,320	560,124	1,599,418	-
Contributions to local units	-	-	-	(7,440)	(7,440)	-
Payments for capital asset acquisition	-	-	-	-	-	(78,616)
Net cash provided by (used in) capital and related financing activities:	125	125	(6,525)	436,055	429,780	(78,616)
Cash flows from investing activities						
Interest on investments	1,341	1,624	1,656	207,775	212,396	227,425
Net increase (decrease) in cash and cash equivalents	1,466	1,749	(4,869)	1,309,786	1,308,132	43,824
Cash and cash equivalents, beginning of year	4,782	5,525	92,867	939,134	1,042,308	4,268,838
Cash and cash equivalents, end of year	\$ 6,248	\$ 7,274	\$ 87,998	\$ 2,248,920	\$ 2,350,440	\$ 4,312,662
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ -	\$ -	\$ -	\$ 744,398	\$ 744,398	\$ (258,220)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	-	-	-	-	-	44,747
Changes in operating assets and liabilities						
Other receivables	-	-	-	-	-	(29,336)
Delinquent taxes receivable	-	-	-	(139,268)	(139,268)	-
Other assets	-	-	-	-	-	50,412
Due from other governments	6,125	(5,334)	(9,460)	20,334,761	20,326,092	-
Accounts payable	-	-	-	(75,716)	(75,716)	19,602
Accrued liabilities	(6,125)	5,334	9,460	(6,503)	2,166	67,810
Due to other funds	-	-	-	(19,521,333)	(19,521,333)	-
Due to other governments	-	-	-	(31,466)	(31,466)	-
Net cash provided by (used in) operating activities	\$ -	\$ -	\$ -	\$ 1,304,873	\$ 1,304,873	\$ (104,985)

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

MIDLAND COUNTY
STATEMENT OF FIDUCIARY NET ASSETS-FIDUCIARY FUNDS
DECEMBER 31, 2007

	Private- Purpose Trust Funds	Pension & Other Employee Benefit Trust Funds	Agency Funds
Assets			
Cash and investment pool	\$ 559,380	\$ 209,888	\$ 1,878,963
Investments			
Common stock	597,213	48,356,445	-
Corporate bonds	-	8,767,185	-
Short-term fixed income investments	-	29,534,880	-
U.S. government securities	-	3,809,496	-
Total investments	597,213	90,468,006	-
Receivables			
Accounts	-	22,760	-
Interest	1,301	126,111	388
Prepayments	-	137,093	-
Total other current assets	1,301	285,964	388
Total assets	1,157,894	90,963,858	\$ 1,879,351
Liabilities			
Accounts and payable	5,000	325,026	\$ 50,845
Accrued liabilities	-	136,530	-
Deposits held	-	-	1,444,316
Due to other governmental units	-	-	384,190
Total liabilities	5,000	461,556	\$ 1,879,351
Net assets held in trust for			
Specific programs	1,152,894	-	
Retirement benefits	-	90,502,302	
Total net assets	\$ 1,152,894	\$ 90,502,302	

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

MIDLAND COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Private- Purpose Trust Funds	Pension & Other Employee Benefit Trust Funds
Additions		
Contributions		
Employer	\$ -	\$ 2,918,213
Plan members	-	618,439
Total contributions	-	3,536,652
Investment income		
Interest	21,745	930,717
Dividends	24,089	1,280,373
Net appreciation in fair value of investments	831,281	5,714,630
Total investment income	877,115	7,925,720
Less investment expense	-	(637,994)
Net investment income	877,115	7,287,726
Total additions	877,115	10,824,378
Deductions		
Administrative expense	19,282	-
Health and welfare	799,561	-
Benefits paid	-	3,992,929
Participant refunds	-	127,420
Total deductions	818,843	4,120,349
Net increase in plan net assets	58,272	6,704,029
Net assets held in trust, beginning of year	1,094,622	83,798,273
Net assets held in trust, end of year	\$ 1,152,894	\$ 90,502,302

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

MIDLAND COUNTY
STATEMENT OF NET ASSETS-COMPONENT UNITS
DECEMBER 31, 2007

	Road Commission	E.D.C.C.M. Loan Revolving	Drain Commissioner	E.D.C.C.M.	Totals
Assets					
Cash and investment pool	\$ 437,397	\$ -	\$ 1,711,072	\$ 14,502	\$ 2,162,971
Receivables					
Current taxes	1,162,000	-	-	-	1,162,000
Special assessments	-	-	5,149,778	-	5,149,778
Interest	-	-	4,108	-	4,108
Due from other governmental units	1,414,308	-	-	-	1,414,308
Inventory	525,256	-	-	-	525,256
Prepaid expenses	82,267	-	-	-	82,267
Property inventory	-	-	-	1,902,259	1,902,259
Capital assets, net					
Assets not being depreciated	3,716,385	-	1,226,218	-	4,942,603
Assets being depreciated	27,367,803	-	3,212,893	-	30,580,696
Total assets	34,705,416	-	11,304,069	1,916,761	47,926,246
Liabilities					
Accounts payable	114,796	-	59,158	-	173,954
Accrued liabilities	95,237	-	-	8,721	103,958
Unearned revenue	1,162,000	-	-	-	1,162,000
Advance from primary government	-	-	445,089	-	445,089
Advances from state	189,133	-	-	-	189,133
Noncurrent liabilities					
Due within one year	246,192	-	635,686	91,200	973,078
Due in more than one year	259,600	-	3,500,485	-	3,760,085
Total liabilities	2,066,958	-	4,640,418	99,921	6,807,297
Net assets					
Investment in capital assets, net of related debt	31,084,188	-	302,940	-	31,387,128
Restricted for:					
Conveyance of real estate to LLC	-	-	-	292,309	292,309
Unrestricted	1,554,270	-	6,360,711	1,524,531	9,439,512
Total net assets	\$ 32,638,458	\$ -	\$ 6,663,651	\$ 1,816,840	\$ 41,118,949

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

MIDLAND COUNTY
STATEMENT OF ACTIVITIES - COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Road Commission					
Governmental activities					
Public works	\$ 7,642,456	\$ 1,982,908	\$ 7,047,424	\$ 647,362	\$ 2,035,238
E.D.C.C.M. Loan Revolving	7,692	-	-	-	(7,692)
Drain Commissioner					
Governmental activities					
Public works	39,994	-	-	29,524	(10,470)
Interest on debt	184,653	-	-	-	(184,653)
Total Drain Commissioner	224,647	-	-	29,524	(195,123)
E.D.C.C.M.					
Governmental activities					
General government	6,203	-	2,453	-	(3,750)
Total component units	\$ 7,880,998	\$ 1,982,908	\$ 7,049,877	\$ 676,886	\$ 1,828,673

	Component Units				
	Road Commission	E.D.C.C.M. Loan Revolving	Drain Commissioner	E.D.C.C.M.	Total
Changes in net assets					
Net (expense) revenue	\$ 2,035,238	\$ (7,692)	\$ (195,123)	\$ (3,750)	\$ 1,828,673
General revenues					
Property taxes	1,141,393	-	-	-	1,141,393
Unrestricted investment earnings	59,888	532	113,970	777	175,167
Grants and contributions					
not restricted to programs	9,473	-	114,998	-	124,471
Gain on sale of capital assets	16,754	-	-	-	16,754
Total general revenues	1,227,508	532	228,968	777	1,457,785
Change in net assets	3,262,746	(7,160)	33,845	(2,973)	3,286,458
Net assets, beginning of year, as restated	29,375,712	7,160	6,629,806	1,819,813	37,832,491
Net assets, end of year	\$ 32,638,458	\$ -	\$ 6,663,651	\$ 1,816,840	\$ 41,118,949

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

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

I. SIGNIFICANT ACCOUNTING POLICIES

The County of Midland, Michigan (the “County”) was organized in 1850 and covers an area of approximately 528 square miles, with the County seat located in the City of Midland. The County operates under an elected Board of Commissioners (seven members) and provides services to its 82,874 residents (per 2000 census) in many areas, including law enforcement, administration of justice, community enrichment and development, and human services.

A. Reporting entity

In accordance with generally accepted accounting principles, these financial statements present the County (the primary government) and its component units. The component units discussed below are included in the County’s reporting entity because they are entities for which the County is considered to be financially accountable.

Blended component unit

The Midland County Building Authority (the “Authority”) was incorporated under provisions of Michigan Public Act 31 of 1948 and is governed by a five member Board appointed by the Midland County Board of Commissioners. Although it is legally separate from the County, the 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. As a result, the County has included in its financial statements a debt service fund, used for the accumulation of resources to pay off the debt. Also, the County has incorporated the bond issues and capital assets in the governmental activities column.

Discretely presented component units

The component unit columns in the financial statements include the financial data of the County’s other component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Midland County Road Commission is the agency through which the County carries on activities relative to roads and highways. The Midland County Board of Commissioners appoints three Road Commissioners for six-year terms and the County has the ability to impose its will on the Road Commission. Road service is conducted within the County and for the benefit of County residents. Motor Vehicle Highway funds and local property taxes are the primary revenue sources.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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The Midland Economic Development Council (“EDCCM Loan Revolving Fund”) was established by the Midland County Board of Commissioners pursuant to P.A. 338 to assist and retain local industries and commercial enterprises. The Midland County Board of Commissioners appoints the Board of Directors. Although the County is not liable on any notes or bonds of the E.D.C.C.M. Loan Revolving Fund, the County is the applicant for all grants, and the County is the lender of such grants. The E.D.C.C.M. Loan Revolving Fund does not issue separate financial statements.

The Midland County Drain Commissioner is the Agency through which the County carries on the activities related to construction and maintenance of County drains. The Drain Commissioner is fiscally dependent on Midland County. Public Act 40 (The Drain Code) of 1956 established each drainage district as a separate legal entity with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The Drain Commissioner may issue debt and levy special assessments without the prior approval of the County Board of Commissioners. The Full Faith and Credit of the County may be given for the debt of the drainage districts. The Drain Commissioner deposits its receipts with the County Treasurer.

The Midland Economic Development Corporation (“EDCCM”) was established in accordance with Act 338 of the Public Acts of 1984, by a resolution of the Midland County Board of Commissioners. The E.D.C.C.M. was formed to assist in the attraction, expansion and retention of facilities which provide employment and which are most desirable and beneficial to the environment, economics and citizenry of Midland County. The E.D.C.C.M. is not a lending institution, except as provided by the Community Development Block Grant Re-use Plan as approved by the Midland County Board of Commissioners. Its function is as an issuer of tax-exempt bonds, in accordance with Act 338 as amended. The Midland County Board of Commissioners appoints the Board of Directors and has the ability to significantly influence the operations of the E.D.C.C.M.

Complete financial statements of the discrete component units can be obtained from their respective administrative offices listed below or from the County Clerk’s Office at the Courthouse.

ADMINISTRATIVE OFFICES:

Midland County Road Commission
4509 N. Saginaw Road
Midland, MI 48640

MIDLAND COUNTY

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DECEMBER 31, 2007

Midland Economic Development Corporation
300 Rodd Street
Midland, MI 48640

Related disclosures for the County's component units have been incorporated into the notes to the financial statements and are referenced to the above mentioned component units when applicable.

Related organizations

The County's Board of Commissioners is also responsible for appointing members of the Boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County Board chairman or specific committees of the County Board appoints one Board member of the Council on Aging, one Board member of the Emergency Medical Services Board and two Board members (out of seven) of the Midland County Central Dispatch Authority.

Joint Building Authority

The County is a participant with the City of Midland in a joint City/County Building Authority (the "Joint Authority"). The Joint Authority was created to provide for the acquisition and construction of certain public buildings, parking lots or structures, recreational facilities, stadiums and the necessary site or sites for the joint use of the City and County.

The Joint Authority is governed by a three-member Board composed of an appointee from both the City and County and a third who is mutually appointed. Complete financial statements for the Joint Authority can be obtained from the Joint Authority's administrative office or at the County Clerk's Office.

In August 1993, the Joint Authority began operations and issued \$4,000,000 in general obligation bonds for the construction/renovation of a Central Dispatch facility. The County and City have entered into leases for the facility's use. The County is obligated for 33.01% and the City 66.99% under such leases for operating costs of the facility and to redeem the bonds including interest. The County reports their share of the bond costs as a capital lease. In March 2003, the 1994 Bonds with principal balance remaining of \$2,550,000 and an average interest rate of 6% were refunded for \$2,665,000 in new bonds with a 3.4415% average interest rate.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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B. Government-wide and fund financial statements

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements except for agency funds. Agency funds use the accrual basis of accounting, but do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

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

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

The County reports the following major governmental funds:

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

The ***Tax Set-Aside Fund*** accounts for the funds set aside for possible unfavorable tax appeals.

The ***Revenue Sharing Reserve Fund*** accounts for tax millage funds as required by Public Act 357 of 2004.

The County reports the following major proprietary funds:

The ***Homer Township Water Bonds Fund*** is used to account for the accumulation of funds for the payment of interest and principal on the Homer Township Water Bonds.

The ***Midland Township Water Bonds Fund*** is used to account for the accumulation of funds for the payment of interest and principal on the Midland Township Water Bonds.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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The *Larkin Township Water Bonds II Fund* is used to account for the accumulation of funds for the payment of interest and principal on the Larkin Township II Water Bonds.

Additionally, the County reports the following fund types:

The *Internal Service Funds* account for equipment maintenance and replacement, insurances, and mobile data terminal operations that provide services to other departments and agencies on a cost-reimbursement basis.

The *Private Purpose Trust Funds* account for trust arrangements for the juvenile care center, forfeitures, the Family Independent Agency and others, which accumulate resources held in trust for those specific purposes.

The *Pension and Other Employee Benefit Trust Funds* account for the activities of the County Employees' Retirement System, Act 345 Retirement System and the Retiree Healthcare Plan, which accumulate resources for pension and health benefit payments for qualified employees.

The *Agency Funds* account for assets held for other governments in an agency capacity. These include the County Agency, Retainment, Flexible Benefits, Library Penal Fines and Inmate Agency Funds.

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

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

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the jail commissary fund and of the County's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities and net assets or equity

1. Deposits and investments

The County Treasurer maintains centralized management of most County cash resources, including cash resources of the following component units: the Midland County Drain Commissioner, the Midland County Road Commission and the Economic Development Corporation of Midland County. Available cash is invested temporarily in certificates of deposits, money market accounts or other highly liquid investments.

Each fund's share of the balance is reported in a separate cash account for the respective fund. The interest carried on the pooled funds is credited to the General Fund and is allocated to most funds based on average balances. Negative balances occasionally arise in some funds and represent implied interfund borrowings.

For purposes of the statement of cash flows, the County considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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. Investments that do not have an established market are reported at estimated fair value.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Inventory and prepaid items

Inventory in the Road Commission component unit is stated at cost using the first-in-first-out method. Inventory consists of various operating parts, supplies and road material. The County utilizes the consumption method to account for inventory.

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

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined for financial statement purposes as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

In the Drain Commissioner component unit and the Road Commission component unit, infrastructure includes only those infrastructure assets acquired subsequent to January 1, 2002.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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Capital assets of the primary government as well as the component units are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Public domain/system infrastructure	50
Equipment	3-10
Vehicles	6-15

5. Deferred revenue

Deferred revenues relate primarily to 2007 property taxes assessed on December 31, 2006 (lien date), which are levied on December 1, 2007, and are to be collected principally in February 2008. These taxes have been recorded as a receivable and as deferred revenue at December 31, 2007, since they are not available to finance expenditures until 2008.

6. Compensated absences

County employees accumulate compensated leave time in varying amounts depending on length of service and other factors. A liability for these amounts is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements.

7. Long-term obligations

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

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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

8. Fund equity

Reservations of fund balance are established to identify (1) claims against resources of the entity that have not materialized as liabilities at the balance sheet date, or (2) the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure, for example, inventories and prepayments. Such reserves are not intended as valuation allowances, but merely demonstrate the current unavailability of the subject assets to pay current expenditures.

Designations of fund balance indicate plans for future financial resource utilization. These designations represent those portions of fund equity, which cannot be appropriated for expenditures.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The General Fund and Special Revenue Funds operate under formal budgetary control. A general appropriation budget is prepared in accordance with Michigan Public Act 2 of 1968, as amended, and the budgetary document is submitted annually by the County Administrator/Controller to the Finance Committee, which recommends formal adoption by the Midland County Board of Commissioners. Budgets presented in the financial statements are prepared on a modified accrual basis of accounting and encompass all amendments.

Budgetary control is exercised at the function level. The Administrator/Controller is authorized to make budget transfers within these funds at the function level.

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NOTES TO FINANCIAL STATEMENTS

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The Board of Commissioners is authorized to make and has made supplemental appropriation adjustments to the budget during the fiscal year as deemed necessary at the levels of budgetary control as noted above. These adjustments are reflected in the budget amounts in the financial statements. All encumbered appropriations lapse at the end of the fiscal year unless related commitments, contracts or purchase orders are outstanding at year-end.

B. Excess of expenditures over appropriations

The following funds had excess of expenditures over appropriation at the legal level of budgetary control:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
GENERAL FUND			
Planning and development	\$ 111,159	\$ 111,790	\$ 631
Transfers out	6,229,742	8,649,275	2,419,533
SPECIAL REVENUE FUNDS:			
Tax Set-Aside			
Repayment of tax set-asides	-	25,902,379	25,902,379
Revenue Sharing Reserve			
Transfers out	1,773,787	3,495,487	1,721,700

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Statutory Authority

State statutes authorize the County to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

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

	<u>Carrying Amount</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and investment pool	\$ 45,028,936
Component Units:	
Cash and investment pool	2,162,971
 Fiduciary Fund Financial Statement Captions:	
Cash and investment pool	2,648,231
Investments	<u>91,065,219</u>
 Total	 <u>\$ 140,905,357</u>

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Deposits and Investments:

Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 14,668,313
Investments:	
U.S. agencies	5,709,496
Commercial paper	5,586,929
Investment funds	13,600,373
Fixed income funds	29,534,880
Corporate bonds	8,767,185
Common stock	48,953,658
Money market accounts	14,058,993
Cash on hand	25,530
Total	\$ 140,905,357

As of December 31, 2007, the County had the following investments and maturities.

	Investment maturities (in years)			Credit Rating Ranges		
	Fair	Less	1-5	Fitch	Standard & Poors	Moody's
	Value	Than 1				Investor's Services
U.S. agencies	\$ 5,709,496	\$ 846,800	\$ 4,862,696	n/a	AAA	AAA
Rated investment funds**	13,600,373	-	-	AAA/V1+	n/a	n/a
Commercial paper	5,586,929	5,586,929	-	n/a	n/a	n/a
Fixed income funds**	29,534,880	-	-	n/a	AAA-A	n/a
Corporate bonds	8,767,185	500,883	8,266,302	n/a	AAA-A	n/a
	\$ 63,198,863	\$ 6,934,612	\$ 13,128,998			

**The rated investment funds and fixed income funds noted above do not have specific maturity dates.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments. Midland County further limits the allowable investments and maturities of some allowable investments in their investment policy. The investment policy states that the County will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the County will not directly invest in securities maturing more than three years from the date of purchase. The County may collateralize its repurchase agreements using longer-dated investments not to exceed three years to maturity. Reserve funds may be invested in securities exceeding three years if the maturity of such investments are made to coincide as nearly as possible with the expected use of the funds. The maturity dates for each type of investment are identified above for investments held at year-end.

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$14,299,605 of the County's bank balance of \$14,999,605 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. However, the County's investment policy states that no more than sixty percent of the County investment portfolio will be invested with a single financial institution. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

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Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified above. The County's investment policy states that no more than sixty percent of the County investment portfolio, with the exception of U.S. Treasury securities and authorized pools, should be invested in a single security type. More than five percent of the County's investments are not invested in a single investment. All investments held at year-end are reported above.

B. Receivables

Receivables in the primary government and component units are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Taxes / special assessments	\$ 10,230,752	\$ 1,869,368	\$ 6,311,778
Accounts	441,020	-	-
Interest	123,921	2,218	4,108
Loans	1,795,537	-	-
Intergovernmental	<u>1,112,817</u>	<u>15,657,483</u>	<u>1,414,308</u>
Total	<u>\$ 13,704,047</u>	<u>\$ 17,529,069</u>	<u>\$ 7,730,194</u>

Loans receivable of \$1,795,537 include approximately \$1,782,208 not expected to be collected within one year. Special assessments receivable in the Drain Commissioner component unit of \$5,149,778 include approximately \$4,267,287 not expected to be collected within one year. Governmental activities intergovernmental receivables of \$1,112,817 include approximately \$445,089 not expected to be collected within one year. Business-type activities intergovernmental receivables of \$15,657,483 include approximately \$14,250,000 not expected to be collected within one year.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 78,722	\$ -
Property taxes receivable (Non-major governmental fund types)	-	9,857,231
Loans receivable	1,795,577	-
Grant drawdowns prior to meeting all eligibility requirements (Health Department Fund)	-	23,871
Total	\$ 1,874,299	\$ 9,881,102

C. Capital assets

Primary Government

The following table summarizes the capital asset activity of the primary government for the year ended December 31, 2007:

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 2,258,131	\$ -	\$ -	\$ 2,258,131
Construction in progress	-	1,372,477	-	1,372,477
Total capital assts not Being depreciated	2,258,131	1,372,477	-	3,630,608

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Capital assets, being depreciated:				
Land improvements	\$ 1,781,303	\$ -	\$ -	\$ 1,781,303
Buildings and improvements	23,017,630	16,547	-	23,034,177
Machinery and equipment	3,350,296	259,166	(82,625)	3,526,837
Vehicular equipment	2,512,203	76,561	(246,343)	2,342,421
 Total capital assets being depreciated	 30,661,432	 352,274	 (328,968)	 30,684,738
 Less accumulated depreciation for:				
Land improvements	(1,193,725)	(84,058)	-	(1,277,783)
Buildings and improvements	(10,065,894)	(458,884)	-	(10,524,778)
Machinery and equipment	(2,337,468)	(262,461)	74,984	(2,524,945)
Vehicular equipment	(1,481,745)	(285,317)	131,010	(1,636,052)
 Total accumulated depreciation	 (15,078,832)	 (1,090,720)	 205,994	 (15,963,558)
 Total capital assets being depreciated, net	 15,582,600	 (738,446)	 (122,974)	 14,721,180
 Governmental activities capital assets, net	 \$ 17,840,730	 \$ 634,031	 \$ (122,974)	 \$ 18,351,788
	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Business-type activities				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 99,150	\$ -	\$ 99,150

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

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

Judicial	\$ 36,299
General government	492,494
Public safety	319,995
Public works	69,504
Community development	2,274
Health and welfare	66,852
Culture and recreation	58,555
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	44,747
Total depreciation expense-governmental activities	<u>\$1,090,720</u>

Discretely presented component units

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

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Capital assets not being depreciated				
Land and improvements	\$3,707,685	\$ -	\$ -	\$ 3,707,685
Land / right-of-way	8,700	-	-	8,700
Total capital assets not being depreciated	3,716,385	-	-	3,716,385
Capital assets being depreciated				
Buildings	2,815,096	-	-	2,815,096
Road equipment	4,975,595	911,564	(154,809)	5,732,350
Shop equipment	144,016	-	(33,113)	110,903
Office equipment	91,749	527	(5,206)	87,070
Engineer equipment	77,599	-	-	77,599
Infrastructure – bridges	2,457,383	2,288,245	-	4,745,628
Infrastructure – roads	20,092,012	2,371,099	-	22,463,111
Infrastructure – traffic signals	67,447	-	-	67,447
Total capital assets being depreciated	30,720,897	5,571,435	(193,128)	36,099,204

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Less accumulated depreciation				
Buildings	\$ (768,799)	\$ (56,328)	\$ -	\$ (825,127)
Road equipment	(3,295,968)	(645,008)	140,750	(3,800,226)
Shop equipment	(140,419)	(2,020)	33,113	(109,326)
Office equipment	(76,054)	(4,491)	5,206	(75,339)
Engineers equipment	(60,501)	(5,675)	-	(66,176)
Infrastructure – bridges	(92,421)	(73,116)	-	(165,537)
Infrastructure – roads	(2,524,461)	(1,140,354)	-	(3,664,815)
Infrastructure – traffic signals	<u>(20,336)</u>	<u>(4,519)</u>	<u>-</u>	<u>(24,855)</u>
Total accumulated depreciation	<u>(6,978,959)</u>	<u>(1,931,511)</u>	<u>179,069</u>	<u>(8,731,401)</u>
Net capital assets being depreciated	<u>23,741,938</u>	<u>3,639,924</u>	<u>(14,059)</u>	<u>27,367,803</u>
Total net capital assets	<u>\$27,458,323</u>	<u>\$ 3,639,924</u>	<u>\$ (14,059)</u>	<u>\$31,084,188</u>

Activity for the Drain Commissioner for the year ended December 31, 2007, was as follows:

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Capital assets, not being depreciated:				
Construction in progress	\$ 1,876,449	\$ 1,111,894	\$ (1,762,125)	\$ 1,226,218
Capital assets, being depreciated:				
Infrastructure	1,545,396	1,762,126	-	3,307,522
Less accumulated depreciation for:				
Infrastructure	<u>(55,033)</u>	<u>(39,596)</u>	<u>-</u>	<u>(94,629)</u>
Total capital assets being depreciated, net	<u>1,490,363</u>	<u>1,722,530</u>	<u>-</u>	<u>3,212,893</u>
Total capital assets being depreciated, net	<u>\$ 3,366,812</u>	<u>\$ 2,834,424</u>	<u>\$ (1,762,125)</u>	<u>\$ 4,439,111</u>

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Discretely presented component units

Activity for the E.D.C.C.M. for the year ended December 31, 2007, was as follows:

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Capital assets, not being depreciated:				
Commercial property inventory	\$ 1,898,156	\$ 4,103	\$ -	\$ 1,902,259

D. Payables

Accounts payable and accrued liabilities in the primary government are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts	\$ 19,114,908	\$ 8,871
Wages, fringe benefits and other accrued liabilities	1,134,883	-
Interest payable	3,633	291,844
Deposits	451	
Intergovernmental	<u>22,000</u>	<u>49,342</u>
Total	<u>\$ 20,275,875</u>	<u>\$ 350,057</u>

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

E. Interfund receivables, payables, and transfers

Interfund receivables and payables as of December 31, 2007, are as follows:

Due to:	Due from:			Total
	General	Revenue Sharing Reserve	Nonmajor Governmental	
General	\$ -	\$ -	\$ 394,672	\$ 394,672
Tax Set Aside	3,454,109	1,721,700	87,272	5,263,081
Nonmajor Governmental	-	-	<u>31,065</u>	<u>31,065</u>
Total	<u>\$ 3,454,109</u>	<u>\$ 1,721,700</u>	<u>\$ 513,009</u>	<u>\$ 5,688,818</u>

Long-term advances as of December 31, 2007, are as follows:

Advance to:	Advance from:		Total
	General	Nonmajor enterprise	
Nonmajor governmental	\$ 355,000	\$ -	\$ 355,000
Nonmajor enterprise	-	<u>1,203,000</u>	<u>1,203,000</u>
Total	<u>\$ 355,000</u>	<u>\$ 1,203,000</u>	<u>\$ 1,558,000</u>

Interfund transfers as of December 31, 2007, are as follows:

Transfer to:	Transfer from:				Total
	General	Revenue Sharing Reserve	Nonmajor Governmental	Nonmajor Enterprise	
General	\$ -	\$ 1,773,787	\$ 92,380	\$ 556,734	\$ 2,422,901
Tax Set Aside	4,535,492	1,721,700	437,828	-	6,695,020
Nonmajor Governmental	4,113,783	-	104,027	-	4,217,810
Nonmajor Enterprise	-	-	-	<u>818,477</u>	<u>818,477</u>
Total	<u>\$ 8,649,275</u>	<u>\$ 3,495,487</u>	<u>\$ 634,235</u>	<u>\$ 1,375,211</u>	<u>\$ 14,154,208</u>

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Interfund receivables and payables are primarily for short-term financing of certain operations. The \$5,263,081 owed to the Tax Set-Aside Fund is as a result of a tax settlement subsequent to year-end that applies to revenues collected prior to year-end. See Note IV B for further information on the settlement.

Long-term advances from the General Fund to other funds are commonly made without specific repayment terms to finance new activities during their initial operations. A reservation of fund balance is maintained in the General Fund for these advances as shown on the balance sheet-governmental funds. Advances are made by the General Fund based upon the cash needs of the funds receiving. Advances between the 2005 Tax Repayment Fund and the Delinquent Tax Revolving Fund exist to maintain adequate reserves in the 2005 Tax Repayment Fund until delinquent taxes are collected.

Interfund transfers include transfer of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations; and, transfer of revenues from the fund that is required to collect them to the fund that is required or allowed to expend them. In addition, the Revenue Sharing Reserve Fund has transferred the allowable spending amount specified by the State for the State revenue sharing fund in compliance with Public Act 357 of 2004.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

F. Leases

Operating Leases

The County has an operating lease with the Midland-Gladwin Community Mental Health Services in which the County leases out office facilities. The office facilities are the fourth floor of the Midland County Services Building. The following is a summary of annual minimum future rentals “scheduled” or anticipated to be received on the lease in excess of one year as of December 31, 2007:

2008	\$ 10,654
2009	10,654
2010	10,654
2011	<u>10,654</u>
Total minimum future rentals	<u>\$ 42,616</u>

G. Long-term debt

The County has issued general obligation bonds to provide funds for the acquisition and construction of major capital assets. The bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years for the governmental activities was \$2,605,000. The original amount of general obligation bonds issued in prior years for business-type activities was \$21,730,000. The Drain Commissioner component unit has notes and bonds for drain construction. The original amount of these notes was \$5,904,000. The E.D.C.C.M. component unit has a land contract payable outstanding. The original amount of the land contract payable was \$400,000.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

	<u>Balance January 1, 2007</u>	<u>Additions (Deductions)</u>	<u>Balance December 31, 2007</u>
Governmental Activities:			
<u>2.00% to 2.625% Midland County Revenue Refunding Building Authority Bonds,</u> dated September 1, 2003, principal due in annual installments of \$445,000 to \$635,000 through June 2008, interest is due semi-annually on June 1 st and December 1 st , callable at par plus a premium of 1% to 2%.	\$ 920,000	\$ (450,000)	\$ 470,000
<u>Capital Lease - City and County of Midland Joint Building Authority Law Enforcement Center Construction.</u> Interest from 4.3% to 6.8%. Interest due on May 1 st and Nov. 1 st , principal due on May 1, through 2013.	645,346	(80,875)	564,471
Deferred amounts-premium	34,000	(17,000)	17,000
Accrued compensated leave time payable	<u>1,449,584</u>	<u>25,489</u>	<u>1,475,073</u>
Total Governmental Activities	<u>\$ 3,048,930</u>	<u>\$ (522,386)</u>	<u>\$ 2,526,544</u>

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

	<u>Balance January 1, 2007</u>	<u>Additions (Deductions)</u>	<u>Balance December 31, 2007</u>
Business-Type Activities:			
<p><u>5.75% Midland County Water Supply System Bonds (Township of Homer)</u>, dated September 1, 1997, principal due in annual installments of \$65,000 to \$305,000 through August 2017, interest is due semiannually on February 1st and August 1st.</p>	\$ 3,015,000	\$(245,000)	\$2,770,000
<p><u>4.0% to 5.25% Midland County Water Supply System Bonds (Township of Larkin)</u>, dated August 1, 1997, principal due in annual installments of \$15,000 to \$45,000 through August 2016, interest is due semiannually on February 1st and August 1st.</p>	300,000	(40,000)	260,000
<p><u>3.7% to 4.9% Midland County Water Supply System Bonds (Township of Jerome)</u>, dated January 1, 1998, principal due in annual installments of \$35,000 to \$100,000 through August 1, 2017, interest due semi-annually on February 1st and August 1st.</p>	855,000	(60,000)	795,000
<p><u>4.4% to 5.75% Midland County Water Supply System (Lincoln Township) Bonds</u>, dated June 26, 1996, principal due in annual installments of \$10,000 to \$15,000 through May 1, 2011, interest is due semi-annually on November 1st and May 1st.</p>	75,000	(15,000)	60,000

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

	<u>Balance January 1, 2007</u>	<u>Additions (Deductions)</u>	<u>Balance December 31, 2007</u>
<u>4.0% to 7.0% Midland County Water Supply System (Midland Township) Bonds</u> , dated August 1, 1999, principal due in annual installments of \$110,000 to \$300,000 through August 1, 2019, interest due semi-annually on February 1 st and August 1 st .	\$ 2,915,000	\$ (160,000)	\$ 2,755,000
<u>5.2% Midland County Water Supply System Bonds (Township of Larkin)</u> , dated September 1, 1999, principal due in annual installments of \$60,000 to \$340,000 through August 1, 2019, interest due semi-annually on February 1 st and August 1 st .	3,425,000	(190,000)	3,235,000
<u>4.0% to 6.0% Midland County Water Supply System (Homer Township) Bonds</u> , dated August 1, 2003, principal due in annual installments of \$20,000 to \$155,000 through August 1, 2023, interest due semi-annually on February 1 st and August 1 st .	2,625,000	(155,000)	2,470,000
<u>4.5% Midland County Water Supply System Bonds (Township of Homer)</u> , dated September 1, 2003, principal due in annual installments of \$85,000 to \$155,000 through August 1, 2024, interest due semi-annually on February 1 st and August 1 st .	2,420,000	(155,000)	2,265,000
<u>1.750%-4.750% Midland County Water Supply System Bonds (Edenville/Hope)</u> , Dated June 1, 2004, principal due in annual installments of \$10,000 to \$25,000 through August 1, 2024, interest due semi-annually on February 1 st and August 1 st .	395,000	(20,000)	375,000

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

	<u>Balance January 1, 2007</u>	<u>Additions (Deductions)</u>	<u>Balance December 31, 2007</u>
<u>3.4%-4.8% Midland County Water Supply System Bonds (Township of Homer, No. 8)</u> , dated December 8, 2005, principal due in annual installments of \$15,000 to \$20,000 through August 1, 2025, interest due semi-annually on February 1 st and August 1 st .	\$ 360,000	\$ (15,000)	\$ 345,000
Midland County Water Supply (Lee Township) Bond Anticipation Note	-	625,000	625,000
Midland County Water Supply (Larkin Township III) Bond Anticipation Note	<u>-</u>	<u>110,000</u>	<u>110,000</u>
Total Business-Type Activities	<u>\$16,385,000</u>	<u>\$ (320,000)</u>	<u>\$16,065,000</u>
	<u>Balance January 1, 2007</u>	<u>Additions (Deductions)</u>	<u>Balance December 31, 2007</u>
Component Units:			
<u>4.0% Ashby Drain Bond</u> dated September 1, 2001 due in annual installments of \$45,000 to \$50,000 plus interest through Sept. 1, 2021.	\$ 740,000	\$ (50,000)	\$ 690,000
<u>3.45% Tigner Drain Note</u> dated May 1, 2002 due in annual installments of \$18,600 plus interest through June 15, 2007.	18,600	(18,600)	-
<u>3.57% Durbin & Branch Drain Bond</u> dated August 2, 2002, due in annual installments of \$34,285 plus interest through June 1, 2009.	102,857	(34,286)	68,571
<u>3.45% Fulmer Drain Note</u> dated May 1, 2003 due in annual installments of \$35,600 plus interest through June 15, 2008.	71,200	(35,600)	35,600

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

	<u>Balance</u> <u>January 1,</u> <u>2007</u>	<u>Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>December 31,</u> <u>2007</u>
<u>3.86% Junction Drain Note</u> dated September 1, 2004, due in annual installments of \$27,400 plus interest through June 15, 2009.	\$ 82,200	\$ (27,400)	\$ 54,800
<u>4.11% Fountain Drain Note</u> dated December 1, 2005, due in annual installments of \$25,000 plus interest through June 15, 2011	125,000	(25,000)	100,000
<u>5.95% Russell Drain Note</u> dated May 10, 2006, due in annual installments of \$30,000 plus interest through June 15, 2013	210,000	(30,000)	180,000
<u>3.65%-4.35% Abbott & Ware Drain Bonds</u> dated June 1, 2006, due in annual installments of \$75,000 plus interest through June 1, 2016	750,000	(75,000)	675,000
<u>3.9%-4.6% Little Salt Intercounty Drain Bonds</u> dated August 1, 2006, due in annual installments of \$150,000 plus interest through June 1, 2016	1,590,000	(150,000)	1,440,000
<u>3.65% Eastman Drain Note</u> dated May 2, 2005, due in annual installments of \$23,000 plus interest through June 15, 2010	92,000	(23,000)	69,000
<u>Grace & Waltz Drain Note</u> dated May 2, 2005, due in annual installments of \$34,000 plus interest through June 15, 2012	204,000	(34,000)	170,000

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

	Balance January 1, 2007	Additions (Deductions)	Balance December 31, 2007
<u>Hanley Drain Note</u> dated May 16, 2005, due in annual installments of \$25,600 plus interest through June 15, 2010	\$ 102,400	\$ (25,600)	\$ 76,800
<u>Kiesel Upper & Branch #1 Intercounty Drain Note</u> dated June 10, 2006, due in annual installments of \$58,000 plus interest through June 15, 2011	290,000	(58,000)	232,000
<u>Waite & DeBolt Branch #5 - #861 Drain Note</u> dated October 16, 2006, due in annual installments of \$42,000 plus interest through June 15, 2013	294,000	(42,000)	252,000
<u>Sage Intercounty Drain Note</u> dated July 26, 2005, due in annual installments of \$14,000 plus interest through June 15, 2010	56,000	(14,000)	42,000
<u>Custer Drain Note</u> dated September 6, 2005, due in annual installments of \$16,800 plus interest through June 15, 2010	67,200	(16,800)	50,400
<u>Note payable</u> due in full on or before December 31, 2008, plus 4.5% interest.	91,200	-	91,200
 Total Component Unit Debt	 \$ 4,886,657	 \$ (659,286)	 \$ 4,227,371
Road Commission component unit accrued compensated absences	\$ 436,718	\$ 69,074	\$ 505,792

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 920,000	\$ -	\$ (450,000)	\$ 470,000	\$ 470,000
Deferred amounts-premium	34,000	-	(17,000)	17,000	17,000
Capital leases	645,346	-	(80,875)	564,471	87,477
Compensated absences	<u>1,449,584</u>	<u>895,430</u>	<u>(869,941)</u>	<u>1,475,073</u>	<u>1,177,471</u>
Governmental activity Long-term liabilities	<u>\$ 3,048,930</u>	<u>\$ 895,430</u>	<u>\$ (1,417,816)</u>	<u>\$ 2,526,544</u>	<u>\$ 1,751,948</u>
Business-type activities:					
Bonds payable:					
General obligation bonds and notes	<u>\$16,385,000</u>	<u>\$ 735,000</u>	<u>\$ (1,055,000)</u>	<u>\$16,065,000</u>	<u>\$1,815,000</u>
Component Units:					
Notes payable:					
Drain notes & bonds	\$ 4,795,457	\$ -	\$ (659,286)	\$ 4,136,171	\$ 635,686
Other notes payable	91,200	-	-	91,200	91,200
Compensated absences	<u>436,718</u>	<u>69,074</u>	<u>-</u>	<u>505,792</u>	<u>246,192</u>
Component unit Long-term liabilities	<u>\$ 5,323,375</u>	<u>\$ 69,074</u>	<u>\$ (659,286)</u>	<u>\$ 4,733,163</u>	<u>\$ 973,078</u>

For the governmental activities, compensated absences are generally liquidated by the general fund and certain special revenue funds.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

The annual requirements to pay principal and interest on long-term obligations outstanding at December 31, 2007, excluding capital leases and accrued compensated absences, are as follows:

	<u>Primary Government Governmental Activities General Obligations</u>		<u>Primary Government Business-Type Activities General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 470,000	\$ 6,169	\$ 1,815,000	\$ 702,044
2009	-	-	1,105,000	645,920
2010	-	-	1,125,000	593,573
2011	-	-	1,160,000	538,966
2012	-	-	1,165,000	485,144
2013-2017	-	-	6,290,000	1,597,200
2018-2022	-	-	2,890,000	422,362
2023-2025	-	-	515,000	34,288
Totals	<u>\$ 470,000</u>	<u>\$ 6,169</u>	<u>\$ 16,065,000</u>	<u>\$5,019,497</u>

MIDLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

	<u>Component Units</u>	
	<u>General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 635,686	\$ 170,628
2009	605,085	145,357
2010	538,400	120,981
2011	464,000	98,718
2012	381,000	78,802
2013-2017	1,312,000	169,900
2018-2021	<u>200,000</u>	<u>19,500</u>
Totals	<u>\$ 4,136,171</u>	<u>\$ 803,886</u>

County debt is limited to 10% of state equalized value of property in the County, or approximately \$350,000,000.

Minimum capital lease payments for each of the years succeeding December 31, 2007, for the Law Enforcement Center Joint Building Authority are as follows:

<u>Year</u>	<u>Law Enforcement Center</u>
2008	\$ 105,050
2009	100,975
2010	104,788
2011	108,155
2012	102,994
2013	<u>104,249</u>
Total minimum lease payments	626,211
Less amounts representing interest	<u>61,740</u>
Present value of net minimum lease payments	<u>\$ 564,471</u>

The Law Enforcement Center acquired through capital lease had a value of \$1,471,224.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to claims, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Other than workers' compensation, risk of loss is primarily handled through the purchase of commercial insurance policies. Settlements have not exceeded insurance coverage in any of the past three years.

The County maintains a self-insurance fund for workers' compensation. The fund is reported as an Internal Service Fund and other fund types share the expense based on payroll dollars. An independent company administers the program, and provides claims review, safety inspections and processing. A workers' compensation reinsurance policy indemnifies the County up to \$1,000,000 for each loss in excess of the first \$300,000 and up to \$5,000,000 in the aggregate. Settled claims have not exceeded insurance coverage in any of the past three years. The claims liability of \$36,889 in the Workers Compensation Fund at December 31, 2007, is based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability is estimated by management based on historical experience. No annuity contracts have been purchased for the claims liability.

The changes in the workers' compensation claims liability for the years ended December 31, are as follows:

	<u>12/31/2006</u>	<u>12/31/2007</u>
Claims liability, beginning of year	\$ 13,706	\$ 1,293
Claims and damages incurred	118,851	159,257
Claims payments	<u>(131,264)</u>	<u>(123,661)</u>
Claims liability, end of year	<u>\$ 1,293</u>	<u>\$ 36,889</u>

The Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool ("Pool"). The insurance coverage includes, but is not limited to, general liability, auto, property insurance, stop loss protection, errors and omissions, truck line liability and an umbrella policy. The amount the Road Commission pays annually is determined by the Administrator of the Pool and is based on miles of roads, population and prior claim history of the Road Commission. In addition to premiums paid, the Road Commission is responsible for the first \$1,000 of legal expense incurred per occasion. All other risk is transferred to the Pool.

Health Insurance

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

The self-insurance program for health insurance is accounted for in the Healthcare Fund (internal service fund) and the Retiree Healthcare Fund (an other employee benefit trust fund). An independent administrator (“Blue Cross”) is hired to process the daily claims.

The County has a stop loss of \$30,000. There were no reductions of insurance coverage from the prior year. The County is also responsible for paying administrative charges and for actual prescription claims. The revenues for this Fund’s operation are reimbursements from various funds and employee payroll withholdings. The liability at the end of the year is based on claims already incurred and reported and on estimates of incurred but not reported claims as provided by Blue Cross. No annuity contracts have been purchased to satisfy claim liabilities. Settled claims have not exceeded insurance coverage in any of the past three years.

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

	<u>12/31/2006</u>	<u>12/31/2007</u>
Claims liability, beginning of year	\$ 495,396	\$ 370,118
Claims and damages incurred	2,726,544	3,135,660
Claims payments	<u>(2,851,822)</u>	<u>(2,994,429)</u>
Claims liability, end of year	<u>\$ 370,118</u>	<u>\$ 511,349</u>

B. Commitments and contingencies

Property Taxes

There are various court cases concerning certain collected taxes from the December 1997- 2005 levies being contested. In order to plan for the possibility of an unfavorable outcome of these appeals, the County elected to set aside certain portions of taxes collected from these levies. These amounts are reported in the Tax Set-Aside Special Revenue Fund in the financial statements. The settlement between the City of Midland and the Midland Cogeneration Venture was stipulated to in February of 2008, which requires the County to remit approximately \$19,700,000. Because a majority of this amount is owed from tax levies in 2007 and years prior, the Tax Set-Aside Fund has recorded a payable to the Midland Cogeneration Venture and the General Fund and certain other special revenue funds have recorded their portion of the additional settlements as payable to the Tax Set-Aside Fund.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Grant Programs

The County is the recipient of several Federal and State Grant programs. The expenditures for each program are subject to audit for technical compliance by an appropriate agency. In the event such audit procedures indicate that the County is not in compliance, the Federal or State government could require repayment of funds to the grantor(s). In the opinion of the County's management, such repayments, if any, are not likely to be material.

Other

There are various other legal actions which the County believes either will be favorably resolved or that it is too early to estimate any possible loss upon the outcome of such cases.

C. Retirement and other employee benefit systems

Description

The County maintains two separate single employer defined benefit pension plans, the Midland County Act 345 Retirement System for Sheriff's Department personnel and the Midland County Employees' Retirement System for substantially all other full-time employees. The single employer pension plans are maintained as Pension Trust Funds in the financial statements. The Plans do not issue stand-alone financial statements and are not included in the financial report of any other entity.

The Plans provide retirement, disability, and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the County. The County Board of Commissioners has the authority to establish and amend benefit provisions.

MIDLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Midland County Act 345 Retirement System and the Midland County Employees' Retirement System are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period they are due. The County's contributions to the Systems are recognized when due and they have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Systems.

Valuation of Investments

Marketable securities are stated at aggregate fair value. Securities which are traded on a national securities exchange are valued at the last reported sales price on the last business day of the System's year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. The difference between aggregate fair value and the cost of investments along with realized gains and losses on sales of investments are reflected in the Statement of Changes in Plan Net Assets as net appreciation or depreciation in the fair value of investments.

Administrative Expenses

The Systems are administered by Midland County. Administrative expenses, such as trustee and actuarial fees, are paid by the Systems. Fees for investment counseling are paid by the Systems.

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the Midland County Board of Commissioners. Plan members are required to contribute 6.27% of annual covered salary (7% for command offices) for Act 345 Retirement System participants, and 3% of annual covered salary for the Employees' Retirement System participants. The County is required to contribute at an actuarially determined rate.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Annual Pension Cost and Net Pension Obligation

For the year ended December 31, 2007, the County's annual pension cost of \$74,995 for the Act 345 System was equal to the County's required and actual contributions. For the year ended December 31, 2006, the County's annual pension cost of \$667,294 for the Employees' Retirement System was equal to the County's required and actual contributions.

The annual required contribution for the current year was determined as part of the December 31, 2005, actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (b) projected salary increases of 4.5-8.9% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0 to 3.8% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement.

Unfunded actuarial accrued liabilities are amortized as a level percent of payroll on an open basis with a remaining amortization period of 10 years for the Act 345 Retirement System and 28 years for the Employees Retirement System as of December 31, 2006, the date of the latest actuarial valuation. The actuarial value of assets is determined by adding contributions and regular investment income to valuation assets at the beginning of the year and reducing that amount by benefit payments and administrative expenses. This preliminary value is then adjusted by 20% of the fair value gains and losses for each of the last 5 years.

The following information is presented related to annual pension cost and net pension obligation:

Act 345 System

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2005	\$ -	-%	\$ -
12/31/2006	-	-	-
12/31/2007	74,995	100	-

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Employees' Retirement System

12/31/2005	\$803,988	100%	\$ -
12/31/2006	642,798	100	-
12/31/2007	667,294	100	-

Schedules of funding progress are as follows:

Actuarial Valuation Date (December 31)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
<i>Act 345 Retirement System</i>						
2004	\$23,349,975	\$19,985,876	\$(3,364,099)	116.8%	\$2,640,677	(127.4)%
2005	22,941,716	20,309,350	(2,632,366)	113.0	2,429,380	(108.0)
2006	22,933,679	21,233,451	(1,700,228)	108.0	2,547,031	(66.8)
<i>Employees' Retirement System</i>						
2004	41,090,746	38,842,332	(2,248,414)	105.8	9,448,306	(23.8)
2005	43,730,715	41,313,582	(2,417,133)	105.9	9,919,829	(24.0)
2006	46,481,408	44,080,655	(2,400,753)	105.4	10,479,350	(22.9)

Required supplementary information, which includes a Schedule of Funding Progress and a Schedule of Employer Contributions is presented immediately following the notes.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Following are the financial statements for the Employees' Retirement System and Act 345 Pension Trust Funds for the year ended December 31, 2007.

	<u>Statement of Plan Net Assets</u>	
	Employees' Retirement System	Act 345 Pension Trust Fund
ASSETS		
Cash and interest bearing deposits	\$ 32,532	\$ 67,356
Investments:		
Common stock	24,622,573	12,788,970
Corporate bonds	-	4,406,259
Short-term fixed income investment	26,386,807	2,445,404
U.S. government securities	-	3,809,496
Total investments	<u>51,009,380</u>	<u>23,450,129</u>
Receivables:		
Accounts	10,987	6,749
Interest	36,696	89,047
Prepayments	-	110,232
Total other current assets	<u>47,683</u>	<u>206,028</u>
TOTAL ASSETS	51,089,595	23,723,513
LIABILITIES		
Accounts payable	<u>325,026</u>	-
Net assets held in trust for:		
Retirement benefits	<u>\$ 50,764,569</u>	<u>\$ 23,723,513</u>

MIDLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

	<u>Statement of Changes in Plan Net Assets</u>	
	<u>Employees' Retirement System</u>	<u>Act 345 Pension Trust Fund</u>
ADDITIONS		
Contributions		
Employer	\$ 667,294	\$ 74,995
Plan members	<u>302,471</u>	<u>183,106</u>
Total contributions	<u>969,765</u>	<u>258,101</u>
Investment income		
Interest	417,339	472,522
Dividends	459,064	217,211
Net change in fair value of investments	<u>4,432,461</u>	<u>1,073,062</u>
Total investment income	5,308,864	1,762,795
Less investment expense	<u>(239,961)</u>	<u>(112,847)</u>
Net investment income	<u>3,119,874</u>	<u>1,649,948</u>
TOTAL ADDITIONS	<u>5,068,903</u>	<u>1,908,049</u>
DEDUCTIONS		
Benefits paid	1,823,090	1,275,403
Participant refunds	<u>102,814</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>1,925,904</u>	<u>1,275,403</u>
Net increase in plan assets	4,112,764	632,646
Net assets held in trust, beginning of year	<u>46,651,805</u>	<u>23,090,867</u>
NET ASSETS HELD IN TRUST, END OF YEAR	<u>\$ 50,764,569</u>	<u>\$ 23,723,513</u>

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Retiree Health Care Plan

Midland County also sponsors a retiree health care plan (the “Plan”). The plan is a single employer defined benefit public retiree health care plan established effective May 5, 1992. The purpose of the plan is to provide medical and health care benefits for the welfare of certain retirees of the County and the spouses and dependents of such retirees who are participants in the Midland County Retirement System (excluding employees of Midland-Gladwin Community Mental Health Services) and ACT 345 Retirement System who elect to participate in the Plan. Benefits under the plan are provided pursuant to a group contract issued by Blue Cross Blue Shield of Michigan. The Plan is maintained as a Pension and Other Employee Benefit Trust Fund in the Midland County financial statements. The County Board of Commissioners has the authority to establish and amend benefit provisions. The Plan does not issue stand-alone financial statements and is not included in the financial report of any other entity.

The Plan is a contributory defined benefit plan which covers substantially all employees of Midland County as defined above. At December 31, 2006, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	121
Active employees	<u>281</u>
Total	<u>402</u>

Most members contribute amounts ranging from 1% to 1.5% of their annual compensation to the Plan. If an employee leaves covered employment, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

The employer’s contributions are advance-funded on an actuarially determined basis. Although the County has contractual obligations to provide these other postemployment benefits (“OPEB”s) to certain of the employee groups outlined above, advance funding of the OPEBs are at the discretion of the County.

Contributions to the Plan for the year ended December 31, 2007, were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of December 31, 2006. The employer actual contributions were \$2,175,924, the amount of the actuarially determined contribution for 2007. Employee contributions for 2007 were \$132,862.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to financial statements, will present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The benefit obligation represents the actuarial present value of those estimated future benefits that are attributed to employee service rendered to December 31. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired or terminated employees and dependents (as defined by the Plan) and (2) active employees and their beneficiaries and dependents after retirement from service. Prior to an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to that employee's service rendered to the valuation date.

The actuarial present value of the expected postretirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical insurance premium-cost data to estimate future annual premium costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

The Plan's unfunded accrued liability was determined as part of an actuarial valuation of the Plan as of December 31, 2006. Significant actuarial assumptions used in determining the Plan's unfunded accrued liability included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 1.0% to 16.0% per year, depending on age, attributable to seniority/merit, and (d) health care cost increases of 11% in 2006 and scaling down by 1% every other year until it is 4.5% for 2013 and beyond.

Marketable securities are stated at aggregate fair value. Securities which are traded on a national securities exchange are valued at the last reported sales price on the last business day of the System's year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price.

A schedule of funding progress is as follows:

<u>Actuarial Valuation Date (December 31)</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded (Overfunded) AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
2006	\$13,196,032	\$43,796,535	\$30,600,503	30.1%	\$13,026,381	234.9%

The foregoing assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the postretirement accrued liability.

MIDLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Following are the financial statements for the Retiree Health Care Other Employee Benefit Trust Fund for the year ended December 31, 2007.

Statement of Plan Net Assets

ASSETS

Cash and interest bearing deposits	<u>\$ 110,000</u>
Investments:	
Common stock	10,944,902
Corporate bonds	4,306,926
Short-term fixed income investment	<u>702,669</u>
Total investments	<u>16,008,497</u>
Receivables:	
Accounts	5,024
Interest	368
Prepayments	<u>26,861</u>
Total other current assets	<u>32,253</u>
TOTAL ASSETS	<u>16,150,750</u>
LIABILITIES	
Accrued liabilities	<u>136,530</u>
Net assets held in trust for:	
Retirement benefits	<u>\$ 16,014,220</u>

MIDLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Statement of Changes in Plan Net Assets

ADDITIONS	
Contributions	
Employer	\$ 2,175,924
Plan members	<u>132,862</u>
Total contributions	<u>2,308,786</u>
Investment income	
Interest	40,856
Dividends	604,098
Net change in fair value of investments	<u>209,107</u>
Total investment income	854,061
Less investment expense	<u>(285,186)</u>
Net investment income	<u>568,875</u>
TOTAL ADDITIONS	<u>2,877,661</u>
DEDUCTIONS	
Benefits paid	894,436
Participant refunds	<u>24,606</u>
TOTAL DEDUCTIONS	<u>919,042</u>
Net increase in plan assets	1,958,619
Net assets held in trust, beginning of year	<u>14,055,601</u>
NET ASSETS HELD IN TRUST, END OF YEAR	<u>\$ 16,014,220</u>

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Road Commission Component Unit Pension Plan

Pension Plan

The Road Commission's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System ("MERS"), an agent multiple-employer plan administered by the Retirement Board of MERS. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (888) 478-1919.

Funding Policy

The Road Commission is required to contribute at an actuarially determined rate; the current rate is 12.01% of annual covered payroll for general employees and 17.47% for non-union supervisors. Road Commission employees are required to contribute 4.0% of their annual covered payroll. The contribution requirements of the Road Commission are established by Act No. 427 of the Public Acts of 1984, as amended, and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Road Commission.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Annual Pension Cost

For the year ended December 31, 2007, the Road Commission's annual pension cost of \$279,681 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Road Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2004	\$239,142	100%	-
12/31/2005	262,984	100	-
12/31/2006	279,681	100	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability AAL -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio a/b</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2004	\$ 8,088,227	\$ 11,073,375	\$ 2,985,148	73%	\$ 2,003,455	149%
12/31/2005	8,169,785	11,625,047	3,455,262	70	1,930,314	79
12/31/2006	8,418,073	11,987,230	3,569,157	70	1,929,274	81

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

D. Midland pollution control bonds

The County has issued limited obligation bonds to finance the construction of pollution control facilities for The Dow Chemical Company (“Dow”) and the Midland Cogeneration Venture (“MCV”). These bonds are secured by and payable solely from the revenue derived from the sale of the related facilities to Dow and MCV. The County has entered into installment sales agreements with Dow and MCV under which Dow and MCV are unconditionally obligated to pay all amounts due on the bonds.

Such bonds amounted to \$275,315,000 as of December 31, 2007. Because these bonds do not represent a general obligation of the County, nor a pledge of its full faith and credit, they have not been included in the County’s debt as of December 31, 2007.

E. Property Taxes

The County property taxes are levied each December 1st on the taxable valuation of property located in the County as of the preceding December 31st, the lien date. Assessed values are established annually by the County Equalization Department and are equalized by the State of Michigan at 50% of current market value. Total real and personal property for the December 1, 2006, levy was assessed (taxable value) at \$3,617,040,695. Total real and personal property for the July 1, 2007, levy was assessed (taxable value) at \$3,686,778,491. Midland County’s operating tax rate for the 2007 levy was 4.8955 mills, with an additional 0.52 mills for ambulance service, 0.34 mills for mosquito abatement, 0.65 mills for service to senior citizens, 0.5 mills for 9-1-1, .15 mills for public transportation and 1.00 mill for the Road Commission for the 2006 levy. Taxes are due and receivable on the levy date and are collected through and become delinquent on March 1st of the following year. Taxes are reported as revenue and used for operations in the year subsequent to the levy date, with the exception of the July levy which is recognized in the year of the levy.

By resolution of the Board of Commissioners, the County Treasurer purchases at face value the real property taxes receivable returned delinquent each March 1. Subsequent collections of these receivables were used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables and to provide funds for current operations.

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

F. Restatements

Within the General Fund, prior period adjustments were recorded (1) to move expenses for employee service awards to 2006, (2) to eliminate receivables not received, (3) to move a receipt recorded in the wrong fund, (4) adjust property tax revenues, and (5) move rent revenue to 2007. The restatement had the following effect on the fund balance of the General Fund.

Beginning fund balance, as previously reported	\$ 6,890,629
Adjustments	
1) move expenses	(4,396)
2) eliminate receivable	(7,023)
3) move receipt to correct fund	13,537
4) adjust property taxes	(204,711)
5) move rent	<u>(12,944)</u>
Beginning fund balance, as restated	<u>\$ 6,675,092</u>

Within the Sheriff's Training Special Revenue Fund, a prior period adjustment was recorded to move a receipt for the marina training grant to the General Fund. The restatement had the following effect on the fund balance of the Sheriff's Training Fund.

Beginning fund balance, as previously reported	\$ 33,577
Adjustment	<u>(13,537)</u>
Beginning fund balance, as restated	<u>\$ 20,040</u>

The aforementioned restatements had the following effect on the net assets of the governmental activities on the Statement of Activities.

Beginning net assets, as previously reported	\$ 65,553,329
Net adjustments	<u>(229,074)</u>
Beginning net assets, as restated	<u>\$ 65,324,255</u>

MIDLAND COUNTY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Within the Road Commission Component Unit, a net restatement in the amount of \$98,470 was necessary to properly account for payroll liabilities and prepaid expenses. The restatement had the following effect on the net assets of the Road Commission.

Beginning net assets, as previously reported	\$ 29,277,242
Adjustment for payroll liabilities	23,987
Adjustment for prepaid expenses	<u>74,483</u>
Beginning net assets, as restated	<u>\$ 29,375,712</u>

G. Subsequent events

In April 2008, the County agreed to issue \$6,065,000 of General Obligation Limited Tax Bonds for the Larkin Township water project. In May 2008, the County agreed to issue \$14,200,000 of General Obligation Limited Tax Bonds to finance the water project in Lee Township.

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**MIDLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

ACT 345 RETIREMENT SYSTEM

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
SIX-YEAR HISTORICAL TREND INFORMATION - UNAUDITED**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31,	Actuarial Value Of Assets (In Thousands)	Actuarial Accrued Liability (AAL) Entry Age (In Thousands)	Funded Ratio	Excess Of Assets Over AAL (In Thousands)	Covered Payroll (In Thousands)	Excess As A Percentage Of Covered Payroll
2000	\$ 22,739	\$ 16,273	139.7%	\$ 6,466	\$ 2,273	284.5%
2001	23,946	17,199	139.2%	6,747	2,125	317.5%
2002	24,148	18,520	130.4%	5,628	2,182	257.9%
2003	23,754	19,430	122.3%	4,324	2,575	167.9%
2004	23,350	19,986	116.8%	3,364	2,641	127.4%
2005	22,942	20,309	113.0%	2,633	2,429	108.4%
2006	22,934	21,233	108.0%	1,701	2,547	66.8%

SCHEDULE OF EMPLOYER CONTRIBUTIONS:

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2001	\$ -	100%
2002	-	100%
2003	-	100%
2004	-	100%
2005	-	100%
2006	74,995	100%

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation (December 31, 2006) follows:

Actuarial cost method	Individual entry age normal cost
Amortization method	Level percent of payroll, opened periods
Remaining amortization method:	10 years
Asset valuation method	Market value with 5 year smoothing of gains and losses
Actuarial assumptions:	
Investment rating return	7.0 percent
Projected salary increases*	4.5 percent to 12.7 percent, dependant on member's age
Cost-of-living adjustments	None

*Includes pay inflation at 4.5-8.9 percent

**MIDLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

EMPLOYEES' RETIREMENT SYSTEM

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
SIX-YEAR HISTORICAL TREND INFORMATION - UNAUDITED**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31,</u>	Actuarial Value Of Assets (In Thousands)	Actuarial Accrued Liability (AAL) Entry Age (In Thousands)	Funded Ratio	Excess Of Assets Over AAL (In Thousands)	Covered Payroll (In Thousands)	Excess As A Percentage Of Covered Payroll
2001	\$ 35,467	\$ 29,719	119.3%	\$ 5,748	\$ 8,155	70.5%
2002	36,166	34,810	103.9%	1,356	8,546	15.9%
2003	39,084	38,176	102.4%	908	8,968	10.1%
2004	41,091	38,842	105.8%	2,249	9,448	23.8%
2005	43,731	41,314	105.9%	2,417	9,920	24.4%
2006	46,481	44,081	105.4%	2,400	10,479	22.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS:

Year Ended <u>December 31,</u>	Annual Required Contribution	Percentage Contributed
2002	\$ -	100%
2003	-	100%
2004	-	100%
2005	803,988	100%
2006	642,798	100%
2007	667,294	100%

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation (December 31, 2006) follows:

Actuarial cost method	Individual entry age normal cost
Amortization method	Level percent of payroll, opened periods
Equivalent single amortization period	7.2 years
Asset valuation method	Market value with 4 year smoothing of gains and losses
Actuarial assumptions:	
Investment rating return	7.5 percent
Projected salary increases*	4.5 percent to 8.9 percent, dependant on member's age
Cost-of-living adjustments	None

*Includes pay inflation at 4.5 percent

**MIDLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

RETIREE HEALTH CARE OTHER EMPLOYEE BENEFITS TRUST

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
HISTORICAL TREND INFORMATION - UNAUDITED**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date December 31,</u>	<u>Actuarial Value Of Assets (In Thousands)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (In Thousands)</u>	<u>Funded Ratio</u>	<u>Excess Of AAL Over Assets (In Thousands)</u>	<u>Covered Payroll (In Thousands)</u>	<u>Excess As A Percentage Of Covered Payroll</u>
2006	\$ 13,196	\$ 43,797	30.1%	\$ (30,601)	\$ 13,026	-234.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS:

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 2,175,924	100%

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation (December 31, 2006) follows:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed for general members Level percent, open for Sheriff's Dept.
Remaining amortization period	30 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rating return	7.5 percent
Projected salary increases*	4.5 percent to 8.9 percent, dependant on member's age
Cost-of-living adjustments	None

*Includes pay inflation at 4.5 percent

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Emergency Medical Services - Established to record the operations of the ambulance service, funded by tax levy.

Friend of the Court - Authorized by Section 253 of Public Act 297 of 1982 to account for the activities of the Friend of the Court. Funded through County appropriations, State and Federal funds and service fees.

Health Department - To account for the Federal and State revenues, service fees and General Fund appropriations for providing health services to citizens of the County.

Dental Emergency - To account for funds used for dental emergencies of persons who have difficulty financing immediate dental needs. Funded through private contributions.

Mosquito Abatement - Established to account for funds raised by a special tax levy to operate the Mosquito Department.

Gypsy Moth Suppression - Established to account for funds raised by a special tax levy to operate the Gypsy Moth Department.

Community Corrections - To account for funds used in the formulation of a comprehensive Community Corrections Master Plan.

Act 511 Community Corrections - Authorized by Public Act 511 to account for the activities of the Midland County Comprehensive Community Corrections Plan. Funded through State grants.

Rescue Equipment - To account for equipment initially donated to the Midland County Sheriff's Department for emergency rescue operations.

Register of Deeds Automation - To account for funding for upgrading the Register of Deeds operations.

Domestic Prepared Equipment - To account for funds received for emergency preparedness equipment.

Senior Citizen - To account for funds raised by a special tax levy to maintain and expand services to older citizens in Midland County.

(Continued)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Drug Law Enforcement – To account for funds received for the Drug Law Enforcement Program.

911 Central Dispatch - To account for funds used for the operation of the 911 Central Dispatch System. Funded by a tax levy.

Sheriff's Training - To account for funds received in association with Michigan Public Act 302 of 1982 which created the Michigan Justice Training Fund. Funded by State grants.

Corrections Training - To account for funds received in association with training.

Law Library - Authorized by Section 600.4851 of the Compiled Laws of 1979 to account for the operations of the law library.

Next Generation Trial Court – To account for funds received for courthouse improvements.

Housing Revolving Administration - To account for funds designated to provide financial assistance to low and moderate income homeowners in meeting the minimum requirements of the 1978 basic housing code.

Housing Revolving - MSHDA - To account for funds designated to provide financial assistance to low and moderate income homeowners. Funded by grants through the Michigan Department of Commerce from 1986 - 1992.

Housing MSHDA 2003-2004 - To account for funds designated to provide home repair and ownership assistance to low and moderate income homeowners.

Housing MSHDA 2005-2006 - To account for funds designated to provide home repair and ownership assistance to low and moderate income homeowners.

Housing MSHDA 2007-2008 - To account for funds designated to provide home repair and ownership assistance to low and moderate income homeowners.

Department of Human Services - Authorized by Michigan Public Act 280 of 1939, as amended, to account for the operation of the County Family Independence Agency Department.

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Infirmary - Authorized by the Department of Treasury and the Michigan Department of Social Services as a sub-fund of the Social Welfare Fund to record the operations of Pine Crest, the County Medical Care Facility.

Probate Court Child Care - Authorized by Michigan Public Act 87 of 1978 to account for funds designated for the foster care of children. Funded mainly by County appropriations and State grants.

Soldiers Relief - Authorized by Section 35.21 of the Michigan Compiled Laws of 1979 to account for revenue designated for the care of indigent veterans.

Veterans Trust - Authorized by Section 35.607 of the Michigan Compiled Laws of 1979 to account for revenue used to aid veterans.

Child Care Welfare - To account for funds designated for the foster care of children by the Department of Social Services. Funded through State grants and General Fund appropriations.

Juvenile Care Center - To account for the operations of the County's Juvenile Care facility.

Child Care SED Waiver - To account for funds designated for the care of children who are severely and emotionally disabled. Funded through State and Local grants.

Child Care MST - To account for funds designated for the care of children who require multi-systemic therapy. Funded through State and Local grants.

ETC Transportation – To account for funds raised by a special tax levy for County-wide public transportation.

DEBT SERVICE FUNDS:

Midland County Building Authority Debt Retirement - To account for the accumulation of funds for the payment of interest and principal on the Building Authority Bonds for the County Services Building, Courthouse Reconstruction and Mosquito Abatement Building.

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

CAPITAL PROJECT FUNDS:

General Capital Improvements - Created to accumulate funds for large capital items in need of repair or replacement.

Capital Purchase – To account for purchases of capital assets for the General Fund.

Jail Construction – To set-aside funds for the construction of a new jail.

Courthouse Preservation - To account for funds accumulated for the preservation of the outside of the Midland County Courthouse.

Juvenile Care Center - To account for funds used to construct a new juvenile care center. To be funded via a special voted millage.

Emergency Warning Equipment - To account for funds accumulated for the purchase of emergency warning equipment.

Radio Equipment Maintenance – To account for funds accumulated for maintenance of the radio system in the Sheriff Department.

Radio System Equipment Replacement - To account for funds accumulated for the replacement of the radio system in the Sheriff Department.

Parks Improvement - To account for funds used to improve various County parks.

Laur Park - To account for funds donated for the use of maintaining the new park.

PERMANENT FUND:

Rail Trail Maintenance - To account for donations received whose income is to be used to maintain the Pere Marquette Rail Trail.

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Emergency Medical Services	Friend of the Court	Health Department	Dental Emergency	Mosquito Abatement
Assets					
Cash and investment pool	\$ 4,356	\$ 205,023	\$ 234,307	\$ -	\$ 158,866
Receivables:					
Accounts	10,262	-	-	-	-
Loans	-	-	-	-	-
Current taxes	2,431,524	-	-	-	1,271,886
Interest	72	874	-	-	447
Due from other funds	-	-	-	-	-
Due from other governments	-	139,074	55,808	-	-
Total assets	\$ 2,446,214	\$ 344,971	\$ 290,115	\$ -	\$ 1,431,199
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ 4,428	\$ 1,296	\$ 125,040	\$ -	\$ 362
Accrued salaries and wages	-	33,457	72,922	-	7,358
Deposits payable	-	-	-	-	451
Due to other funds	10,262	152,407	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	2,431,524	-	23,871	-	1,271,886
Total liabilities	2,446,214	187,160	221,833	-	1,280,057
Fund balances					
Reserved for:					
Encumbrances	-	-	3,847	-	-
Debt service	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	-	152,618	34,039	-	-
Designated for capital projects	-	-	-	-	-
Undesignated	-	5,193	30,396	-	151,142
Total fund balances	-	157,811	68,282	-	151,142
Total liabilities and fund balances	\$ 2,446,214	\$ 344,971	\$ 290,115	\$ -	\$ 1,431,199

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS (Continued)
DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Gypsy Moth Suppression	Community Corrections	Act 511 Community Corrections	Rescue Equipment	Register of Deeds Automation
Assets					
Cash and investment pool	\$ 1,238,820	\$ 40,022	\$ 83,295	\$ 374	\$ 265,228
Receivables:					
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Current taxes	374,084	-	-	-	-
Interest	3,393	-	226	-	720
Due from other funds	-	-	-	-	-
Due from other governments	-	-	27,897	-	-
Total assets	\$ 1,616,297	\$ 40,022	\$ 111,418	\$ 374	\$ 265,948
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ 3	\$ -	\$ 22,620	\$ -	\$ 50
Accrued salaries and wages	-	-	4,154	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	374,084	-	-	-	-
Total liabilities	374,087	-	26,774	-	50
Fund balances					
Reserved for:					
Encumbrances	-	-	-	374	-
Debt service	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	-	40,022	-	-	-
Designated for capital projects	232,163	-	-	-	-
Undesignated	1,010,047	-	84,644	-	265,898
Total fund balances	1,242,210	40,022	84,644	374	265,898
Total liabilities and fund balances	\$ 1,616,297	\$ 40,022	\$ 111,418	\$ 374	\$ 265,948

(Continued)

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS (Continued)
DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Domestic Prepared Equipment	Senior Citizen	Drug Law Enforcement	9-1-1 Central Dispatch	Sheriff's Training
Assets					
Cash and investment pool	\$ -	\$ 8,937	\$ 211,658	\$ 67	\$ 14,532
Receivables:					
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Current taxes	-	2,244,031	-	1,687,436	-
Interest	-	98	581	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ -	\$ 2,253,066	\$ 212,239	\$ 1,687,503	\$ 14,532
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ 9,035	\$ -	\$ -	\$ -
Accrued salaries and wages	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	2,244,031	-	1,687,436	-
Total liabilities	-	2,253,066	-	1,687,436	-
Fund balances					
Reserved for:					
Encumbrances	-	-	-	-	-
Debt service	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	-	-	40,000	-	-
Designated for capital projects	-	-	-	-	-
Undesignated	-	-	172,239	67	14,532
Total fund balances	-	-	212,239	67	14,532
Total liabilities and fund balances	\$ -	\$ 2,253,066	\$ 212,239	\$ 1,687,503	\$ 14,532

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS (Continued)
DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Corrections Training	Law Library	Next Gen. Trial Court	Housing Revolving Administration	Housing Revolving MSHDA
Assets					
Cash and investment pool	\$ 29,596	\$ 14,627	\$ -	\$ -	\$ 23,313
Receivables:					
Accounts	-	-	-	-	-
Loans	-	-	-	234,309	1,168,514
Current taxes	-	-	-	-	-
Interest	-	-	-	-	48
Due from other funds	-	-	-	31,065	-
Due from other governments	-	-	-	-	-
Total assets	\$ 29,596	\$ 14,627	\$ -	\$ 265,374	\$ 1,191,875
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 30	\$ 600
Accrued salaries and wages	-	-	-	1,943	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	28,016	22,774
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	234,397	1,168,501
Total liabilities	-	-	-	264,386	1,191,875
Fund balances					
Reserved for:					
Encumbrances	-	-	-	-	-
Debt service	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	12,750	7,225	-	988	-
Designated for capital projects	-	-	-	-	-
Undesignated	16,846	7,402	-	-	-
Total fund balances	29,596	14,627	-	988	-
Total liabilities and fund balances	\$ 29,596	\$ 14,627	\$ -	\$ 265,374	\$ 1,191,875

(Continued)

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS (Continued)
DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Housing MSHDA 2003-2004	Housing MSHDA 2005-2006	Housing MSHDA 2007-2008	Department of Human Services	Infirmery
Assets					
Cash and investment pool	\$ 1,428	\$ 6,649	\$ -	\$ 83,112	\$ 189,348
Receivables:					
Accounts	-	-	-	-	78,479
Loans	165,918	171,315	55,481	-	-
Current taxes	-	-	-	-	1,287,144
Interest	-	2	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	15,848	-	-
Total assets	\$ 167,346	\$ 177,966	\$ 71,329	\$ 83,112	\$ 1,554,971
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ 2,926	\$ 16,831
Accrued salaries and wages	-	-	-	-	27,178
Deposits payable	-	-	-	-	-
Due to other funds	1,428	6,686	15,848	-	198,578
Due to other governments	-	-	-	22,000	-
Advances from other funds	-	-	-	-	25,000
Deferred revenue	165,918	171,280	55,481	-	1,287,144
Total liabilities	167,346	177,966	71,329	24,926	1,554,731
Fund balances					
Reserved for:					
Encumbrances	-	-	-	-	240
Debt service	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	-	-	-	50,938	-
Designated for capital projects	-	-	-	-	-
Undesignated	-	-	-	7,248	-
Total fund balances	-	-	-	58,186	240
Total liabilities and fund balances	\$ 167,346	\$ 177,966	\$ 71,329	\$ 83,112	\$ 1,554,971

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS (Continued)
DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Probate Court Child Care	Soldiers Relief	Veterans Trust	Child Care Welfare	Juvenile Care Center
Assets					
Cash and investment pool	\$ 19,020	\$ 4,926	\$ 1,622	\$ 173,640	\$ 506,532
Receivables:					
Accounts	-	-	-	-	31,426
Loans	-	-	-	-	-
Current taxes	-	-	-	-	-
Interest	-	-	4	-	-
Due from other funds	-	-	-	-	-
Due from other governments	197,226	-	-	-	2,169
Total assets	\$ 216,246	\$ 4,926	\$ 1,626	\$ 173,640	\$ 540,127
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ 69,980	\$ -	\$ -	\$ 1,309	\$ 21,209
Accrued salaries and wages	-	-	-	-	71,287
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	50,000	-	-	-	280,000
Deferred revenue	-	-	-	-	-
Total liabilities	119,980	-	-	1,309	372,496
Fund balances					
Reserved for:					
Encumbrances	4,686	-	-	-	260
Debt service	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	40,000	-	-	150,000	80,000
Designated for capital projects	-	-	-	-	-
Undesignated	51,580	4,926	1,626	22,331	87,371
Total fund balances	96,266	4,926	1,626	172,331	167,631
Total liabilities and fund balances	\$ 216,246	\$ 4,926	\$ 1,626	\$ 173,640	\$ 540,127

(Continued)

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS (Continued)
DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	CAPITAL PROJECT FUND
	Child Care SED Waiver	Child Care MST	ETC Transportation	Building Authority	General Capital Improvements
Assets					
Cash and investment pool	\$ -	\$ 140,203	\$ 4,925	\$ 30,600	\$ 719,944
Receivables:					
Accounts	-	-	77,010	-	-
Loans	-	-	-	-	-
Current taxes	-	-	561,126	-	-
Interest	-	175	40	1,406	1,995
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ -	\$ 140,378	\$ 643,101	\$ 32,006	\$ 721,939
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ -	\$ 4,965	\$ -	\$ -
Accrued salaries and wages	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	77,010	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	561,126	-	-
Total liabilities	-	-	643,101	-	-
Fund balances					
Reserved for:					
Encumbrances	-	-	-	-	-
Debt service	-	-	-	32,006	-
Unreserved:					
Designated for subsequent year's expenditures	-	-	-	-	-
Designated for capital projects	-	-	-	-	721,939
Undesignated	-	140,378	-	-	-
Total fund balances	-	140,378	-	32,006	721,939
Total liabilities and fund balances	\$ -	\$ 140,378	\$ 643,101	\$ 32,006	\$ 721,939

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS (Continued)
DECEMBER 31, 2007

	CAPITAL PROJECT FUNDS				
	Capital Purchase	Jail Construction	Courthouse Preservation	Juvenile Care Center	Emergency Warning Equipment
Assets					
Cash and investment pool	\$ 1,155,313	\$ 972,465	\$ 170,546	\$ 66,710	\$ 59,182
Receivables:					
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Current taxes	-	-	-	-	-
Interest	-	2,966	430	-	175
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 1,155,313	\$ 975,431	\$ 170,976	\$ 66,710	\$ 59,357
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ 6,869	\$ 169,928	\$ 118	\$ 9,874	\$ -
Accrued salaries and wages	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	6,869	169,928	118	9,874	-
Fund balances					
Reserved for:					
Encumbrances	10,562	6,500	25,366	3,531	-
Debt service	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	-	-	-	-	-
Designated for capital projects	1,137,882	799,003	145,492	53,305	59,357
Undesignated	-	-	-	-	-
Total fund balances	1,148,444	805,503	170,858	56,836	59,357
Total liabilities and fund balances	\$ 1,155,313	\$ 975,431	\$ 170,976	\$ 66,710	\$ 59,357

MIDLAND COUNTY
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS (Concluded)
DECEMBER 31, 2007

	CAPITAL PROJECT FUNDS			PERMANENT	TOTAL
	Radio Equipment Maintenance	Parks Improvement	Laur Park	FUND Rail Trail Maintenance	
Assets					
Cash and investment pool	\$ 44,518	\$ 569,984	\$ 839	\$ -	\$ 7,454,527
Receivables:					
Accounts	-	-	-	-	197,177
Loans	-	-	-	-	1,795,537
Current taxes	-	-	-	-	9,857,231
Interest	146	-	2	-	13,800
Due from other funds	-	-	-	-	31,065
Due from other governments	10,263	-	-	-	448,285
Total assets	\$ 54,927	\$ 569,984	\$ 841	\$ -	\$ 19,797,622
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ 34,291	\$ -	\$ -	\$ 501,764
Accrued salaries and wages	-	-	-	-	218,299
Deposits payable	-	-	-	-	451
Due to other funds	-	-	-	-	513,009
Due to other governments	-	-	-	-	22,000
Advances from other funds	-	-	-	-	355,000
Deferred revenue	-	-	-	-	11,676,679
Total liabilities	-	34,291	-	-	13,287,202
Fund balances					
Reserved for:					
Encumbrances	-	535,693	-	-	591,059
Debt service	-	-	-	-	32,006
Unreserved:					
Designated for subsequent year's expenditures	-	-	-	-	608,580
Designated for capital projects	54,927	-	841	-	3,204,909
Undesignated	-	-	-	-	2,073,866
Total fund balances	54,927	535,693	841	-	6,510,420
Total liabilities and fund balances	\$ 54,927	\$ 569,984	\$ 841	\$ -	\$ 19,797,622

(Continued)

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

	SPECIAL REVENUE FUNDS				
	Emergency Medical Services	Friend of the Court	Health Department	Dental Emergency	Mosquito Abatement
Revenues					
Taxes	\$ 1,858,372	\$ -	\$ -	\$ -	\$ 1,214,788
Intergovernmental revenue	-	749,080	1,602,048	-	-
Charges for services	-	21,993	402,291	-	-
Licenses and permits	-	-	169,824	-	-
Interest earnings	27,581	13,796	-	-	22,566
Miscellaneous revenue	-	-	846,536	-	11,683
Total revenues	1,885,953	2,670,822	3,020,699	-	1,249,037
Expenditures					
Current operations:					
General	-	-	-	-	-
Judicial	-	1,272,899	-	-	-
Law enforcement	-	-	-	-	-
Health and welfare	1,765,879	-	3,699,246	458	1,169,634
Planning and development	-	-	-	-	-
Other agencies	-	-	-	-	-
Debt service:					
Payment of debt principal	-	-	-	-	-
Interest charges	-	-	-	-	-
Capital outlay	-	-	13,432	-	58,320
Total expenditures	1,765,879	3,038,778	3,712,678	458	1,227,954
Revenues over (under) expenditures	120,074	(367,956)	(691,979)	(458)	21,083
Other financing sources (uses):					
Transfers in	-	369,305	482,100	-	-
Transfers out	(120,074)	-	-	-	(71,801)
Total other financing sources (uses)	(120,074)	249,231	482,100	-	(71,801)
Net change in fund balances	-	(118,725)	(209,879)	(458)	(50,718)
Fund balances, beginning of year, as restated	-	276,536	278,161	458	201,860
Fund balances, end of year	\$ -	\$ 157,811	\$ 68,282	\$ -	\$ 151,142

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Gypsy Moth Suppression	Community Corrections	Act 511 Community Corrections	Rescue Equipment	Register of Deeds Automation
Revenues					
Taxes	\$ 135	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	282,242	-	-
Charges for services	-	-	-	-	80,339
Licenses and permits	-	-	-	-	-
Interest earnings	57,166	-	2,138	-	12,653
Miscellaneous revenue	-	-	21,905	-	-
Total revenues	57,301	-	306,285	-	92,992
Expenditures					
Current operations:					
General	-	-	-	-	25,369
Judicial	-	-	-	-	-
Law enforcement	-	-	-	575	-
Health and welfare	204,554	-	-	-	-
Planning and development	-	-	339,249	-	-
Other agencies	-	-	-	-	-
Debt service:					
Payment of debt principal	-	-	-	-	-
Interest charges	-	-	-	-	-
Capital outlay	-	-	-	-	31,098
Total expenditures	204,554	-	339,249	575	56,467
Revenues over (under) expenditures	(147,253)	-	(32,964)	(575)	36,525
Other financing sources (uses):					
Transfers in	-	-	94,443	-	-
Transfers out	-	(35,000)	-	-	(17,412)
Total other financing sources (uses)	-	(35,000)	94,443	-	(17,412)
Net change in fund balances	(147,253)	(35,000)	61,479	(575)	19,113
Fund balances, beginning of year, as restated	1,389,463	75,022	23,165	949	246,785
Fund balances, end of year	\$ 1,242,210	\$ 40,022	\$ 84,644	\$ 374	\$ 265,898

(Continued)

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Domestic Prepared Equipment	Senior Citizen	Drug Law Enforcement	9-1-1 Central Dispatch	Sheriff's Training
Revenues					
Taxes	\$ -	\$ 2,322,836	\$ -	\$ 1,795,795	\$ -
Intergovernmental revenue	36,508	-	-	178,661	8,957
Charges for services	-	-	67,269	-	-
Licenses and permits	-	-	-	-	-
Interest earnings	-	33,391	8,052	-	-
Miscellaneous revenue	-	-	-	-	-
Total revenues	36,508	2,356,227	75,321	1,974,456	8,957
Expenditures					
Current operations:					
General	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	2,176	-	-	-	14,465
Health and welfare	-	-	-	-	-
Planning and development	-	-	-	-	-
Other agencies	-	2,218,961	-	1,974,920	-
Debt service:					
Payment of debt principal	-	-	-	-	-
Interest charges	-	-	-	-	-
Capital outlay	34,634	-	-	-	-
Total expenditures	36,810	2,218,961	-	1,974,920	14,465
Revenues over (under) expenditures	(302)	137,266	75,321	(464)	(5,508)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	(137,266)	-	-	-
Total other financing sources (uses)	-	(137,266)	-	-	-
Net change in fund balances	(302)	-	75,321	(464)	(5,508)
Fund balances, beginning of year, as restated	302	-	136,918	531	20,040
Fund balances, end of year	\$ -	\$ -	\$ 212,239	\$ 67	\$ 14,532

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Corrections Training	Law Library	Next Gen. Trial Court	Housing Revolving Administration	Housing Revolving MSHDA
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-
Charges for services	27,378	6,500	-	-	-
Licenses and permits	-	-	-	-	-
Interest earnings	-	-	-	176	210
Miscellaneous revenue	-	-	-	3,585	41,291
Total revenues	27,378	6,500	-	3,761	41,501
Expenditures					
Current operations:					
General	-	-	-	-	-
Judicial	-	21,918	-	-	-
Law enforcement	30,149	-	-	-	-
Health and welfare	-	-	-	100,234	1,519
Planning and development	-	-	-	-	-
Other agencies	-	-	-	-	-
Debt service:					
Payment of debt principal	-	-	-	-	-
Interest charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	30,149	21,918	-	100,234	1,519
Revenues over (under) expenditures	(2,771)	(15,418)	-	(96,473)	39,982
Other financing sources (uses):					
Transfers in	-	12,910	-	65,007	-
Transfers out	-	-	(4,020)	-	(40,163)
Total other financing sources (uses)	-	12,910	(4,020)	65,007	(40,163)
Net change in fund balances	(2,771)	(2,508)	(4,020)	(31,466)	(181)
Fund balances, beginning of year, as restated	32,367	17,135	4,020	32,454	181
Fund balances, end of year	\$ 29,596	\$ 14,627	\$ -	\$ 988	\$ -

(Continued)

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Housing	Housing	Housing	Department	
	MSHDA	MSHDA	MSHDA	of Human	
2003-2004	2005-2006	2007-2008	Services	Infirmary	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	63,047	159,210	76,305
Charges for services	-	-	-	-	516,976
Licenses and permits	-	-	-	-	-
Interest earnings	-	159	-	-	-
Miscellaneous revenue	470	14,190	8,901	-	125,335
Total revenues	470	14,349	71,948	159,210	718,616
Expenditures					
Current operations:					
General	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	-
Health and welfare	-	-	62,331	203,104	1,263,740
Planning and development	-	-	-	-	-
Other agencies	-	-	-	-	-
Debt service:					
Payment of debt principal	-	-	-	-	-
Interest charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	62,331	203,104	1,263,740
Revenues over (under) expenditures	470	14,349	9,617	(43,894)	(545,124)
Other financing sources (uses):					
Transfers in	-	-	-	-	510,937
Transfers out	(637)	(14,590)	(9,617)	(25,000)	(35,000)
Total other financing sources (uses)	(637)	(14,590)	(9,617)	(25,000)	475,937
Net change in fund balances	(167)	(241)	-	(68,894)	(69,187)
Fund balances, beginning of year, as restated	167	241	-	127,080	69,427
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 58,186	\$ 240

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				
	Probate Court Child Care	Soldiers Relief	Veterans Trust	Child Care Welfare	Juvenile Care Center
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	271,124	-	13,656	140,383	1,185,254
Charges for services	39,847	-	-	-	409,856
Licenses and permits	-	-	-	-	-
Interest earnings	-	150	72	-	-
Miscellaneous revenue	97,366	-	20	-	-
Total revenues	408,337	150	13,748	140,383	1,595,110
Expenditures					
Current operations:					
General	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	-
Health and welfare	977,294	-	12,341	280,766	2,512,165
Planning and development	-	-	-	-	-
Other agencies	-	-	-	-	-
Debt service:					
Payment of debt principal	-	-	-	-	-
Interest charges	-	-	-	-	-
Capital outlay	-	-	-	-	3,016
Total expenditures	977,294	-	12,341	280,766	2,515,181
Revenues over (under) expenditures	(568,957)	150	1,407	(140,383)	(920,071)
Other financing sources (uses):					
Transfers in	547,952	200	-	26,158	905,731
Transfers out	-	-	-	-	-
Total other financing sources (uses)	547,952	200	-	26,158	905,731
Net change in fund balances	(21,005)	350	1,407	(114,225)	(14,340)
Fund balances, beginning of year, as restated	117,271	4,576	219	286,556	181,971
Fund balances, end of year	\$ 96,266	\$ 4,926	\$ 1,626	\$ 172,331	\$ 167,631

(Continued)

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUND	CAPITAL PROJECTS FUND
	Child Care SED Waiver	Child Care MST	ETC Transportation	Building Authority	General Capital Improvements
Revenues					
Taxes	\$ -	\$ -	\$ 536,245	\$ -	\$ -
Intergovernmental revenue	91,501	-	934,494	-	-
Charges for services	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Interest earnings	-	378	8,109	1,027	32,891
Miscellaneous revenue	-	140,000	-	-	-
Total revenues	91,501	140,378	1,478,848	1,027	32,891
Expenditures					
Current operations:					
General	-	-	-	-	-
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	-
Health and welfare	91,501	-	-	-	-
Planning and development	-	-	-	-	-
Other agencies	-	-	1,370,161	-	-
Debt service:					
Payment of debt principal	-	-	-	450,000	-
Interest charges	-	-	-	18,469	-
Capital outlay	-	-	-	-	-
Total expenditures	91,501	-	1,370,161	468,469	-
Revenues over (under) expenditures	-	140,378	108,687	(467,442)	32,891
Other financing sources (uses):					
Transfers in	-	-	-	468,244	110,000
Transfers out	-	-	(108,687)	-	(13,000)
Total other financing sources (uses)	-	-	(108,687)	468,244	97,000
Net change in fund balances	-	140,378	-	802	129,891
Fund balances, beginning of year, as restated	-	-	-	31,204	592,048
Fund balances, end of year	\$ -	\$ 140,378	\$ -	\$ 32,006	\$ 721,939

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	CAPITAL PROJECT FUNDS				
	Capital Purchase	Jail Construction	Courthouse Preservation	Juvenile Care Center	Emergency Warning Equipment
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	18,195	744,122	-	-	-
Charges for services	-	-	101,400	-	-
Licenses and permits	-	-	-	-	-
Interest earnings	-	60,767	6,355	-	2,953
Miscellaneous revenue	53,103	-	-	-	-
Total revenues	71,298	804,889	107,755	-	2,953
Expenditures					
Current operations:					
General	-	-	-	-	-
Judicial	-	-	64,072	-	-
Law enforcement	-	779,357	-	-	8,550
Health and welfare	-	-	-	-	-
Planning and development	-	-	-	-	-
Other agencies	-	-	-	-	-
Debt service:					
Payment of debt principal	-	-	-	-	-
Interest charges	-	-	-	-	-
Capital outlay	400,188	-	-	46,888	-
Total expenditures	400,188	779,357	64,072	46,888	8,550
Revenues over (under) expenditures	(328,890)	25,532	43,683	(46,888)	(5,597)
Other financing sources (uses):					
Transfers in	604,823	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	604,823	-	-	-	-
Net change in fund balances	275,933	25,532	43,683	(46,888)	(5,597)
Fund balances, beginning of year, as restated	872,511	779,971	127,175	103,724	64,954
Fund balances, end of year	\$ 1,148,444	\$ 805,503	\$ 170,858	\$ 56,836	\$ 59,357

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONCLUDED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	CAPITAL PROJECT FUNDS		PERMANENT FUND		Total
	Radio Equipment Maintenance	Parks Improvement	Laur Park	Rail Trail Maintenance	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 7,728,171
Intergovernmental revenue	-	25,490	-	-	6,580,277
Charges for services	-	-	-	-	1,673,849
Licenses and permits	-	-	-	-	169,824
Interest earnings	2,646	-	38	1,968	295,242
Miscellaneous revenue	936	47,600	-	-	1,412,921
Total revenues	3,582	73,090	38	1,968	17,860,284
Expenditures					
Current operations:					
General	-	-	-	-	25,369
Judicial	-	-	-	-	1,358,889
Law enforcement	26,722	-	-	-	861,994
Health and welfare	-	-	-	-	12,344,766
Planning and development	-	-	-	-	339,249
Other agencies	-	-	-	-	5,564,042
Debt service:					
Payment of debt principal	-	-	-	-	450,000
Interest charges	-	-	-	-	18,469
Capital outlay	-	622,011	-	-	1,209,587
Total expenditures	26,722	622,011	-	-	22,172,365
Revenues over (under) expenditures	(23,140)	(548,921)	38	1,968	(4,312,081)
Other financing sources (uses):					
Transfers in	-	20,000	-	-	4,217,810
Transfers out	-	-	-	(1,968)	(634,235)
Total other financing sources (uses)	-	20,000	-	(1,968)	3,583,575
Net change in fund balances	(23,140)	(528,921)	38	-	(728,506)
Fund balances, beginning of year, as restated	78,067	1,064,614	803	-	7,238,926
Fund balances, end of year	\$ 54,927	\$ 535,693	\$ 841	\$ -	\$ 6,510,420

(Continued)

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

	Emergency Medical Services			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 1,908,154	\$ 1,908,154	\$ 1,858,372	\$ (49,782)
Interest earnings	5,000	5,000	27,581	22,581
Total revenues	1,913,154	1,913,154	1,885,953	(27,201)
Expenditures				
Current:				
Health and welfare	1,803,342	1,803,342	1,765,879	37,463
Revenues over (under) expenditures	109,812	109,812	120,074	10,262
Other financing sources (uses)				
Transfers out	(109,812)	(109,812)	(120,074)	10,262
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

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

	Friend of the Court			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Intergovernmental revenue	\$ 772,270	\$ 772,270	\$ 749,080	\$ (23,190)
Charges for services	23,000	23,000	21,993	(1,007)
Interest earnings	5,600	5,600	13,796	8,196
Total revenues	800,870	800,870	784,869	(16,001)
Expenditures				
Current:				
Judicial	1,337,175	1,346,395	1,272,899	73,496
Revenues over (under) expenditures	(536,305)	(545,525)	(488,030)	57,495
Other financing sources (uses)				
Transfers in	504,305	504,305	369,305	(135,000)
Net change in fund balances	(32,000)	(41,220)	(118,725)	(77,505)
Fund balances, beginning of year	276,536	276,536	276,536	-
Fund balances, end of year	\$ 244,536	\$ 235,316	\$ 157,811	\$ (77,505)

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

	Health Department			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Intergovernmental revenue	\$ 1,140,136	\$ 1,142,426	\$ 1,602,048	\$ 459,622
Charges for services	436,912	446,912	402,291	(44,621)
Licenses and permits	168,856	168,856	169,824	968
Miscellaneous revenue	827,126	923,677	846,536	(77,141)
Total revenues	2,573,030	2,681,871	3,020,699	338,828
Expenditures				
Health and welfare	3,335,155	3,465,737	3,699,246	(233,509)
Capital outlay	10,000	13,407	13,432	(25)
Total expenditures	3,345,155	3,479,144	3,712,678	(233,534)
Revenues over (under) expenditures	(772,125)	(797,273)	(691,979)	105,294
Other financing sources (uses)				
Transfers in	762,100	762,100	482,100	(280,000)
Transfers out	(5,000)	(5,000)	-	5,000
Total other financing sources (uses)	757,100	757,100	482,100	(275,000)
Net change in fund balances	(15,025)	(40,173)	(209,879)	(169,706)
Fund balances, beginning of year	278,161	278,161	278,161	-
Fund balances, end of year	\$ 263,136	\$ 237,988	\$ 68,282	\$ (169,706)

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

	Dental Emergency			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Expenditures				
Current:				
Health and welfare	\$ 500	\$ 458	\$ 458	\$ -
Fund balances, beginning of year	458	458	458	-
Fund balances (deficit), end of year	\$ (42)	\$ -	\$ -	\$ -

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

	Mosquito Abatement			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 1,247,612	\$ 1,247,612	\$ 1,214,788	\$ (32,824)
Interest earnings	5,000	22,000	22,566	566
Miscellaneous revenue	-	11,683	11,683	-
Total revenues	1,252,612	1,281,295	1,249,037	(32,258)
Expenditures				
Current:				
Health and welfare	1,240,487	1,245,972	1,169,634	76,338
Capital outlay	21,200	58,320	58,320	-
Total expenditures	1,261,687	1,304,292	1,227,954	76,338
Revenues over (under) expenditures	(9,075)	(22,997)	21,083	44,080
Other financing sources (uses)				
Transfers out	(71,801)	(71,801)	(71,801)	-
Net change in fund balances	(80,876)	(94,798)	(50,718)	44,080
Fund balances, beginning of year	201,860	201,860	201,860	-
Fund balances, end of year	\$ 120,984	\$ 107,062	\$ 151,142	\$ 44,080

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

	Gypsy Moth Suppression			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ 135	\$ 135
Interest earnings	39,000	39,000	57,166	18,166
Total revenues	39,000	39,000	57,301	18,301
Expenditures				
Current:				
Health and welfare	871,200	871,200	204,554	666,646
Net change in fund balances	(832,200)	(832,200)	(147,253)	(648,345)
Fund balances, beginning of year	1,389,463	1,389,463	1,389,463	-
Fund balances, end of year	\$ 557,263	\$ 557,263	\$ 1,242,210	\$ (648,345)

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

	Community Corrections			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Expenditures				
Current:				
Planning and development	\$ 10,000	\$ -	\$ -	-
Other financing sources (uses)				
Transfers out	(35,000)	(35,000)	(35,000)	-
Net change in fund balances	(25,000)	(35,000)	(35,000)	-
Fund balances, beginning of year	75,022	75,022	75,022	-
Fund balances, end of year	\$ 50,022	\$ 40,022	\$ 40,022	-

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

	Act 511 Community Corrections			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental revenue	\$ 363,709	\$ 363,709	\$ 282,242	\$ (81,467)
Interest earnings	200	200	2,138	1,938
Miscellaneous revenue	22,118	22,118	21,905	(213)
Total revenues	386,027	386,027	306,285	(79,742)
Expenditures				
Current:				
Planning and development	480,470	481,157	339,249	141,908
Revenues over (under) expenditures	(94,443)	(95,130)	(32,964)	62,166
Other financing sources (uses)				
Transfers in	94,443	94,443	94,443	-
Net change in fund balances	-	(687)	61,479	62,166
Fund balances, beginning of year	23,165	23,165	23,165	-
Fund balances, end of year	\$ 23,165	\$ 22,478	\$ 84,644	\$ 62,166

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

	Rescue Equipment			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Expenditures				
Current:				
Law enforcement	\$ 1,000	\$ 575	\$ 575	\$ -
Fund balances, beginning of year	949	949	949	-
Fund balances, end of year	\$ (51)	\$ 374	\$ 374	\$ -

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

	Register of Deeds Automation			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for services	\$ 109,700	\$ 109,700	\$ 80,339	\$ (29,361)
Interest earnings	-	-	12,653	12,653
Total revenues	109,700	109,700	92,992	(16,708)
Expenditures				
Current:				
General	57,400	57,400	25,369	32,031
Capital outlay	52,300	52,300	31,098	21,202
Total expenditures	109,700	109,700	56,467	53,233
Revenues over (under) expenditures	-	-	36,525	36,525
Other financing sources (uses)				
Transfers out	-	(17,500)	(17,412)	88
Net change in fund balances	-	(17,500)	19,113	36,613
Fund balances, beginning of year	246,785	246,785	246,785	-
Fund balances, end of year	\$ 246,785	\$ 229,285	\$ 265,898	\$ 36,613

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

	Domestic Prepared Equipment			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental revenue	\$ -	\$ 11,135	\$ 36,508	\$ 25,373
Miscellaneous revenue	-	-	-	-
Total revenues	-	11,135	36,508	25,373
Expenditures				
Current:				
Law enforcement	-	1,500	2,176	(676)
Capital outlay	-	9,635	34,634	(24,999)
Total expenditures	-	11,135	36,810	(25,675)
Net change in fund balances	-	-	(302)	(302)
Fund balances, beginning of year	302	302	302	-
Fund balances, end of year	\$ 302	\$ 302	\$ -	\$ (302)

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

	Senior Citizen			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 2,380,523	\$ 2,380,523	\$ 2,322,836	\$ (57,687)
Interest earnings	5,000	5,000	33,391	28,391
Total Revenues	2,385,523	2,385,523	2,356,227	(29,296)
Expenditures				
Other agencies	2,248,257	2,248,257	2,218,961	29,296
Revenues over (under) expenditures	137,266	137,266	137,266	-
Other financing sources (uses)				
Transfers out	(137,266)	(137,266)	(137,266)	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

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

	Drug Law Enforcement			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Charges for services	\$ 500	\$ 500	\$ 67,269	\$ 66,769
Interest earnings	-	-	8,052	8,052
Total revenues	500	500	75,321	74,821
Fund balances, beginning of year	136,918	136,918	136,918	-
Fund balances, end of year	<u>\$ 137,418</u>	<u>\$ 137,418</u>	<u>\$ 212,239</u>	<u>\$ 74,821</u>

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

	9-1-1 Central Dispatch			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 1,839,848	\$ 1,839,848	\$ 1,795,795	\$ (44,053)
Intergovernmental revenue	144,804	144,804	178,661	33,857
Total revenues	1,984,652	1,984,652	1,974,456	(10,196)
Expenditures				
Current:				
Other agencies	1,984,652	1,984,652	1,974,920	9,732
Net change in fund balances	-	-	(464)	(464)
Fund balances, beginning of year	531	531	531	-
Fund balances, end of year	\$ 531	\$ 531	\$ 67	\$ (464)

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

	Sheriff's Training			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Intergovernmental revenue	\$ 8,421	\$ 16,421	\$ 8,957	\$ (7,464)
Expenditures				
Current:				
Law enforcement	8,421	16,421	14,465	1,956
Net change in fund balances	-	-	(5,508)	(5,508)
Fund balances, beginning of year, as restated	20,040	20,040	20,040	-
Fund balances, end of year	\$ 20,040	\$ 20,040	\$ 14,532	\$ (5,508)

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

	Corrections Training			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Charges for services	\$ 20,000	\$ 25,000	\$ 27,378	\$ 2,378
Expenditures				
Current:				
Law enforcement	22,000	33,050	30,149	2,901
Net change in fund balances	(2,000)	(8,050)	(2,771)	5,279
Fund balances, beginning of year	32,367	32,367	32,367	-
Fund balances, end of year	\$ 30,367	\$ 24,317	\$ 29,596	\$ 5,279

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

	Law Library			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Charges for services	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Expenditures				
Current:				
Judicial	22,410	22,410	21,918	492
Revenues over (under) expenditures	(15,910)	(15,910)	(15,418)	492
Other financing sources (uses)				
Transfers in	15,910	15,910	12,910	(3,000)
Net change in fund balances	-	-	(2,508)	(2,508)
Fund balances, beginning of year	17,135	17,135	17,135	-
Fund balances, end of year	\$ 17,135	\$ 17,135	\$ 14,627	\$ (2,508)

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

	Next Generation Trial Court			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Expenditures				
Current:				
Judicial	\$ 4,020	\$ -	\$ -	\$ -
Other financing sources (uses)				
Transfers out	-	(4,020)	(4,020)	-
Net change in fund balances	(4,020)	(4,020)	(4,020)	-
Fund balances, beginning of year	4,020	4,020	4,020	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

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

	Housing Revolving Administration			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Interest earnings	\$ 1,000	\$ 1,000	\$ 176	\$ (824)
Miscellaneous revenue	51,000	51,000	3,585	(47,415)
Total revenues	52,000	52,000	3,761	(48,239)
Expenditures				
Current:				
Health and welfare	108,838	108,838	100,234	8,604
Revenues over (under) expenditures	(56,838)	(56,838)	(96,473)	(39,635)
Other financing sources (uses)				
Transfers in	25,000	45,000	65,007	20,007
Net change in fund balances	(31,838)	(11,838)	(31,466)	(19,628)
Fund balances, beginning of year	32,454	32,454	32,454	-
Fund balances, end of year	\$ 616	\$ 20,616	\$ 988	\$ (19,628)

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

	Housing Revolving MSHDA			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Interest earnings	\$ 1,500	\$ 1,500	\$ 210	\$ (1,290)
Miscellaneous revenue	142,000	142,000	41,291	(100,709)
Total revenues	143,500	143,500	41,501	(101,999)
Expenditures				
Current:				
Health and welfare	130,000	123,500	1,519	121,981
Revenues over (under) expenditures	13,500	20,000	39,982	19,982
Other financing sources (uses)				
Transfers out	(20,000)	(20,000)	(40,163)	(20,163)
Net change in fund balances	(6,500)	-	(181)	(181)
Fund balances, beginning of year	181	181	181	-
Fund balances, end of year	\$ (6,319)	\$ 181	\$ -	\$ (181)

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

	Housing MSHDA 2003-2004			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenue	-	-	470	470
Total revenues	-	-	470	470
Other financing sources (uses)				
Transfers out	-	-	(637)	(637)
Net change in fund balances	-	-	(167)	(167)
Fund balances, beginning of year	167	167	167	-
Fund balances, end of year	\$ 167	\$ 167	\$ -	\$ (167)

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

	Housing MSHDA 2005-2006			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Interest earnings	\$ -	\$ -	\$ 159	\$ 159
Miscellaneous revenue	-	-	14,190	14,190
Revenues over (under) expenditures	-	-	14,349	14,349
Other financing sources (uses)				
Transfers out	-	-	(14,590)	14,590
Net change in fund balances	-	-	(241)	(241)
Fund balances, beginning of year	241	241	241	-
Fund balances, end of year	\$ 241	\$ 241	\$ -	\$ (241)

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

	Housing MSHDA 2007-2008			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental revenue	\$ -	\$ 200,000	\$ 63,047	\$ (136,953)
Miscellaneous revenue	-	-	8,901	8,901
Total revenues	-	200,000	71,948	(128,052)
Expenditures				
Current:				
Health and welfare	-	200,000	62,331	137,669
Revenues over (under) expenditures	-	-	9,617	9,617
Other financing sources (uses)				
Transfers out	-	-	(9,617)	(9,617)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

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

	Department of Human Services			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 159,210	\$ (240,790)
Expenditures				
Current:				
Health and welfare	450,938	450,938	203,104	247,834
Revenues over (under) expenditures	(50,938)	(50,938)	(43,894)	7,044
Other financing sources (uses)				
Transfers out	-	-	(25,000)	(25,000)
Net change in fund balances	(50,938)	(50,938)	(68,894)	(17,956)
Fund balances, beginning of year	127,080	127,080	127,080	-
Fund balances, end of year	<u>\$ 76,142</u>	<u>\$ 76,142</u>	<u>\$ 58,186</u>	<u>\$ (17,956)</u>

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

	Infirmary			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Intergovernmental revenue	\$ 40,000	\$ 40,000	\$ 76,305	\$ 36,305
Charges for services	536,400	536,400	516,976	(19,424)
Miscellaneous revenue	20,650	55,650	125,335	69,685
Total revenues	597,050	632,050	718,616	86,566
Expenditures				
Current:				
Health and welfare	1,304,307	1,307,849	1,263,740	44,109
Revenues over (under) expenditures	(707,257)	(675,799)	(545,124)	130,675
Other financing sources (uses)				
Transfers in	707,257	707,257	510,937	(196,320)
Transfers out	-	(35,000)	(35,000)	-
Total other financing sources (uses)	707,257	672,257	475,937	(196,320)
Net change in fund balances	-	(3,542)	(69,187)	(65,645)
Fund balances, beginning of year	69,427	69,427	69,427	-
Fund balances, end of year	\$ 69,427	\$ 65,885	\$ 240	\$ (65,645)

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

	Probate Court Child Care			
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental revenue	\$ 302,754	\$ 302,754	\$ 271,124	\$ (31,630)
Charges for services	43,000	43,000	39,847	(3,153)
Miscellaneous revenue	61,200	61,200	97,366	36,166
Total revenues	406,954	406,954	408,337	1,383
Expenditures				
Current:				
Health and welfare	1,104,906	1,106,169	977,294	128,875
Revenues over (under) expenditures	(697,952)	(699,215)	(568,957)	130,258
Other financing sources (uses)				
Transfers in	697,952	697,952	547,952	(150,000)
Net change in fund balances	-	(1,263)	(21,005)	(19,742)
Fund balances, beginning of year	117,271	117,271	117,271	-
Fund balances, end of year	\$ 117,271	\$ 116,008	\$ 96,266	\$ (19,742)

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

	Soldiers Relief			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Interest earnings	\$ -	\$ -	\$ 150	\$ 150
Expenditures				
Current:				
Health and welfare	200	200	-	200
Revenues over (under) expenditures	(200)	(200)	150	350
Other financing sources (uses)				
Transfers in	200	200	200	-
Net change in fund balances	-	-	350	350
Fund balances, beginning of year	4,576	4,576	4,576	-
Fund balances, end of year	\$ 4,576	\$ 4,576	\$ 4,926	\$ 350

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

	Veterans Trust			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Intergovernmental revenue	\$ 14,000	\$ 14,000	\$ 13,656	\$ (344)
Interest earnings	-	-	72	72
Miscellaneous revenue	-	-	20	20
Total revenues	14,000	14,000	13,748	(252)
Expenditures				
Current:				
Health and welfare	14,000	14,000	12,341	1,659
Net change in fund balances	-	-	1,407	1,407
Fund balances, beginning of year	219	219	219	-
Fund balances, end of year	\$ 219	\$ 219	\$ 1,626	\$ 1,407

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

	Child Care Welfare			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Intergovernmental revenue	\$ 185,134	\$ 185,134	\$ 140,383	\$ (44,751)
Expenditures				
Current:				
Health and welfare	386,292	386,292	280,766	105,526
Revenues over (under) expenditures	(201,158)	(201,158)	(140,383)	60,775
Other financing sources (uses)				
Transfers in	111,158	111,158	26,158	(85,000)
Net change in fund balances	(90,000)	(90,000)	(114,225)	(24,225)
Fund balances, beginning of year	286,556	286,556	286,556	-
Fund balances, end of year	\$ 196,556	\$ 196,556	\$ 172,331	\$ (24,225)

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

	Juvenile Care Center			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Intergovernmental revenue	\$ 1,152,732	\$ 1,152,732	\$ 1,185,254	\$ 32,522
Charges for services	404,575	404,575	409,856	5,281
Total revenues	<u>1,557,307</u>	<u>1,557,307</u>	<u>1,595,110</u>	<u>37,803</u>
Expenditures				
Current:				
Health and welfare	2,644,038	2,659,457	2,512,165	147,292
Capital outlay	4,000	7,270	3,016	4,254
Total expenditures	<u>2,648,038</u>	<u>2,666,727</u>	<u>2,515,181</u>	<u>151,546</u>
Revenues over (under) expenditures	(1,090,731)	(1,109,420)	(920,071)	189,349
Other financing sources (uses)				
Transfers in	1,090,731	1,090,731	905,731	(185,000)
Net change in fund balances	-	(18,689)	(14,340)	4,349
Fund balances, beginning of year	<u>181,971</u>	<u>181,971</u>	<u>181,971</u>	<u>-</u>
Fund balances, end of year	<u>\$ 181,971</u>	<u>\$ 163,283</u>	<u>\$ 167,631</u>	<u>\$ 4,349</u>

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

	Child Care SED Waiver			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Intergovernmental revenue	\$ -	\$ 120,000	\$ 91,501	\$ (28,499)
Expenditures				
Current:				
Health and welfare	-	120,000	91,501	28,499
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

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

	Child Care MST			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Interest earnings	\$ -	\$ -	\$ 378	\$ 378
Miscellaneous revenue	-	-	140,000	140,000
Total revenues	-	-	140,378	140,378
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 140,378	\$ 140,378

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

	ETC Transportation			Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 549,579	\$ 549,579	\$ 536,245	\$ (13,334)
Intergovernmental revenue	1,150,000	1,150,000	934,494	(215,506)
Interest earnings	-	-	8,109	8,109
Total revenues	1,699,579	1,699,579	1,478,848	(220,731)
Expenditures				
Current:				
Health and welfare	1,667,902	1,667,902	1,370,161	297,741
Revenues over (under) expenditures	31,677	31,677	108,687	77,010
Other financing sources (uses)				
Transfers out	(31,677)	(31,677)	(108,687)	77,010
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

NONMAJOR ENTERPRISE FUNDS

Delinquent Tax Revolving Fund - To account for advances by the County to other local operating units and County funds for delinquent property taxes. Advances are repaid from collections of delinquent taxes, including interest and collection fees.

2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009 Forfeiture/Foreclosure - To account for various fees and related costs related to the new delinquent tax reversion process.

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, and 2006 Tax Repayment – To account for 1997 through 2004 delinquent taxes, funded by the collection of taxes and interest.

PA 105 - To account for the requirements of Public Act 105.

Lincoln Township Water Bonds – To account for the accumulation of funds for the payment of interest and principal on the Lincoln Township Water Bonds.

Larkin Township Water Bonds – To account for the accumulation of funds for the payment of interest and principal on the Larkin Township Water Bonds.

Jerome Township Water Bonds - To account for the accumulation of funds for the payment of interest and principal on the Jerome Township Water Bonds.

Homer Township 3&4 Water Bonds - To account for the accumulation of funds for the payment of interest and principal on the Homer Township 3&4 Water Bonds.

Homer Township 6&7 Water Bonds - To account for the accumulation of funds for the construction of the Homer Township 6&7 water project and the payment of interest and principal on the Homer Township &7 Water Bonds.

M-30 Water Project - To account for the accumulation of funds for the construction of the M-30 water project and payment of interest and principal on the M-30 Water Project Bonds.

Homer Township #8 Water Bonds - To account for the accumulation of funds for the construction of the Homer Township #8 water project and payment of interest and principal on the Homer Township #8 Water Bonds.

Larkin Township Water Bonds III - To account for the accumulation of funds for the construction of the Larkin Township III water project and future payment of interest and principal on the Larkin Township III Water Bonds.

Lee Township Water Bonds - To account for the accumulation of funds for the construction of the Lee Township water project and future payment of interest and principal on the Lee Township Water Bonds.

Jail Commissary – This fund is used to account for the operations of jail inmate concessions.

MIDLAND COUNTY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2007

	Delinquent Tax Revolving	2002 Forfeiture/ Foreclosure	2003 Forfeiture/ Foreclosure	2004 Forfeiture/ Foreclosure	2005 Forfeiture/ Foreclosure
Assets					
Current assets					
Cash and investment pool	\$ 850,204	\$ 61,501	\$ 92,051	\$ 112,188	\$ 71,395
Receivables					
Delinquent taxes and interest	302,159	-	-	-	-
Interest	1,341	-	-	-	-
Due from other governments					
Due from other governments	35,639	-	-	-	-
Total current assets	1,189,343	61,501	92,051	112,188	71,395
Noncurrent assets:					
Due from other governments	-	-	-	-	-
Advances to other funds	1,203,000	-	-	-	-
Construction in progress	-	-	-	-	-
Total noncurrent assets	1,203,000	-	-	-	-
Total assets	2,392,343	61,501	92,051	112,188	71,395
Liabilities					
Current liabilities					
Accounts payable	8,455	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other governments	-	-	-	-	-
Bonds payable - current	-	-	-	-	-
Total current liabilities	8,455	-	-	-	-
Noncurrent liabilities					
Bonds payable - net of current portion	-	-	-	-	-
Long-term advances from other funds	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-
Total liabilities	8,455	-	-	-	-
Net assets					
Unrestricted	\$ 2,383,888	\$ 61,501	\$ 92,051	\$ 112,188	\$ 71,395

MIDLAND COUNTY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2007

	2006	2007	2008	2009	1998
	Forfeiture/ Foreclosure	Forfeiture/ Foreclosure	Forfeiture/ Foreclosure	Forfeiture/ Foreclosure	Tax Repayment
Assets					
Current assets					
Cash and investment pool	\$ 50,731	\$ 102,633	\$ 26,118	\$ 10,186	\$ -
Receivables					
Delinquent taxes and interest	-	-	-	-	-
Interest	-	-	-	-	-
Due from other governments					
Due from other governments	-	-	-	-	-
Total current assets	50,731	102,633	26,118	10,186	-
Noncurrent assets:					
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Construction in progress	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-
Total assets	50,731	102,633	26,118	10,186	-
Liabilities					
Current liabilities					
Accounts payable	-	-	284	-	-
Accrued liabilities	-	-	-	-	-
Due to other governments	-	-	-	-	-
Bonds payable - current	-	-	-	-	-
Total current liabilities	-	-	284	-	-
Noncurrent liabilities					
Bonds payable - net of current portion	-	-	-	-	-
Long-term advances from other funds	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-
Total liabilities	-	-	284	-	-
Net assets					
Unrestricted	\$ 50,731	\$ 102,633	\$ 25,834	\$ 10,186	\$ -

MIDLAND COUNTY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2007

	1999 Tax Repayment	2000 Tax Repayment	2001 Tax Repayment	2002 Tax Repayment	2003 Tax Repayment
Assets					
Current assets					
Cash and investment pool	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables					
Delinquent taxes and interest	-	-	-	-	-
Interest	-	-	-	-	-
Due from other governments					
Due from other governments	-	-	-	-	-
Total current assets	-	-	-	-	-
Noncurrent assets:					
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Construction in progress	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-
Total assets	-	-	-	-	-
Liabilities					
Current liabilities					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other governments	-	-	-	-	-
Bonds payable - current	-	-	-	-	-
Total current liabilities	-	-	-	-	-
Noncurrent liabilities					
Bonds payable - net of current portion	-	-	-	-	-
Long-term advances from other funds	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net assets					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -

MIDLAND COUNTY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2007

	2004	2005	2006	PA 105	Lincoln
	Tax	Tax	Tax	PA 105	Township
	Repayment	Repayment	Repayment	PA 105	Water Bonds
Assets					
Current assets					
Cash and investment pool	\$ -	\$ -	\$ 5,050	\$ 73,557	\$ 79
Receivables					
Delinquent taxes and interest	-	-	1,567,209	-	-
Interest	-	-	541	336	-
Due from other governments					
Due from other governments	-	-	-	-	15,568
Total current assets	-	-	1,572,800	73,893	15,647
Noncurrent assets:					
Due from other governments	-	-	-	-	45,000
Advances to other funds	-	-	-	-	-
Construction in progress	-	-	-	-	-
Total noncurrent assets	-	-	-	-	45,000
Total assets	-	-	1,572,800	73,893	60,647
Liabilities					
Current liabilities					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	568
Due to other governments	-	-	-	49,342	-
Bonds payable - current	-	-	-	-	15,000
Total current liabilities	-	-	-	49,342	15,568
Noncurrent liabilities					
Bonds payable - net of current portion	-	-	-	-	45,000
Long-term advances from other funds	-	-	1,203,000	-	-
Total noncurrent liabilities	-	-	1,203,000	-	45,000
Total liabilities	-	-	1,203,000	49,342	60,568
Net assets					
Unrestricted	\$ -	\$ -	\$ 369,800	\$ 24,551	\$ 79

MIDLAND COUNTY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2007

	Larkin Township Water Bonds	Jerome Township Water Bonds	Homer Township 3&4 Water Bonds	Homer Township 6&7 Water Bonds	M-30 Water Project
Assets					
Current assets					
Cash and investment pool	\$ 8,459	\$ 2,263	\$ 6,918	\$ 2,078	\$ 31,619
Receivables					
Delinquent taxes and interest	-	-	-	-	-
Interest	-	-	-	-	-
Due from other governments					
Due from other governments	45,551	75,723	196,985	192,440	26,384
Total current assets	54,010	77,986	203,903	194,518	58,003
Noncurrent assets:					
Due from other governments	220,000	735,000	2,315,000	2,110,000	355,000
Advances to other funds	-	-	-	-	-
Construction in progress	-	-	-	-	-
Total noncurrent assets	220,000	735,000	2,315,000	2,110,000	355,000
Total assets	274,010	812,986	2,518,903	2,304,518	413,003
Liabilities					
Current liabilities					
Accounts payable	-	-	-	-	-
Accrued liabilities	5,551	15,723	41,985	37,440	6,384
Due to other governments	-	-	-	-	-
Bonds payable - current	40,000	60,000	155,000	155,000	20,000
Total current liabilities	45,551	75,723	196,985	192,440	26,384
Noncurrent liabilities					
Bonds payable - net of current portion	220,000	735,000	2,315,000	2,110,000	355,000
Long-term advances from other funds	-	-	-	-	-
Total noncurrent liabilities	220,000	735,000	2,315,000	2,110,000	355,000
Total liabilities	265,551	810,723	2,511,985	2,302,440	381,384
Net assets					
Unrestricted	\$ 8,459	\$ 2,263	\$ 6,918	\$ 2,078	\$ 31,619

MIDLAND COUNTY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2007

	Homer Township	Larkin Township	Lee Township	Jail Commissary	Total
	#8 Water Bonds	Water Bonds III	Water Bonds		
Assets					
Current assets					
Cash and investment pool	\$ 21,863	\$ 11,587	\$ 625,790	\$ 82,650	\$ 2,248,920
Receivables					
Delinquent taxes and interest	-	-	-	-	1,869,368
Interest	-	-	-	-	2,218
Due from other governments					
Due from other governments	21,263	-	-	-	609,553
Total current assets	43,126	11,587	625,790	82,650	4,730,059
Noncurrent assets:					
Due from other governments	330,000	-	-	-	6,110,000
Advances to other funds	-	-	-	-	1,203,000
Construction in progress	-	99,150	-	-	99,150
Total noncurrent assets	330,000	99,150	-	-	7,412,150
Total assets	373,126	110,737	625,790	82,650	12,142,209
Liabilities					
Current liabilities					
Accounts payable	-	-	-	132	8,871
Accrued liabilities	6,263	-	-	-	113,914
Due to other governments	-	-	-	-	49,342
Bonds payable - current	15,000	110,000	625,000	-	1,195,000
Total current liabilities	21,263	110,000	625,000	132	1,367,127
Noncurrent liabilities					
Bonds payable - net of current portion	330,000	-	-	-	6,110,000
Long-term advances from other funds	-	-	-	-	1,203,000
Total noncurrent liabilities	330,000	-	-	-	7,313,000
Total liabilities	351,263	110,000	625,000	132	8,680,127
Net assets					
Unrestricted	\$ 21,863	\$ 737	\$ 790	\$ 82,518	\$ 3,462,082

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

	Delinquent Tax Revolving	2002 Forfeiture/ Foreclosure	2003 Forfeiture/ Foreclosure	2004 Forfeiture/ Foreclosure	2005 Forfeiture/ Foreclosure
Operating revenues					
Interest earned on delinquent					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Collection fees	-	-	-	-	-
Rental income	-	-	-	-	-
Miscellaneous	21,034	-	-	-	-
Total operating revenues	21,034	-	-	-	-
Operating expenses					
Consultant services	-	-	-	-	-
General service administration	10,744	2,180	-	-	632
Supplies	-	-	-	-	-
Total operating expenses	10,744	2,180	-	-	632
Operating income (loss)	10,290	(2,180)	-	-	(632)
Non-operating revenue (expense)					
Interest income	128,322	-	-	-	-
Contributions from local units	-	-	-	-	-
Contributions to local units	-	-	-	-	-
Interest expense on interfund advances	-	-	-	-	-
Interest expense on long-term debt	-	-	-	-	-
Total non-operating revenue (expense)	128,322	-	-	-	-
Income (loss) before transfers	138,612	(2,180)	-	-	(632)
Transfers					
Transfers in	818,477	-	-	-	-
Transfers out	(458,452)	(49,141)	-	-	-
Total transfers	360,025	(49,141)	-	-	-
Change in net assets	498,637	(51,321)	-	-	(632)
Net assets, beginning of year	1,885,251	112,822	92,051	112,188	72,027
Net assets, end of year	\$ 2,383,888	\$ 61,501	\$ 92,051	\$ 112,188	\$ 71,395

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

	2006	2007	2008	2009	1998
	Forfeiture/ Foreclosure	Forfeiture/ Foreclosure	Forfeiture/ Foreclosure	Forfeiture/ Foreclosure	Tax Repayment
Operating revenues					
Interest earned on delinquent Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Collection fees	1,478	79,783	91,668	10,186	20
Rental income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total operating revenues	1,478	79,783	91,668	10,186	20
Operating expenses					
Consultant services	3,070	8,334	75,069	-	-
General service administration	-	475	-	-	-
Supplies	-	-	-	-	-
Total operating expenses	3,070	8,809	75,069	-	-
Operating income (loss)	(1,592)	70,974	16,599	10,186	20
Non-operating revenue (expense)					
Interest income	-	-	-	-	-
Contributions from local units	-	-	-	-	-
Contributions to local units	-	-	-	-	-
Interest expense on interfund advances	-	-	-	-	-
Interest expense on long-term debt	-	-	-	-	-
Total non-operating revenue (expense)	-	-	-	-	-
Income (loss) before transfers	(1,592)	70,974	16,599	10,186	20
Transfers					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(1,020)
Total transfers	-	-	-	-	(1,020)
Change in net assets	(1,592)	70,974	16,599	10,186	(1,000)
Net assets, beginning of year	52,323	31,659	9,235	-	1,000
Net assets, end of year	\$ 50,731	\$ 102,633	\$ 25,834	\$ 10,186	\$ -

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

	1999	2000	2001	2002	2003
	Tax	Tax	Tax	Tax	Tax
	Repayment	Repayment	Repayment	Repayment	Repayment
Operating revenues					
Interest earned on delinquent Taxes	\$ 110	\$ 100	\$ 87	\$ -	\$ -
Collection fees	5	6	6	20	249
Rental income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total operating revenues	115	106	93	20	249
Operating expenses					
Consultant services	-	-	-	412	2,560
General service administration	-	-	-	-	-
Supplies	-	-	-	-	-
Total operating expenses	-	-	-	412	2,560
Operating income (loss)	115	106	93	(392)	(2,311)
Non-operating revenue (expense)					
Interest income	-	-	-	-	-
Contributions from local units	-	-	-	-	-
Contributions to local units	-	-	-	-	-
Interest expense on interfund advances	-	-	-	-	-
Interest expense on long-term debt	-	-	-	-	-
Total non-operating revenue (expense)	-	-	-	-	-
Income (loss) before transfers	115	106	93	(392)	(2,311)
Transfers					
Transfers in	-	-	-	-	-
Transfers out	(1,245)	(1,246)	(1,240)	(1,315)	(14,834)
Total transfers	(1,245)	(1,246)	(1,240)	(1,315)	(14,834)
Change in net assets	(1,130)	(1,140)	(1,147)	(1,707)	(17,145)
Net assets, beginning of year	1,130	1,140	1,147	1,707	17,145
Net assets, end of year	\$ -				

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

	2004	2005	2006		Lincoln
	Tax	Tax	Tax	PA 105	Township
	Repayment	Repayment	Repayment		Water Bonds
Operating revenues					
Interest earned on delinquent					
Taxes	\$ 8,793	\$ 127,881	\$ 296,230	\$ -	\$ -
Collection fees	7,666	44,005	136,097	-	-
Rental income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total operating revenues	16,459	171,886	432,327	-	-
Operating expenses					
Consultant services	-	-	-	340	-
General service administration	-	-	-	-	-
Supplies	-	-	-	-	-
Total operating expenses	-	-	-	340	-
Operating income (loss)	16,459	171,886	432,327	(340)	-
Non-operating revenue (expense)					
Interest income	-	2,720	13,637	53,309	79
Contributions from local units	-	-	-	-	3,424
Contributions to local units	-	-	-	-	-
Interest expense on interfund advances	-	(6,019)	(76,164)	-	-
Interest expense on long-term debt	-	-	-	-	(3,681)
Total non-operating revenue (expense)	-	(3,299)	(62,527)	53,309	(178)
Income (loss) before transfers	16,459	168,587	369,800	52,969	(178)
Transfers					
Transfers in	-	-	-	-	-
Transfers out	(283,467)	(514,110)	-	(49,141)	-
Total transfers	(283,467)	(514,110)	-	(49,141)	-
Change in net assets	(267,008)	(345,523)	369,800	3,828	(178)
Net assets, beginning of year	267,008	345,523	-	20,723	257
Net assets, end of year	\$ -	\$ -	\$ 369,800	\$ 24,551	\$ 79

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

	Larkin Township Water Bonds	Jerome Township Water Bonds	Homer Township 3&4 Water Bonds	Homer Township 6&7 Water Bonds	M-30 Water Project
Operating revenues					
Interest earned on delinquent Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Collection fees	-	-	-	-	-
Rental income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total operating revenues	-	-	-	-	-
Operating expenses					
Consultant services	-	-	-	-	-
General service administration	-	-	-	-	-
Supplies	-	-	-	-	-
Total operating expenses	-	-	-	-	-
Operating income (loss)	-	-	-	-	-
Non-operating revenue (expense)					
Interest income	275	287	1,028	4,045	1,715
Contributions from local units	13,834	19,438	104,155	(58,995)	11,765
Contributions to local units	-	-	-	-	-
Interest expense on interfund advances	-	-	-	-	-
Interest expense on long-term debt	(14,679)	(39,500)	(104,155)	(92,567)	(15,828)
Total non-operating revenue (expense)	(570)	(19,775)	1,028	(147,517)	(2,348)
Income (loss) before transfers	(570)	(19,775)	1,028	(147,517)	(2,348)
Transfers					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total transfers	-	-	-	-	-
Change in net assets	(570)	(19,775)	1,028	(147,517)	(2,348)
Net assets, beginning of year	9,029	22,038	5,890	149,595	33,967
Net assets, end of year	\$ 8,459	\$ 2,263	\$ 6,918	\$ 2,078	\$ 31,619

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

	Homer Township	Larkin Township	Lee Township	Jail Commissary	Total
	#8 Water Bonds	Water Bonds III	Water Bonds		
Operating revenues					
Interest earned on delinquent Taxes	\$	-	\$	-	\$ 433,201
Collection fees	-	-	-	-	371,189
Rental income	-	-	-	70,109	70,109
Miscellaneous	-	-	-	-	21,034
Total operating revenues	-	-	-	70,109	895,533
Operating expenses					
Consultant services	-	-	-	-	89,785
General service administration	-	-	-	-	14,031
Supplies	-	-	-	47,319	47,319
Total operating expenses	-	-	-	47,319	151,135
Operating income (loss)	-	-	-	22,790	744,398
Non-operating revenue (expense)					
Interest income	1,752	737	790	-	208,696
Contributions from local units	-	-	-	-	93,621
Contributions to local units	(7,440)	-	-	-	(7,440)
Interest expense on interfund advances	-	-	-	-	(82,183)
Interest expense on long-term debt	(15,566)	-	-	-	(285,976)
Total non-operating revenue (expense)	(21,254)	737	790	-	(73,282)
Income (loss) before transfers	(21,254)	737	790	22,790	671,116
Transfers					
Transfers in	-	-	-	-	818,477
Transfers out	-	-	-	-	(1,375,211)
Total transfers	-	-	-	-	(556,734)
Change in net assets	(21,254)	737	790	22,790	114,382
Net assets, beginning of year	43,117	-	-	59,728	3,347,700
Net assets, end of year	\$ 21,863	\$ 737	\$ 790	\$ 82,518	\$ 3,462,082

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

	Delinquent Tax Revolving	2002 Forfeiture/ Foreclosure	2003 Forfeiture/ Foreclosure	2004 Forfeiture/ Foreclosure	2005 Forfeiture/ Foreclosure
Cash flows from operating activities					
Cash received from customers	\$ 20,047,133	\$ -	\$ -	\$ -	\$ -
Cash payments to suppliers for goods and services	(59,155)	-	-	-	-
Cash payments for interfund services received	(19,521,333)	-	-	-	-
Cash received from penalties and interest on delinquent taxes	-	-	-	-	-
Cash payments for delinquent tax rolls	(10,744)	(2,180)	-	-	(632)
Net cash provided by (used in) operating activities	455,901	(2,180)	-	-	(632)
Cash flows from noncapital financing activities					
Proceeds from interfund advances	1,946,000	-	-	-	-
Issuances / repayments of interfund advances	(2,040,000)	-	-	-	-
Interest paid on interfund advances	-	-	-	-	-
Transfers in	818,477	-	-	-	-
Transfers out	(458,452)	(49,141)	-	-	-
Net cash provided by (used in) noncapital financing activities	266,025	(49,141)	-	-	-
Cash flows from capital and related financing activities					
Principal paid on long-term debt	-	-	-	-	-
Interest paid on long-term debt	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-
Construction of capital assets	-	-	-	-	-
Contributions from local units	-	-	-	-	-
Contributions to local units	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-
Cash flows from investing activities					
Interest on investments	128,278	-	-	-	-
Net increase (decrease) in cash and cash equivalents	850,204	(51,321)	-	-	(632)
Cash and cash equivalents, beginning of year	-	112,822	92,051	112,188	72,027
Cash and cash equivalents, end of year	\$ 850,204	\$ 61,501	\$ 92,051	\$ 112,188	\$ 71,395
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 10,290	\$ (2,180)	\$ -	\$ -	\$ (632)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Changes in operating assets and liabilities					
Delinquent taxes and interest receivable	(302,159)	-	-	-	-
Due from other governments	20,328,258	-	-	-	-
Accounts payable	(59,155)	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	(19,521,333)	-	-	-	-
Due to other governments	-	-	-	-	-
Net cash provided (used) by operating activities	\$ 455,901	\$ (2,180)	\$ -	\$ -	\$ (632)

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

	2006 Forfeiture/ Foreclosure	2007 Forfeiture/ Foreclosure	2008 Forfeiture/ Foreclosure	2009 Forfeiture/ Foreclosure	1998 Tax Repayment
Cash flows from operating activities					
Cash received from customers	\$ -	\$ -	\$ -	\$ -	\$ -
Cash payments to suppliers for goods and services	(18,070)	(8,334)	(74,785)	-	-
Cash payments for interfund services received	-	-	-	-	-
Cash received from penalties and interest on delinquent taxes	1,478	79,783	91,668	10,186	20
Cash payments for delinquent tax rolls	-	(475)	-	-	-
Net cash provided by (used in) operating activities	(16,592)	70,974	16,883	10,186	20
Cash flows from noncapital financing activities					
Proceeds from interfund advances	-	-	-	-	-
Issuances / repayments of interfund advances	-	-	-	-	-
Interest paid on interfund advances	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(1,020)
Net cash provided by (used in) noncapital financing activities	-	-	-	-	(1,020)
Cash flows from capital and related financing activities					
Principal paid on long-term debt	-	-	-	-	-
Interest paid on long-term debt	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-
Construction of capital assets	-	-	-	-	-
Contributions from local units	-	-	-	-	-
Contributions to local units	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-
Cash flows from investing activities					
Interest on investments	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(16,592)	70,974	16,883	10,186	(1,000)
Cash and cash equivalents, beginning of year	67,323	31,659	9,235	-	1,000
Cash and cash equivalents, end of year	\$ 50,731	\$ 102,633	\$ 26,118	\$ 10,186	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (1,592)	\$ 70,974	\$ 16,599	\$ 10,186	\$ 20
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Changes in operating assets and liabilities					
Delinquent taxes and interest receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Accounts payable	(15,000)	-	284	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Net cash provided (used) by operating activities	\$ (16,592)	\$ 70,974	\$ 16,883	\$ 10,186	\$ 20

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

	1999 Tax Repayment	2000 Tax Repayment	2001 Tax Repayment	2002 Tax Repayment	2003 Tax Repayment
Cash flows from operating activities					
Cash received from customers	\$ -	\$ -	\$ -	\$ -	\$ -
Cash payments to suppliers for goods and services	-	-	-	(412)	(2,560)
Cash payments for interfund services received	130	140	147	707	16,145
Cash received from penalties and interest on delinquent taxes	115	106	93	20	249
Cash payments for delinquent tax rolls	-	-	-	-	-
Net cash provided by (used in) operating activities	245	246	240	315	13,834
Cash flows from noncapital financing activities					
Proceeds from interfund advances	-	-	-	-	-
Issuances / repayments of interfund advances	-	-	-	-	-
Interest paid on interfund advances	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(1,245)	(1,246)	(1,240)	(1,315)	(14,834)
Net cash provided by (used in) noncapital financing activities	(1,245)	(1,246)	(1,240)	(1,315)	(14,834)
Cash flows from capital and related financing activities					
Principal paid on long-term debt	-	-	-	-	-
Interest paid on long-term debt	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-
Construction of capital assets	-	-	-	-	-
Contributions from local units	-	-	-	-	-
Contributions to local units	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-
Cash flows from investing activities					
Interest on investments	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Cash and cash equivalents, beginning of year	1,000	1,000	1,000	1,000	1,000
Cash and cash equivalents, end of year	\$ -				
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 115	\$ 106	\$ 93	\$ (392)	\$ (2,311)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Changes in operating assets and liabilities					
Delinquent taxes and interest receivable	130	140	147	707	16,145
Due from other governments	-	-	-	-	-
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Net cash provided (used) by operating activities	\$ 245	\$ 246	\$ 240	\$ 315	\$ 13,834

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

	2004 Tax Repayment	2005 Tax Repayment	2006 Tax Repayment	PA 105	Lincoln Township Water Bonds
Cash flows from operating activities					
Cash received from customers	\$ -	\$ -	\$ -	\$ (31,466)	\$ -
Cash payments to suppliers for goods and services	-	-	-	(340)	-
Cash payments for interfund services received	266,008	1,446,823	(1,567,209)	-	-
Cash received from penalties and interest on delinquent taxes	16,459	171,886	432,327	-	-
Cash payments for delinquent tax rolls	-	-	-	-	-
Net cash provided by (used in) operating activities	282,467	1,618,709	(1,134,882)	(31,806)	-
Cash flows from noncapital financing activities					
Proceeds from interfund advances	-	-	2,040,000	-	-
Issuances / repayments of interfund advances	-	(1,109,000)	(837,000)	-	-
Interest paid on interfund advances	-	(6,019)	(76,164)	-	-
Transfers in	-	-	-	-	-
Transfers out	(283,467)	(514,110)	-	(49,141)	-
Net cash provided by (used in) noncapital financing activities	(283,467)	(1,629,129)	1,126,836	(49,141)	-
Cash flows from capital and related financing activities					
Principal paid on long-term debt	-	-	-	-	(15,000)
Interest paid on long-term debt	-	-	-	-	(3,818)
Issuance of long-term debt	-	-	-	-	-
Construction of capital assets	-	-	-	-	-
Contributions from local units	-	-	-	-	18,561
Contributions to local units	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	(257)
Cash flows from investing activities					
Interest on investments	-	2,720	13,096	52,973	79
Net increase (decrease) in cash and cash equivalents	(1,000)	(7,700)	5,050	(27,974)	(178)
Cash and cash equivalents, beginning of year	1,000	7,700	-	101,531	257
Cash and cash equivalents, end of year	\$ -	\$ -	\$ 5,050	\$ 73,557	\$ 79
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 16,459	\$ 171,886	\$ 432,327	\$ (340)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Changes in operating assets and liabilities					
Delinquent taxes and interest receivable	266,008	1,446,823	(1,567,209)	-	-
Due from other governments	-	-	-	-	137
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	(137)
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	(31,466)	-
Net cash provided (used) by operating activities	\$ 282,467	\$ 1,618,709	\$ (1,134,882)	\$ (31,806)	\$ -

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

	Larkin Township Water Bonds	Jerome Township Water Bonds	Homer Township 3&4 Water Bonds	Homer Township 6&7 Water Bonds	M-30 Water Project
Cash flows from operating activities					
Cash received from customers	\$ -	\$ -	\$ -	\$ -	\$ -
Cash payments to suppliers for goods and services	-	-	-	-	-
Cash payments for interfund services received	-	-	-	-	-
Cash received from penalties and interest on delinquent taxes	-	-	-	-	-
Cash payments for delinquent tax rolls	-	-	-	-	-
Net cash provided by (used in) operating activities	-	-	-	-	-
Cash flows from noncapital financing activities					
Proceeds from interfund advances	-	-	-	-	-
Issuances / repayments of interfund advances	-	-	-	-	-
Interest paid on interfund advances	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-	-
Cash flows from capital and related financing activities					
Principal paid on long-term debt	(40,000)	(60,000)	(155,000)	(155,000)	(20,000)
Interest paid on long-term debt	(15,487)	(40,600)	(106,416)	(94,343)	(16,028)
Issuance of long-term debt	-	-	-	-	-
Construction of capital assets	-	-	-	-	-
Contributions from local units	54,642	80,538	261,416	97,781	31,965
Contributions to local units	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(845)	(20,062)	-	(151,562)	(4,063)
Cash flows from investing activities					
Interest on investments	275	287	1,028	4,045	1,715
Net increase (decrease) in cash and cash equivalents	(570)	(19,775)	1,028	(147,517)	(2,348)
Cash and cash equivalents, beginning of year	9,029	22,038	5,890	149,595	33,967
Cash and cash equivalents, end of year	\$ 8,459	\$ 2,263	\$ 6,918	\$ 2,078	\$ 31,619
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Changes in operating assets and liabilities					
Delinquent taxes and interest receivable	-	-	-	-	-
Due from other governments	808	1,100	2,261	1,776	200
Accounts payable	-	-	-	-	-
Accrued liabilities	(808)	(1,100)	(2,261)	(1,776)	(200)
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Homer Township #8 Water Bonds	Larkin Township Water Bonds III	Lee Township Water Bonds	Jail Commissary	Total
Cash flows from operating activities					
Cash received from customers	\$ -	\$ -	\$ -	\$ -	\$ 20,015,667
Cash payments to suppliers for goods and services	-	-	-	(49,164)	(212,820)
Cash payments for interfund services received	-	-	-	70,109	(19,288,333)
Cash received from penalties and interest on delinquent taxes	-	-	-	-	804,390
Cash payments for delinquent tax rolls	-	-	-	-	(14,031)
Net cash provided by (used in) operating activities	-	-	-	20,945	1,304,873
Cash flows from noncapital financing activities					
Proceeds from interfund advances	-	-	-	-	3,986,000
Issuances / repayments of interfund advances	-	-	-	-	(3,986,000)
Interest paid on interfund advances	-	-	-	-	(82,183)
Transfers in	-	-	-	-	818,477
Transfers out	-	-	-	-	(1,375,211)
Net cash provided by (used in) noncapital financing activities	-	-	-	-	(638,917)
Cash flows from capital and related financing activities					
Principal paid on long-term debt	(15,000)	-	-	-	(460,000)
Interest paid on long-term debt	(15,787)	-	-	-	(292,479)
Issuance of long-term debt	-	110,000	625,000	-	735,000
Construction of capital assets	-	(99,150)	-	-	(99,150)
Contributions from local units	15,221	-	-	-	560,124
Contributions to local units	(7,440)	-	-	-	(7,440)
Net cash provided by (used in) capital and related financing activities	(23,006)	10,850	625,000	-	436,055
Cash flows from investing activities					
Interest on investments	1,752	737	790	-	207,775
Net increase (decrease) in cash and cash equivalents	(21,254)	11,587	625,790	20,945	1,309,786
Cash and cash equivalents, beginning of year	43,117	-	-	61,705	939,134
Cash and cash equivalents, end of year	\$ 21,863	\$ 11,587	\$ 625,790	\$ 82,650	\$ 2,248,920
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ -	\$ -	\$ -	\$ 22,790	\$ 744,398
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Changes in operating assets and liabilities					
Delinquent taxes and interest receivable	-	-	-	-	(139,268)
Due from other governments	221	-	-	-	20,334,761
Accounts payable	-	-	-	(1,845)	(75,716)
Accrued liabilities	(221)	-	-	-	(6,503)
Due to other funds	-	-	-	-	(19,521,333)
Due to other governments	-	-	-	-	(31,466)
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -	\$ 20,945	\$ 1,304,873

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement - To account for funds accumulated for the maintenance and replacement of computer equipment.

Employee Disability Insurance - To account for funds accumulated for the payment of both long and short-term disability for covered employees.

Workers Compensation - To account for funds used in the self-insurance of Workers Compensation. Funded by receipts from other funds for their proportional expense.

Healthcare - To account for funds used in the self-insurance of healthcare for County employees. Funded by receipts from other funds for their proportional expense.

Insurance Deductible - To account for funds accumulated for the payment of the deductible on insurance claims; deductibles were increased for lower premium payments.

Day Activity Center Maintenance - To account for funds used in the maintenance and improvement of the Day Activity Center which is owned by Midland County and leased to the Midland-Gladwin Mental Health Services Board. Funded by payments from the lessee.

Mobile Data Terminal - To account for funds used in the purchase of Mobile Data Terminal equipment and the collection of user fees for its use.

MIDLAND COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2007

	Equipment Maintenance & Replace.	Employee Disability Insurance	Workers Compensation	Healthcare	Insurance Deductible	Day Activity Center Maintenance	Mobile Data Terminal	Total
Assets								
Current assets								
Cash and investment pool	\$ 214,012	\$ 180,443	\$ 968,666	\$ 2,017,121	\$ 347,456	\$ 5,929	\$ 579,035	\$ 4,312,662
Receivables								
Accounts	1,598	-	-	-	200,907	-	4,425	206,930
Interest	594	506	2,661	6,013	952	16	1,569	12,311
Prepaid expenses	-	-	-	73,743	-	-	-	73,743
Total current assets	216,204	180,949	971,327	2,096,877	549,315	5,945	585,029	4,605,646
Noncurrent assets								
Equipment	568,104	-	-	-	-	-	380,975	949,079
Accumulated depreciation	(447,748)	-	-	-	-	-	(380,975)	(828,723)
Total noncurrent assets	120,356	-	-	-	-	-	-	120,356
Total assets	336,560	180,949	971,327	2,096,877	549,315	5,945	585,029	4,726,002
Liabilities								
Current liabilities								
Accounts payable	17,511	-	-	-	3,258	-	-	20,769
Accrued liabilities	-	-	36,889	374,819	54,513	-	-	466,221
Total liabilities	17,511	-	36,889	374,819	57,771	-	-	486,990
Net assets								
Investment in capital assets	120,356	-	-	-	-	-	-	120,356
Unrestricted	198,693	180,949	934,438	1,722,058	491,544	5,945	585,029	4,118,656
Total net assets	\$ 319,049	\$ 180,949	\$ 934,438	\$ 1,722,058	\$ 491,544	\$ 5,945	\$ 585,029	\$ 4,239,012

MIDLAND COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Equipment Maintenance & Replace.	Employee Disability Insurance	Workers Compensation	Healthcare	Insurance Deductible	Day Activity Center Maintenance	Mobile Data Terminal	Total
Operating revenues								
Rental income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ 96,438	\$ 101,938
Billings to departments	104,100	124,771	92,207	2,512,897	-	-	-	2,833,975
Reimbursements and refunds	-	-	-	233,999	21,883	-	-	255,882
Total operating revenues	104,100	124,771	92,207	2,746,896	21,883	5,500	96,438	3,191,795
Operating expenses								
Compensation payments	-	151,277	136,074	-	-	-	-	287,351
Consultant services	-	7,365	36,859	-	-	-	-	44,224
General service administration	22,321	-	-	2,994,429	9,557	8,832	38,554	3,073,693
Depreciation expense	44,747	-	-	-	-	-	-	44,747
Total operating expenses	67,068	158,642	172,933	2,994,429	9,557	8,832	38,554	3,450,015
Operating income (loss)	37,032	(33,871)	(80,726)	(247,533)	12,326	(3,332)	57,884	(258,220)
Non-operating revenue								
Interest income	10,413	11,244	41,753	113,820	15,635	437	24,426	217,728
Change in net assets	47,445	(22,627)	(38,973)	(133,713)	27,961	(2,895)	82,310	(40,492)
Net assets, beginning of year	271,604	203,576	973,411	1,855,771	463,583	8,840	502,719	4,279,504
Net assets, end of year	\$ 319,049	\$ 180,949	\$ 934,438	\$ 1,722,058	\$ 491,544	\$ 5,945	\$ 585,029	\$ 4,239,012

MIDLAND COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Equipment Maintenance & Replace.	Employee Disability Insurance	Workers Compensation	Healthcare	Insurance Deductible	Day Activity Center Maintenance	Mobile Data Terminal	Total
Cash flows from operating activities								
Cash received from interfund services provided	\$ 102,502	\$ 124,771	\$ 92,207	\$ 2,746,896	\$ -	\$ -	\$ -	\$ 3,066,376
Cash received from customers	-	-	-	-	21,883	5,500	92,013	119,396
Cash payments to suppliers for goods and services	(5,977)	-	-	-	(2,099)	(8,832)	(1,155)	(18,063)
Cash payments for insurance claims	-	(158,642)	(137,337)	(2,976,715)	-	-	-	(3,272,694)
Net cash provided by (used in) operating activities	96,525	(33,871)	(45,130)	(229,819)	19,784	(3,332)	90,858	(104,985)
Cash flows from capital and related financing activities								
Payments for capital asset acquisition	(78,616)	-	-	-	-	-	-	(78,616)
Cash flows from investing activities								
Interest on investments	11,659	13,189	45,550	114,742	16,092	421	25,772	227,425
Net increase (decrease) in cash and cash equivalents	29,568	(20,682)	420	(115,077)	35,876	(2,911)	116,630	43,824
Cash and cash equivalents, beginning of year	184,444	201,125	968,246	2,132,198	311,580	8,840	462,405	4,268,838
Cash and cash equivalents, end of year	\$ 214,012	\$ 180,443	\$ 968,666	\$ 2,017,121	\$ 347,456	\$ 5,929	\$ 579,035	\$ 4,312,662
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 37,032	\$ (33,871)	\$ (80,726)	\$ (247,533)	\$ 12,326	\$ (3,332)	\$ 57,884	\$ (258,220)
Adjustments to reconcile operating income (loss) by operating activities								
Depreciation	44,747	-	-	-	-	-	-	44,747
Changes in operating assets and liabilities								
Accounts receivable	(1,598)	-	-	-	(23,313)	-	(4,425)	(29,336)
Prepaid assets	-	-	-	13,013	-	-	37,399	50,412
Accounts payable	16,344	-	-	-	3,258	-	-	19,602
Accrued liabilities	-	-	35,596	4,701	27,513	-	-	67,810
Net cash provided (used) by operating activities	\$ 96,525	\$ (33,871)	\$ (45,130)	\$ (229,819)	\$ 19,784	\$ (3,332)	\$ 90,858	\$ (104,985)

FIDUCIARY FUNDS

Fiduciary Funds are funds set up to account for assets held by the County, in a fiduciary capacity, for individuals, organizations, other units of government or other funds. These funds are grouped into three categories:

1. **Private-Purpose Trust Funds** – To account for assets held in trusts under which the principal and income benefit individuals, private organizations and other governments.
2. **Pension and Other Employee Benefit Trust Funds** - To account for resources required to be held in trust for the members and beneficiaries of retirement programs or other employee benefit programs.
3. **Agency Funds** - To account for resources received and held by the County, in a custodial capacity, for individuals, organizations and other governments.

PRIVATE-PURPOSE TRUST FUNDS

Juvenile Care Center - To account for money received from the Volunteers for Youth of Midland, Inc., for future benefits of Juvenile Care Center.

Forfeiture Control - To account for money received from various forfeitures.

Department of Human Services - To account for all transactions concerning donor money which is received by the Midland County Family Independence Agency office.

Pinecrest Special Donor - To account for money received and used for specialty projects as requested by the Donor.

Bergstein Donor Trust - To account for money received for projects as requested by the Donor.

Midland Charitable Family Trust - To account for money received and used for projects as requested by the Donor.

Public Guardian Trust - To account for money received from private individuals for specific purposes which are related to Probate Court matters.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Retiree Health Care - To account for the operation of the Retiree Health Care System. Premium payments for retiree health insurance are paid from this fund. Funded through employee contributions, County contributions and earnings on the accumulated funds.

Employee's Retirement - To account for the operation of the Midland County Employees' Retirement System. Funded through employee contributions, County contributions and earnings on the accumulated funds.

Act 345 Retirement - Established under the provisions of Michigan Public Act 345 of 1937, to account for the operation of the retirement system for members of the Sheriff Department. Funded by employee contributions, County contributions and earnings on accumulated funds.

AGENCY FUNDS

County Agency - To account for money which is held by the County in a capacity of trustee, custodian, or agent for individuals, governmental entities and non-public organizations.

Flexible Benefit Fund - To account for deposits from employees to be used for flexible benefit/cafeteria plan.

Library Penal Fund - To account for money which is received from the courts for funds they impose for State Law violations. Required by Michigan Public Act 286 of 1961.

Inmate Trust Fund - To account for deposits from County jail inmates.

MIDLAND COUNTY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
DECEMBER 31, 2007

	Juvenile Care Center	Forfeiture Control	Department of Human Services	Pinecrest Special Donor	Bergstein Donor Trust	Midland Charitable Family	Public Guardian Trust	Total
Assets								
Cash and investment pool	\$ 168,521	\$ 1,950	\$ 280,126	\$ 28,453	\$ 70	\$ 57	\$ 80,203	\$ 559,380
Investments								
Common stock	-	-	597,213	-	-	-	-	597,213
Receivables								
Interest	462	-	768	70	1	-	-	1,301
Total assets	168,983	1,950	878,107	28,523	71	57	80,203	1,157,894
Liabilities								
Accounts payable	5,000	-	-	-	-	-	-	5,000
Net assets held in trust for specific programs	\$ 163,983	\$ 1,950	\$ 878,107	\$ 28,523	\$ 71	\$ 57	\$ 80,203	\$ 1,152,894

MIDLAND COUNTY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2007

	Retiree Health Care	Employees' Retirement	Act 345 Retirement	Total
Assets				
Cash and interest bearing deposits	\$ 110,000	\$ 32,532	\$ 67,356	\$ 209,888
Investments				
Common stock	10,944,902	24,622,573	12,788,970	48,356,445
Corporate bonds	4,360,926	-	4,406,259	8,767,185
Short-term fixed income investment	702,669	26,386,807	2,445,404	29,534,880
U.S. government securities	-	-	3,809,496	3,809,496
Total investments	16,008,497	51,009,380	23,450,129	90,468,006
Receivables				
Accounts	5,024	10,987	6,749	22,760
Interest	368	36,696	89,047	126,111
Prepayments	26,861	-	110,232	137,093
Total other current assets	32,253	47,683	206,028	285,964
Total assets	16,150,750	51,089,595	23,723,513	90,963,858
Liabilities				
Accounts payable	-	325,026	-	325,026
Accrued liabilities	136,530	-	-	136,530
Total liabilities	136,530	325,026	-	461,556
Net assets held in trust for retirement benefits	\$ 16,014,220	\$ 50,764,569	\$ 23,723,513	\$ 90,502,302

MIDLAND COUNTY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2007

	County Agency	Flexible Benefit	Library Penal Fines	Inmate Trust	Total
Assets					
Cash and investment pool	\$ 1,671,392	\$ 24,239	\$ 171,839	\$ 11,493	\$ 1,878,963
Receivables					
Interest	-	-	388	-	388
Total assets	\$ 1,671,392	\$ 24,239	\$ 172,227	\$ 11,493	\$ 1,879,351
Liabilities					
Accounts payable	\$ 50,845	\$ -	\$ -	\$ -	\$ 50,845
Deposits held	1,408,584	24,239	-	11,493	1,444,316
Due to other governments	211,963	-	172,227	-	384,190
Total liabilities	\$ 1,671,392	\$ 24,239	\$ 172,227	\$ 11,493	\$ 1,879,351

MIDLAND COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES--AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
County Agency				
Assets				
Cash and investment pool	\$ 603,717	\$ 106,787,802	\$ 105,720,127	\$ 1,671,392
Due from other governments	4,377,663	-	4,377,663	-
Total assets	\$ 4,981,380	\$ 106,787,802	\$ 110,097,790	\$ 1,671,392
Liabilities				
Accountspayable	\$ 3,072,637	\$ 32,290,279	\$ 35,312,071	\$ 50,845
Deposits payable	1,534,969	85,345,747	85,472,132	1,408,584
Due to other governments	373,774	8,451,425	8,613,236	211,963
Total liabilities	\$ 4,981,380	\$ 126,087,451	\$ 129,397,439	\$ 1,671,392
Flexible Benefit				
Assets				
Cash and investment pool	\$ 22,440	\$ 218,901	\$ 217,102	\$ 24,239
Liabilities				
Deposits payable	\$ 22,440	\$ 218,901	\$ 217,102	\$ 24,239

(Continued)

MIDLAND COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES--AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
Library Penal Fines				
Assets				
Cash and investment pool	\$ 148,782	\$ 1,100,730	\$ 1,077,673	\$ 171,839
Interest receivable	630	388	630	388
Total assets	\$ 149,412	\$ 1,101,118	\$ 1,078,303	\$ 172,227
Liabilities				
Accounts payable	\$ -	\$ 307,812	\$ 307,812	\$ -
Due to other governments	149,412	343,108	320,293	172,227
Total liabilities	\$ 149,412	\$ 650,920	\$ 628,105	\$ 172,227
Inmate Trust				
Assets				
Cash and investment pool	\$ 14,879	\$ -	\$ 3,386	\$ 11,493
Liabilities				
Deposits payable	\$ 14,879	\$ -	\$ 3,386	\$ 11,493
Total All Agency Funds				
Assets				
Cash and investment pool	\$ 789,818	\$ 108,107,433	\$ 107,018,288	\$ 1,878,963
Interest receivable	630	388	630	388
Due from other governments	4,377,663	-	4,377,663	-
Total assets	\$ 5,168,111	\$ 108,107,821	\$ 111,396,581	\$ 1,879,351
Liabilities				
Accounts payable	\$ 3,072,637	\$ 32,598,091	\$ 35,619,883	\$ 50,845
Deposits payable	1,572,288	85,564,648	85,692,620	1,444,316
Due to other governments	523,186	8,794,533	8,933,529	384,190
Total liabilities	\$ 5,168,111	\$ 126,957,272	\$ 130,246,032	\$ 1,879,351

MIDLAND COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Juvenile Care Center	Forfeiture Control	Department of Human Services	Pinecrest Special Donor	Bergstein Donor Trust	Midland Charitable Family	Public Guardian Trust	Total
Additions								
Investment income								
Interest income	\$ 7,901	\$ -	\$ 12,644	\$ 1,148	\$ 49	\$ 3	\$ -	\$ 21,745
Dividend income	-	-	24,089	-	-	-	-	24,089
Net decrease in fair value of investments	-	-	(7,272)	-	-	-	-	(7,272)
Miscellaneous revenue	5,282	-	-	20,487	16,000	6,949	789,835	838,553
Total additions	13,183	-	29,461	21,635	16,049	6,952	789,835	877,115
Deductions								
Administrative expenses	2,427	-	-	-	16,855	-	-	19,282
Health and welfare	-	-	-	5,341	-	7,384	786,836	799,561
Total deductions	2,427	-	-	5,341	16,855	7,384	786,836	818,843
Change in net assets	10,756	-	29,461	16,294	(806)	(432)	2,999	58,272
Net assets held in trust, beginning of year	153,227	1,950	848,646	12,229	877	489	77,204	1,094,622
Net assets held in trust, end of year	\$ 163,983	\$ 1,950	\$ 878,107	\$ 28,523	\$ 71	\$ 57	\$ 80,203	\$ 1,152,894

MIDLAND COUNTY
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION & OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Retiree Healthcare	Employees' Retirement	Act 345 Retirement	Total
Additions				
Contributions				
Employer	\$ 2,175,924	\$ 667,294	\$ 74,995	\$ 2,918,213
Plan members	132,862	302,471	183,106	618,439
Total contributions	2,308,786	969,765	258,101	3,536,652
Investment income				
Interest	40,856	417,339	472,522	930,717
Dividends	604,098	459,064	217,211	1,280,373
Net change in fair value of investments	209,107	4,432,461	1,073,062	5,714,630
Total investment income	854,061	5,308,864	1,762,795	7,925,720
Less investment expense	(285,186)	(239,961)	(112,847)	(637,994)
Net investment income	568,875	5,068,903	1,649,948	7,287,726
Total additions	2,877,661	6,038,668	1,908,049	10,824,378
Deductions				
Benefits paid	894,436	1,823,090	1,275,403	3,992,929
Participant refunds	24,606	102,814	-	127,420
Total deductions	919,042	1,925,904	1,275,403	4,120,349
Net increase in plan assets	1,958,619	4,112,764	632,646	6,704,029
Net assets held in trust, beginning of year	14,055,601	46,651,805	23,090,867	83,798,273
Net assets held in trust, end of year	\$16,014,220	\$50,764,569	\$23,723,513	\$90,502,302

Schedules of funding progress for the Retiree Healthcare and Act 345 and Employees' Retirement Systems are presented on pages 81-83.

MIDLAND COUNTY
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET--DRAIN COMMISSIONER COMPONENT UNIT
DECEMBER 31, 2007

	Drain	Revolving Drain	Revolving Drain Operating	Kiesel Drain Debt	Little Salt Debt	Abbott & Ware Debt	Ashby Drain Debt	Sanford Lake Improvement	Total	Adjustments	Statement of Net Assets
Assets											
Cash and investment pool	\$ 1,498,032	\$ 60,667	\$ 73	\$ 23,672	\$ 67,273	\$ 16,737	\$ 42,230	\$ 2,388	\$ 1,711,072	\$ -	\$ 1,711,072
Receivables											
Interest	4,103	-	-	-	-	-	-	5	4,108	-	4,108
Special assessments	4,796,745	-	-	-	69,959	91,784	75,924	115,366	5,149,778	-	5,149,778
Due from other funds	-	336,791	50,810	-	-	-	-	-	387,601	(387,601)	-
Capital assets, net											
Assets not being depreciated	-	-	-	-	-	-	-	-	-	1,226,218	1,226,218
Assets being depreciated	-	-	-	-	-	-	-	-	-	3,212,893	3,212,893
Total assets	\$ 6,298,880	\$ 397,458	\$ 50,883	\$ 23,672	\$ 137,232	\$ 108,521	\$ 118,154	\$ 117,759	\$ 7,252,559	4,051,510	11,304,069
Liabilities and fund balances											
Liabilities											
Accounts payable	\$ 18,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,800	40,358	59,158
Due to other funds	387,601	-	-	-	-	-	-	-	387,601	(387,601)	-
Deferred revenue	4,267,287	-	-	16,929	-	-	-	-	4,284,216	(4,284,216)	-
Advance from primary government	-	397,458	47,631	-	-	-	-	-	445,089	-	445,089
Long-term debt											
Due within one year	-	-	-	-	-	-	-	-	-	635,686	635,686
Due in more than one year	-	-	-	-	-	-	-	-	-	3,500,485	3,500,485
Total liabilities	4,673,688	397,458	47,631	16,929	-	-	-	-	5,135,706	(495,288)	4,640,418
Fund balances											
Unreserved fund balances											
Undesignated	1,625,192	-	3,252	6,743	137,232	108,521	118,154	117,759	2,116,853	(2,116,853)	-
Total liabilities and fund balance:	\$ 6,298,880	\$ 397,458	\$ 50,883	\$ 23,672	\$ 137,232	\$ 108,521	\$ 118,154	\$ 117,759	\$ 7,252,559		
Net assets											
Investment in capital assets											
Net of related debt										302,940	302,940
Unrestricted										6,360,711	6,360,711
Total net assets										\$ 6,663,651	\$ 6,663,651

MIDLAND COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES--DRAIN COMMISSIONER COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2007

	Drain	Revolving Drain	Revolving Drain Operating	Kiesel Drain Debt	Little Salt Debt	Abbott & Ware Debt	Ashby Drain Debt	Sanford Lake Improvement	Total	Adjustments	Statement of Activities
Revenues											
Special assessments	\$ 759,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,405	\$ 845,491	\$ (822,371)	\$ 23,120
Interest earnings	103,254	-	192	835	3,827	1,418	2,465	1,979	113,970	-	113,970
Reimbursements and refunds	101,083	-	-	-	-	-	-	-	101,083	(94,679)	6,404
Miscellaneous revenue	-	-	-	-	114,997	-	-	1	114,998	-	114,998
Total revenues	963,423	-	192	835	118,824	1,418	2,465	88,385	1,175,542	(917,050)	258,492
Expenditures/expenses											
Current operations:											
Public works	1,012,471	-	-	-	-	-	-	99,321	1,111,792	(1,111,394)	398
Depreciation	-	-	-	-	-	-	-	-	-	39,596	39,596
Debt service											
Payment of debt principal	384,286	-	-	-	150,000	75,000	50,000	-	659,286	(659,286)	-
Interest charges	69,195	-	-	-	64,920	28,744	32,173	-	195,032	(10,379)	184,653
Total expenditures/expenses	1,465,952	-	-	-	214,920	103,744	82,173	99,321	1,966,110	(1,741,463)	224,647
Revenues over (under) expenditures	(502,529)	-	192	835	(96,096)	(102,326)	(79,708)	(10,936)	(790,568)	824,413	33,845
Other financing sources (uses):											
Transfers in	6,465	-	-	12,373	88,546	103,972	78,595	-	289,951	(289,951)	-
Transfers out	(283,486)	-	-	(6,465)	-	-	-	-	(289,951)	289,951	-
Total other financing sources (uses)	(277,021)	-	-	5,908	88,546	103,972	78,595	-	-	-	-
Revenues and other sources over (under) expenditures	(779,550)	-	192	6,743	(7,550)	1,646	(1,113)	(10,936)	(790,568)	790,568	-
Change in net assets	-	-	-	1	-	-	-	-	-	33,845	33,845
Fund balances/net assets, beginning of year	2,404,742	-	3,060	-	144,782	106,875	119,267	128,695	2,907,421	3,722,385	6,629,806
Fund balances/net assets, end of year	\$ 1,625,192	\$ -	\$ 3,252	\$ 6,743	\$ 137,232	\$ 108,521	\$ 118,154	\$ 117,759	\$ 2,116,853	\$ 4,546,798	\$ 6,663,651

MIDLAND COUNTY
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND
BALANCE SHEET--E.D.C.C.M. LOAN REVOLVING COMPONENT UNIT
DECEMBER 31, 2007

	E.D.C.C.M.	Loan	Adjustments	Statement of
	Revolving	Adjustments	Adjustments	Net Assets
Assets				
Cash and investment pool	\$ -		-	-
Liabilities				
Accounts payable	\$ -		-	-
Fund balances				
Unreserved fund balances:				
Undesignated		-	-	-
Total liabilities and fund balances	\$ -			
Net assets, unrestricted			\$ -	\$ -

MIDLAND COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES--E.D.C.C.M. LOAN
REVOLVING COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2007

	E.D.C.C.M.		
	Loan		Statement
	Revolving	Adjustments	of Activities
Revenues			
Interest earnings	\$ 532	\$ -	\$ 532
Expenditures/expenses			
Health and welfare	7,692	-	7,692
Change in fund balance/net assets	(7,160)	-	(7,160)
Fund balances/net assets, beginning of year	7,160	-	7,160
Fund balances/net assets, end of year	\$ -	\$ -	\$ -

STATISTICAL SECTION

This part of Midland County'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 government's overall financial health.

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	167
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	174
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	178
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	181
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	184

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 2003; schedules presenting government-wide information include information beginning in that year.

MIDLAND COUNTY
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,836,979	\$ 14,609,279	\$ 15,020,441	\$ 16,263,177	\$ 17,300,317
Restricted	-	-	-	-	-	4,868,001	5,651,488	4,252,957	3,649,802	3,236,915
Unrestricted	-	-	-	-	-	32,129,459	35,431,331	43,315,452	45,640,350	21,625,971
Total governmental activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,834,439	\$ 55,692,098	\$ 62,588,850	\$ 65,553,329	\$ 42,163,203
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 501,351	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	2,414,899	2,695,135	2,880,929	3,450,874	3,563,602
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,414,899	\$ 2,695,135	\$ 3,382,280	\$ 3,450,874	\$ 3,563,602
Primary government										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,836,979	\$ 14,609,279	\$ 15,521,792	\$ 16,263,177	\$ 17,300,317
Restricted	-	-	-	-	-	4,868,001	5,651,488	4,252,957	3,649,802	3,236,915
Unrestricted	-	-	-	-	-	34,544,358	38,126,466	46,196,381	49,091,224	25,189,573
Total primary activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,249,338	\$ 58,387,233	\$ 65,971,130	\$ 69,004,203	\$ 45,726,805

MIDLAND COUNTY
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses										
Governmental activities:										
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,500	\$ 175,094	\$ 192,394	\$ 187,788	\$ 212,137
Judicial						4,943,317	5,185,363	5,754,771	6,045,807	7,152,321
General government						7,439,439	8,958,228	8,114,519	12,655,110	33,921,164
Public safety						6,209,268	7,746,958	8,425,341	8,028,374	9,298,163
Public works						3,008,048	2,545,802	82,708	83,708	117,811
Health and welfare						11,531,653	14,555,308	14,774,570	14,810,248	15,358,161
Culture and recreation						755,616	1,033,046	1,084,034	1,630,182	871,130
Planning and development						363,753	492,736	578,924	566,968	593,358
Other agencies						6,102,871	-	-	-	-
Interest on debt						901,930	942,235	64,200	50,540	36,849
Total governmental activities expenses	-	-	-	-	-	41,438,395	41,634,770	39,071,461	44,058,725	67,561,094
Business-type activities:										
Delinquent property tax	-	-	-	-	-	198,565	149,231	135,478	153,900	185,999
Local unit water bonds						-	-	1,016,703	1,636,951	743,985
Inmate services	-	-	-	-	-	47,425	55,184	61,117	57,847	47,319
Total business-type activities expenses	-	-	-	-	-	245,990	204,415	1,213,298	1,848,698	977,303
Total primary government expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,684,385	\$ 41,839,185	\$ 40,284,759	\$ 45,907,423	\$ 68,538,397
Program Revenues										
Governmental activities:										
Charges for services										
Judicial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,916,320	\$ 1,866,158	\$ 2,019,290	\$ 1,835,820	\$ 1,787,298
General government	-	-	-	-	-	1,870,826	1,396,286	1,106,347	1,100,893	1,023,546
Public safety	-	-	-	-	-	457,579	587,778	594,143	690,559	681,153
Health and welfare	-	-	-	-	-	1,956,012	2,121,776	2,240,000	2,290,908	2,546,823
Culture and recreation	-	-	-	-	-	87,414	86,137	102,940	99,905	124,088
Planning and development	-	-	-	-	-	137,560	20,327	10,967	2,704	21,905
Operating grants and contributions	-	-	-	-	-	7,808,053	7,638,168	7,377,186	7,578,580	7,781,635
Capital grants and contributions	-	-	-	-	-	6,492,133	1,814,748	676,987	530,340	863,631
Total governmental activities program revenues	-	-	-	-	-	20,725,897	15,531,378	14,127,860	14,129,709	14,830,079
Business-type activities:										
Charges for services										
Delinquent property tax collection	-	-	-	-	-	659,181	660,673	623,786	701,561	825,424
Inmate services	-	-	-	-	-	50,650	63,021	72,346	72,782	70,109
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	866,431	1,306,683	537,915
Total business-type activities program revenues	-	-	-	-	-	709,831	723,694	1,562,563	2,081,026	1,433,448
Total primary government program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,435,728	\$ 16,255,072	\$ 15,690,423	\$ 16,210,735	\$ 16,263,527

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,712,498)	\$ (26,103,392)	\$ (24,943,601)	\$ (29,929,016)	\$ (52,731,015)
Business-type activities	-	-	-	-	-	463,841	519,279	349,265	232,328	456,145
Total primary government net expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,248,657)	\$ (25,584,113)	\$ (24,594,336)	\$ (29,696,688)	\$ (52,274,870)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,265,636	\$ 29,578,093	\$ 30,109,143	\$ 30,306,817	\$ 26,064,855
Unrestricted grants and contributions	-	-	-	-	-	1,726,711	578,980	16,876	19,749	257,241
Unrestricted investment earnings	-	-	-	-	-	651,819	713,019	1,482,818	2,342,034	2,690,843
Other revenue	-	-	-	-	-	85,439	-	-	-	290
Transfers - internal activities	-	-	-	-	-	334,406	290,720	561,441	259,575	556,734
Total governmental activities	-	-	-	-	-	27,064,011	31,160,812	32,170,278	32,928,175	29,569,963
Business-type activities:										
Property taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	-	-	-	-	-	26,166	51,679	87,926	95,841	213,317
Other revenue	-	-	-	-	-	14,001	-	-	-	-
Transfers - internal activities	-	-	-	-	-	(334,406)	(290,720)	(561,441)	(259,575)	(556,734)
Total business-type activities	-	-	-	-	-	(294,239)	(239,041)	(473,515)	(163,734)	(343,417)
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,769,772	\$ 30,921,771	\$ 31,696,763	\$ 32,764,441	\$ 29,226,546
Change in Net Assets										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,351,513	\$ 5,057,420	\$ 7,226,677	\$ 2,999,159	\$ (23,161,052)
Business-type activities	-	-	-	-	-	169,602	280,238	(124,250)	68,594	112,728
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,521,115	\$ 5,337,658	\$ 7,102,427	\$ 3,067,753	\$ (23,048,324)

MIDLAND COUNTY
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>
1998	\$ -
1999	-
2000	-
2001	-
2002	-
2003	24,265,636
2004	29,578,093
2005	30,109,143
2006	30,306,817
2007	26,064,855

MIDLAND COUNTY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,775,846	\$ 895,483	\$ 941,786	\$ 934,732	\$ 906,156
Unreserved	-	-	-	-	-	5,448,403	4,880,947	5,675,540	5,955,897	3,346,062
Total general fund	<u>\$ -</u>	<u>\$ 7,224,249</u>	<u>\$ 5,776,430</u>	<u>\$ 6,617,326</u>	<u>\$ 6,890,629</u>	<u>\$ 4,252,218</u>				
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,046,098	\$ 785,399	\$ 742,403	\$ 109,848	\$ 623,065
Unreserved										
Special revenue funds	-	-	-	-	-	25,714,938	31,127,630	36,751,025	37,764,846	15,473,354
Total all other governmental funds	<u>\$ -</u>	<u>\$ 26,761,036</u>	<u>\$ 31,913,029</u>	<u>\$ 37,493,428</u>	<u>\$ 37,874,694</u>	<u>\$ 16,096,419</u>				

MIDLAND COUNTY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,265,636	\$ 29,578,090	\$ 30,109,142	\$ 30,306,815	\$ 25,986,133
Intergovernmental revenue	-	-	-	-	-	9,366,595	8,398,941	7,843,748	7,377,062	8,329,046
Charges for services	-	-	-	-	-	5,114,343	4,609,991	4,775,573	4,744,655	4,707,615
Licenses and permits	-	-	-	-	-	334,602	306,837	295,881	306,917	317,175
Rental revenue	-	-	-	-	-	-	-	76,116	81,485	75,757
Investment income	-	-	-	-	-	612,090	670,456	1,378,656	2,104,051	2,473,115
Contributions from local units	-	-	-	-	-	1,358,264	1,588,026	-	-	-
Miscellaneous revenue	-	-	-	-	-	1,443,573	1,578,125	1,526,335	2,029,560	2,024,088
Total revenues	-	-	-	-	-	42,495,103	46,730,466	46,005,451	46,950,545	43,912,929
Expenditures										
General service administration	-	-	-	-	-	5,462,041	7,003,404	6,249,323	11,292,552	32,663,546
Legislative	-	-	-	-	-	182,500	175,101	192,681	188,682	210,857
Judicial	-	-	-	-	-	5,076,302	5,171,282	5,942,954	6,207,483	6,061,714
Law enforcement and corrections	-	-	-	-	-	5,626,606	5,804,789	6,062,143	7,046,558	7,148,329
Public safety and emergency services	-	-	-	-	-	338,478	366,804	406,367	401,812	439,344
Public works	-	-	-	-	-	16,225	18,483	17,914	19,105	19,079
Health and welfare	-	-	-	-	-	12,095,166	11,866,579	12,000,863	12,308,219	12,557,376
Culture and recreation	-	-	-	-	-	692,824	744,973	806,734	839,891	834,241
Planning and development	-	-	-	-	-	363,289	407,761	499,670	490,365	451,039
Other agencies	-	-	-	-	-	6,036,752	6,140,921	6,366,070	6,161,829	6,493,387
Capital outlay	-	-	-	-	-	4,126,659	3,012,005	1,277,962	1,030,505	1,209,587
Debt service:										
Principal	-	-	-	-	-	1,155,000	1,340,923	710,923	527,525	530,875
Interest	-	-	-	-	-	901,930	942,332	65,787	51,496	38,191
Total expenditures	-	-	-	-	-	42,073,772	42,995,357	40,599,391	46,566,022	68,657,565
Excess of revenues over (under) expenditures	-	-	-	-	-	421,331	3,735,109	5,406,060	384,523	(24,744,636)

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Other financing sources (uses)										
Bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,560,196	\$ 420,000	\$ -	\$ -	\$ -
Sale of capital assets	-	-	-	-	-	-	35,439	34,104	855	290
Transfers in						8,271,567	9,299,676	9,787,817	9,362,499	13,335,731
Transfers (out)	-	-	-	-	-	(7,937,161)	(9,508,956)	(9,189,056)	(9,058,628)	(12,778,997)
Total other financing sources (uses)	-	-	-	-	-	5,894,602	246,159	632,865	304,726	557,024
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,315,933	\$ 3,981,268	\$ 6,038,925	\$ 689,249	\$(24,187,612)
Debt service as a percentage of noncapital expenditures						5.42%	5.71%	1.98%	1.27%	0.84%

MIDLAND COUNTY
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax
1998	\$ -
1999	-
2000	-
2001	-
2002	-
2003	24,265,636
2004	29,578,090
2005	30,109,142
2006	30,306,817
2007	26,064,855

MIDLAND COUNTY
Taxable Value and Estimated True Cash Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Real Property				Personal Property	Total Taxable Value	Total Direct Tax Rate	True Cash Value	Taxable Value as a Percentage of True Cash Value
	Residential	Commercial	Industrial	Other					
1998	\$ 1,247,102,693	\$ 204,425,939	\$ 221,440,333	\$ 61,822,570	\$ 1,023,491,408	\$ 2,758,282,943	7.7254	\$ 5,681,671,099	48.55%
1999	1,304,676,438	213,691,643	227,355,721	62,547,026	1,070,067,068	2,878,337,896	8.1955	6,015,655,005	47.85%
2000	1,368,312,493	224,246,165	237,720,608	63,753,472	1,048,989,111	2,943,021,849	8.3155	6,220,127,233	47.31%
2001	1,452,900,188	236,122,207	240,128,420	65,871,166	1,082,097,346	3,077,119,327	8.2655	6,564,047,778	46.88%
2002	1,553,117,466	248,640,480	301,594,738	68,560,298	1,283,313,118	3,455,226,100	8.3055	7,461,534,614	46.31%
2003	1,620,613,546	261,885,113	888,554,008	70,023,588	490,650,839	3,331,727,094	8.0255	7,703,365,961	43.25%
2004	1,700,168,097	274,221,319	904,350,886	72,297,563	465,249,139	3,416,287,004	8.1455	7,889,681,837	43.30%
2005	1,783,477,377	287,511,779	892,178,456	73,186,667	442,961,614	3,479,315,893	7.8255	8,018,820,143	43.39%
2006	1,871,003,835	304,131,147	914,814,516	75,838,447	451,252,750	3,617,040,695	8.0555	8,222,453,424	43.99%
2007	1,947,737,733	320,306,423	866,627,630	78,639,355	473,467,350	3,686,778,491	8.5555	8,251,955,861	44.68%

Source: Midland County Equalization Department

Note: Property in the county is reassessed annually. The tax rates are applied to taxable value to generate revenue. True cash values are estimated at twice the State Equalized Values.

Tax rates are per \$1,000 of assessed value.

MIDLAND COUNTY
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

<u>Fiscal Year (1) (2)</u>	<u>Midland County</u>			<u>Overlapping Rates</u>				
	<u>Operating Millage</u>	<u>Special Millage</u>	<u>Total County Millage</u>	<u>SET Schools (3)</u>	<u>Inter- mediate Schools</u>	<u>Delta College</u>	<u>Townships</u>	<u>Cities</u>
1998	4.8955	2.8299	7.7254	6.0000	1.1756	2.0427	.8862 - 4.0000	11.6000 - 20.4213
1999	4.8955	3.3000	8.1955	6.0000	1.1756	2.0427	.8786 - 4.0000	12.1200 - 20.3623
2000	4.8955	3.4200	8.3155	6.0000	1.1756	2.0427	.8752 - 4.0000	12.4800 - 19.9972
2001	4.8955	3.3700	8.2655	6.0000	1.1756	2.5427	.8693 - 4.0000	12.0000 - 20.0724
2002	4.8955	3.4100	8.3055	6.0000	1.1756	2.5427	.8637 - 4.0000	11.7600 - 19.9144
2003	4.8955	3.1300	8.0255	5.0000	1.1756	2.5427	.8671 - 4.0000	12.9000 - 18.3241
2004	4.8955	3.2500	8.1455	6.0000	1.1756	2.0427	.8649 - 4.0000	9.8700 - 18.6956
2005	4.8955	2.9300	7.8255	6.0000	1.1756	2.0427	.8550 - 4.0000	9.7900 - 18.6002
2006	4.8955	3.1600	8.0555	6.0000	1.1756	2.0427	.8431 - 4.0000	12.1000 - 18.4774
2007	4.8955	3.6600	8.5555	6.0000	1.1756	2.0427	.8479 - 4.0000	12.2400 - 18.4774

Source: Midland County Equalization Department

(1) Rates reduced to comply with the Headlee Amendment.

(2) This is the year in which the tax is levied. 1997 refers to the 1998 tax collection, 1999 refers to the 2000 tax collection, and so on.

(3) Proposal A voted in on March 15, 1994 implemented a 6 mill state education tax with the exception of 2003 which was reduced to 5 mills.

MIDLAND COUNTY
Principal Property Taxpayers
December 31, 2007

Table 8

<u>Taxpayer</u>	<u>2007</u>			<u>1997</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Midland Cogeneration Venture	\$ 674,352,150	1	18.29%	\$ 557,070,504	1	21.35%
Dow Chemical/Dowelanco Co.	353,459,039	2	9.59%	414,007,879	2	15.87%
Dow Corning	122,043,300	3	3.31%	129,781,986	3	4.97%
Consumers Energy	51,349,215	4	1.39%	54,083,862	4	2.07%
Midland Mall LLC	15,612,900	5	0.42%	12,676,900	5	0.49%
METC, LLC	11,339,750	6	0.31%	-	-	-
Quebecor World Inc	10,255,200	7	0.28%	-	-	-
Meijer Inc	7,857,100	8	0.21%	7,313,200	7	0.28%
IBM Credit LLC	7,424,600	9	0.20%	-	-	-
Wells Fargo Bank NA	6,851,100	10	0.19%	-	-	-
John Rapanos	-	-	-	7,644,463	6	0.29%
MVCC Ltd Partnership	-	-	-	7,262,900	8	0.28%
Earl Bennett	-	-	-	6,154,517	9	0.24%
Budwarker (Holiday Inn)	-	-	-	4,447,100	10	0.17%
Totals	\$ 1,260,544,354		34.19%	\$ 1,200,443,311		46.01%

Source: Midland County Equalization Department

MIDLAND COUNTY
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Taxes Collected (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 109,474,410	\$ 105,990,628	96.82%	\$ 3,409,450	\$ 109,400,078	99.93%
1999	115,952,043	112,327,840	96.87%	4,399,134	116,726,974	100.67%
2000	120,955,175	116,898,018	96.65%	5,091,736	121,989,754	100.86%
2001	125,682,259	121,170,359	96.41%	4,544,363	125,714,722	100.03%
2002	138,009,713	133,338,488	96.62%	4,653,654	137,992,142	99.99%
2003	135,918,372	132,255,306	97.30%	4,485,177	136,740,483	100.60%
2004	133,753,480	129,950,442	97.16%	4,149,524	134,099,966	100.26%
2005	137,513,587	133,238,053	96.89%	4,278,829	137,516,882	100.00%
2006	145,283,533	140,280,403	96.56%	4,316,180	144,596,583	99.53%
2007	152,443,481	146,834,699	96.32%	4,694,816	151,529,515	99.40%

*Breakdown of taxes/int/fees collected
from 4/01/05 to 3/31/08:*

2006	\$ 661,472.20
2005	3,351,447.38
2004	647,815.06
2003	25,441.67
2002	6,133.97
2001	610.20
2000	605.85
1999	451.74
1998	113.17
1997	112.43
1996	-
1995	133.20
1994	478.98
	<u>\$ 4,694,815.85</u>

Source: Midland County Treasurer

(1) Includes all delinquent tax years March 31- March 31 and excludes personal tax collections.

MIDLAND COUNTY
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Business- Type Activities			
1998	\$ -	\$ -	\$ -	\$ -	0.00%	-
1999	-	-	-	-	0.00%	-
2000	-	-	-	-	0.00%	-
2001	-	-	-	-	0.00%	-
2002	-	-	-	-	0.00%	-
2003	2,605,000	841,752	18,185,000	21,631,752	0.77%	258
2004	2,000,000	803,794	17,945,000	20,748,794	0.70%	247
2005	1,365,000	727,871	17,415,000	19,507,871	0.63%	232
2006	920,000	645,346	16,385,000	17,950,346	0.55%	214
2007	470,000	564,471	16,065,000	17,099,471	(2)	204

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Statistical Table Number 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) Information not available at this time.

MIDLAND COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
1998	\$	-	\$	-	-
1999		-	-	0.00%	-
2000		-	-	0.00%	-
2001		-	-	0.00%	-
2002		-	-	0.00%	-
2003	2,605,000	30,103	2,574,897	0.08%	31
2004	2,000,000	30,213	1,969,787	0.06%	23
2005	1,365,000	30,711	1,334,289	0.04%	16
2006	920,000	31,204	888,796	0.02%	11
2007	470,000	32,006	437,994	0.01%	5

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Statistical Table Number 6 for property value data.

(2) See Statistical Table Number 13 for population data.

MIDLAND COUNTY
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Legal debt limit	\$ 275,828,294	\$ 287,833,790	\$ 294,302,185	\$ 345,646,964	\$ 345,522,610	\$ 333,172,709	\$ 341,628,700	\$ 347,931,589	\$ 361,704,070	\$ 368,677,849
Total net debt applicable to limit	12,999,433	20,317,723	19,414,376	18,283,340	16,961,429	21,368,493	20,652,444	18,909,572	17,552,075	17,099,471
Legal debt margin	<u>\$ 262,828,861</u>	<u>\$ 267,516,067</u>	<u>\$ 274,887,809</u>	<u>\$ 327,363,624</u>	<u>\$ 328,561,181</u>	<u>\$ 311,804,216</u>	<u>\$ 320,976,256</u>	<u>\$ 329,022,017</u>	<u>\$ 344,151,995</u>	<u>\$ 351,578,378</u>
Total net debt applicable to the limit as a percentage of debt limit	4.56%	4.71%	7.06%	6.60%	5.29%	4.91%	6.41%	6.05%	4.85%	4.64%

Legal Debt Margin Calculation for Fiscal Year 2007

Taxable Value	\$ 3,686,778,491
Debt limit (10% of taxable value of property in County)	368,677,849
Debt applicable to limit: (1)	17,099,471
Less:	
Assets in Debt Service funds available for payment of principal	<u>74,806</u>
Total amount of debt applicable to debt limit	<u>17,024,665</u>
Legal debt margin	<u>\$ 351,653,184</u>

Note: Under state finance law Midland County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

(1) Includes primary government

MIDLAND COUNTY
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	School Enrollment (3)	Unemployment Rate (4)
1998	82,081	\$ 2,490,508,000	\$ 30,342	14,805	3.10%
1999	82,599	2,523,234,000	30,548	14,784	2.90%
2000	82,874	2,621,830,000	31,636	14,698	2.90%
2001	83,605	2,633,764,000	31,502	14,951	4.00%
2002	83,787	2,659,000,000	31,735	15,049	5.10%
2003	84,132	2,804,000,000	33,329	14,900	6.30%
2004	84,236	2,951,000,000	35,033	14,780	6.40%
2005	84,065	3,115,730,000	37,063	14,431	5.80%
2006	83,792	3,279,082,000	39,134	14,357	5.60%
2007	83,792	(5)	(5)	14,088	5.50%

Data Sources:

- (1) Population Division, U.S. Census Bureau - Population is an estimate as of July 1, of fiscal year with the exception of 2000 which reflects the actual census.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce
- (3) Local school districts
- (4) Michigan Department of Labor and Economic Growth - Unemployment rate information is a yearly average not seasonally adjusted.
- (5) Information not available at this time.

**MIDLAND COUNTY
Principal Employers
2007 and 1998**

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Dow Chemical Company	5,800	1	13.55%	6,989	1	20.27%
MidMichigan Medical Center (1)	3,200	2	7.48%	1,832	3	5.31%
Midland Public Schools	1,700	3	3.97%	1,271	4	3.69%
Dow Corning Corporation	1,350	4	3.15%	2,790	2	8.09%
Meijer Inc.	600	5	1.40%	600	6	1.74%
City of Midland	490	6	1.14%	464	8	1.35%
Quebecor World Pendell Inc	490	7	1.14%	567	7	1.64%
Chemical Bank and Trust Company	420	8	0.98%	-	-	-
County of Midland	330	9	0.77%	300	10	0.87%
IBM	300	10	0.70%	-	-	-
Midland Mall	-	-	-	750	5	2.17%
Robinson Industries	-	-	-	350	9	1.01%
Totals	<u>\$ 14,680</u>		<u>34.29%</u>	<u>\$ 15,913</u>		<u>46.14%</u>

Source:

Midland Tomorrow (formerly the Midland Economic Development Corporation)

(1) Previously MidMichigan Regional Medical Center

MIDLAND COUNTY
Full-time Equivalent County Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31,									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General service administration	64	71	73	74	77	78	79	83	78	78
Legislative	11	11	11	10	10	10	8	8	8	8
Judicial	104	107	110	110	109	108	109	110	107	99
Law enforcement and correction	62	63	61	62	63	67	72	67	63	63
Public safety and emergency services	6	5	5	5	5	5	5	6	6	5
Health and Welfare	89	89	92	91	92	92	94	93	92	92
Culture and recreation	20	20	20	20	19	20	20	20	20	20
Planning and development	-	1	1	1	1	1	1	1	1	1
Total	356	367	374	374	377	381	387	387	374	366

Source: Midland County Finance Department

MIDLAND COUNTY
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Judicial										
Circuit court total caseload	-	1,594	2,224	2,526	2,151	2,458	2,055	2,033	2,093	2,026
District court total caseload	-	-	-	-	22,634	26,670	23,414	21,248	20,483	18,250
Probate court total caseload	-	-	1,047	757	637	503	546	475	434	547
Law enforcement and corrections										
Number of incarcerated offenders	-	-	-			3,457	3,341	3,995	3,759	3,822
Public safety and emergency services										
Animal Control										
Complaints	4,143	4,131	3,922	4,135	4,080	4,237	4,433	5,096	5,169	4,976
Animal adoptions	355	382	323	292	336	345	319	214	308	306
Health and welfare										
Health Department										
Immunizations administered	-	-	12,936	11,436	9,752	8,242	7,183	9,655	6,795	5,742
House numbering										
House numbers issued	373	364	305	357	315	271	197	169	141	136
Housing										
Mortgages granted	-	-	-	-	-	14	16	22	16	6
Recreation and culture										
Annual vehicle park passes	133	144	79	112	137	132	122	193	179	194
Daily vehicle park passes	10,921	11,025	7,260	10,036	11,827	10,927	10,057	12,148	11,796	12,939
Annual boat passes	170	156	149	154	179	176	159	171	177	157
Daily boat passes	3,907	3,681	3,465	3,654	3,496	3,351	3,056	3,518	3,059	3,245

Note: Indicators are not available for the general government, legislative functions, planning and development.

(1) Information not available at this time.

MIDLAND COUNTY
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Judicial										
Juvenile Detention										
Facilities	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	3	3	3	3	3	3	3
Detention beds	20	20	20	20	20	20	20	20	20	20
Law enforcement and corrections										
Sheriff										
Vehicles	22	26	22	28	23	29	20	21	19	19
Boats	1	1	1	1	2	2	2	2	2	2
Public safety and emergency services										
Animal control										
Vehicles	2	2	2	2	2	2	2	3	2	2
Emergency Services										
Vehicles	2	2	2	3	3	3	3	3	3	3
Health and welfare										
Health Department										
Vehicles	5	5	5	5	5	5	5	5	4	6
Mosquito control										
Vehicles	12	12	12	12	12	12	12	12	12	12
County Infirmary										
Beds	60	60	60	60	60	60	60	60	60	60
Vehicles	2	2	2	2	2	2	2	3	2	2
Recreation and culture										
Parks and recreation										
Parks	8	9	9	9	10	10	10	10	10	10
Vehicles	7	7	8	8	11	10	10	9	9	9
County Fairgrounds										
Buildings	26	29	29	30	30	30	32	33	33	33

Sources: Midland County Finance Department

Note: No capital asset indicators are available for the general government, legislative, or planning and development functions.

Not all historical information is available, this table will continue to be populated as more information becomes available.

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

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through Michigan Department of Community Health			
Family Planning	93.217	N/A	\$ 81,461
Immunization	93.268	N/A	446,689
Childhood Immunization Grants	93.268	N/A	34,947
Centralized Vaccine	93.268	N/A	2,290
Bioterrorism - EPI	93.283	N/A	161,007
Pandemic Flu	93.283	N/A	77,373
CSHCS Outreach & Advocacy	93.994	N/A	14,808
CSHCS Outreach & Advocacy	93.778	N/A	19,781
Child Health	93.994	N/A	33,893
Family Planning	93.994	N/A	13,056
Pass-Through Department of Human Services			
Child Support Enforcement - Incentive	93.560	N/A	143,785
Title IV-D Reimbursement - Friend of the Court	93.563	CSFOC-06/07-56001	749,080
Title IV-D Reimbursement - Prosecutor	93.563	CSPA-06/07-56002	80,275
Total U.S. Department of Health and Human Services			1,858,445
<u>U.S. Department of Homeland Security</u>			
Pass-Through Michigan Department of State Police			
Marine Safety Equipment Grant	97.012	N/A	18,195
Emergency Management Performance Grants	97.042	N/A	32,516
Law Enforcement Terrorism Prevention Program	97.067	N/A	2,814
Homeland Security Grant Program 2005	97.067	N/A	8,441
Pass-Through Bay County			
Homeland Security Grant Program	97.067	N/A	25,253
Total U.S. Department of Homeland Security			87,219
<u>U.S. Department of Transportation</u>			
Pass-Through Michigan Department of Transportation			
Small bus program - Section 5311			
Comp equipment	20.509	02-0069 / Z5	14,917
FY05 Operating	20.509	02-0069 / Z12	6,237
FY07 Operating	20.509	02-0260 / Z2	261,097
Total U.S. Department of Transportation			282,251
<u>U.S. Department of Justice</u>			
Pass-Through Michigan State Police			
Byrne Formula Grant Program	16.579	ODCP #70907-707-B	34,935

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

	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Pass-Through Michigan State Housing Development Authority HOME Program	14.239	MSC-2005-0728-HOA	\$ 195,278
<u>Environmental Protection Agency</u>			
Pass Through Michigan Department of Environmental Quality			
Operator Certification Allocation	66.471	N/A	2,600
Noncommunity Allocation	66.471	N/A	9,332
Capitalization Grant State Revolving Fund	66.458	N/A	105,930
Capitalization Grant Drinking Water Revolving Fund	66.468	N/A	37,215
Total Environmental Protection Agency			155,077
<u>U.S. Department of Agriculture</u>			
Pass Through Michigan Department of Education			
School Breakfast / National School Lunch Program	10.553	N/A	35,082
Total Federal Awards			\$ 2,648,287

Note:

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



**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

June 25, 2008

Board of Commissioners
Midland County, 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 *Midland County, Michigan*, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2008. We did not audit the financial statements of the Road Commission or the Economic Development Corporation of the County of Midland ("E.D.C.C.M."), which represents 72.41% and 4.00%, respectively, of the total assets and 97.65% and 0.03%, respectively, of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included for Road Commission and E.D.C.C.M., is 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. The financial statements of the Economic E.D.C.C.M. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered *Midland County, Michigan'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 identified above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Midland County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 *Midland County, Michigan* in a separate letter dated June 25, 2008.

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

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



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

June 25, 2008

Board of Commissioners
Midland County, Michigan

Compliance

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

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

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

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the 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 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.

We did not audit the financial statements of the Road Commission or the Economic Development Corporation of the County of Midland ("E.D.C.C.M."), which represents 72.41% and 4.00%, respectively, of the total assets and 97.65% and 0.03%, respectively, of the total revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included for the Road Commission and Economic Development Corporation, is based solely on the report of the other auditors.

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



MIDLAND COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified on basic financial statements*

Internal controls over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?

_____ yes X no

Identification of Major Programs:

CFDA Number

Name of Federal Program or Cluster

93.268
93.283

Immunizations
Bioterrorism/Pandemic Flu

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

X yes _____ no

MIDLAND COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

PRIOR YEAR AUDIT FINDINGS

None



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

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

June 25, 2008

To the Board of Commissioners
County of Midland

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 Midland* for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated December 12, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the *County of Midland's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the *County of Midland's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the *County of Midland's* compliance with the types of compliance requirements described in the

U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on *County of Midland's* compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the *County of Midland's* compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the *County of Midland* are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following misstatements and reclassifications detected as a result of audit procedures were corrected by management: recording of the value of federal vaccines used at the health department, recording of additional taxes receivable from the July levy, adjusting of year-end drain commission special assessments, and the reclassification of DPW funds from governmental to proprietary as required by the State of Michigan.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 25, 2008.

Management Consultations with Other Independent Accountants

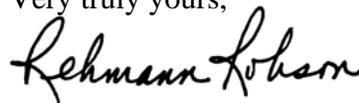
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,



County of Midland

Comments and Recommendations

For the Year Ended December 31, 2007

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

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

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

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

Other Matters

1) Delinquent Personal Property Taxes Receivable

Criteria: It is expected that the County should, each year, record and reconcile delinquent personal property taxes receivable balances. Additionally, it is expected that the County maintain accurate delinquent personal property taxes receivable subsidiary ledgers which tie to the general ledger. These subsidiary ledgers should reflect the County's portion of the receivable and indicate the property owner/parcel ID and tax year for which it was levied.

Condition/Finding: The County does not currently maintain a subsidiary ledger that indicates the aforementioned information, and thus does not record the delinquent personal property taxes receivable (and deferral based on availability) on the general ledger.

County of Midland

Comments and Recommendations

For the Year Ended December 31, 2007

Cause: This condition appears to be the result of the County not maintaining a subsidiary ledger for delinquent personal property taxes receivable.

Effect: This condition understates the County's assets and liabilities on the financial statements. In addition, this condition increases the risk of misappropriation of receipts for delinquent personal property taxes receivable since a subsidiary ledger is not maintained and reconciled to the general ledger.

Recommendation/
Comment: We recommend that the County determine their outstanding delinquent personal property taxes receivable amounts by property owner/parcel ID. A subsidiary ledger should then be maintained and reconciled to the general ledger periodically during the year.

View of Responsible
Officials: To be determined.

2) Reconciling Drain Commission Activity

Criteria: The Drain Commission records its activity on a separately maintained software system. It is expected that the County also reflect the Commission's activities on the County's general ledger accounting system.

Condition/Finding: Several journal entries were required during the current year to account for Drain Commission activities, including adjustments to special assessments receivables and revenues, interfund balances and expenditures.

Cause: This condition appears to be the result of the County not recording the income statement effects of all Drain Commission activities. For example, when cash is transferred between funds for amounts borrowed from the revolving accounts, the County's general ledger does not always reflect the activity in both funds, including the expenditures to be recorded in the fund that is borrowing. In addition, this condition is a result of the County not ensuring that the ending special assessments receivable amounts agree with the Drain Commission's subsidiary records, i.e. special assessment rolls.

Effect: This condition misstates the Drain Commission's activity on the County's general ledger, thus requiring significant year-end audit adjustments.

Recommendation/
Comment: We recommend that the County work closely with the Drain Commission to ensure that amounts are accurately recorded on both general ledger systems.

View of Responsible
Officials: To be determined.

* * * * *