

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name MONROE COUNTY DRAIN COMMISSIONER, COUNTY AGENCY	County MONROE
Fiscal Year End 12-31-07	Opinion Date 3-14-08	Date Audit Report Submitted to State 04-21-08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

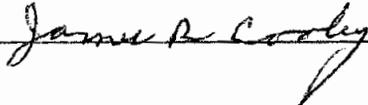
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

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

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON		Telephone Number (734) 241-7200	
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
			Zip 48161
Authorizing CPA Signature 	Printed Name JAMES R. COOLEY		License Number 1101005761

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Monroe County, Michigan

FINANCIAL STATEMENTS
December 31, 2007

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

*Table of Contents
December 31, 2007*

Independent Auditor's Report	1-2
Independent Auditor's 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	3-4
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	5-6
Management's Discussion and Analysis	7-10
Government-Wide Financial Statements:	
Statement of Net Assets	11-12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Assets - Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	19-20
Statement of Cash Flows - Proprietary Funds	21
Statement of Assets and Liabilities - Agency Funds	22
Notes to the Basic Financial Statements	23-39
Required Supplementary Information:	
Schedule of Funding Progress for the Monroe County Retiree Health Plan for County Agency	40
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	42
Other Supplementary Information:	
Capital Projects Funds:	
Project-Length Schedule of Construction Projects	43

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

Table of Contents (Continued)
December 31, 2007

Internal Service Funds:

Administrative Fund	
Bedford Sewage Disposal System	
Ida-Raisinville Sewage Disposal System	
LaSalle Sewage Disposal System	
Maybee Sewage Disposal System	
South Rockwood Sewage Disposal System	
Whiteford Sewage Disposal System	
Combining Statement of Net Assets	44
Combining Statement of Revenues, Expenses, and Changes in Net Assets	45
Combining Statement of Changes in Net Assets Reserved for Capital	
Asset Replacement	46
Combining Statement of Cash Flows	47

Administrative Fund:

Statement of Net Assets	48
Statement of Revenues, Expenses, and Changes in Net Assets	49
Statement of Revenues and Expenses:	
Budget and Actual - Administrative Overhead Department	50
Budget and Actual - Utility Labor Department	51
Statement of Cash Flows	52
Schedule of Administrative Fees Earned	Schedule A 53
Schedule of Utility Labor and Fringe Benefits Earned	Schedule B 53

Bedford Sewage Disposal System:

Statement of Net Assets	54
Statement of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	55
Schedule of Changes in Net Assets Restricted for Capital Asset Replacement	56
Statement of Cash Flows	57

Ida-Raisinville Sewage Disposal System:

Statement of Net Assets	58
Statement of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	59
Schedule of Changes in Net Assets Restricted for Capital Asset Replacement	60
Statement of Cash Flows	61

LaSalle Sewage Disposal System:

Statement of Net Assets	62
Statement of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	63
Schedule of Changes in Net Assets Restricted for Capital Asset Replacement	64
Statement of Cash Flows	65

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Financial Statements

Table of Contents (Continued)
December 31, 2007

Maybe Sewage Disposal System:

Statement of Net Assets	66
Statement of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	67
Statement of Changes in Net Assets Restricted for Capital Asset Replacement	68
Statement of Cash Flows	69

South Rockwood Sewage Disposal System:

Statement of Net Assets	70
Statement of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	71
Statement of Cash Flows	72

Whiteford Sewage Disposal System:

Statement of Net Assets	73
Statement of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	74
Schedule of Changes in Net Assets Restricted for Capital Asset Replacement	75
Statement of Cash Flows	76

Enterprise Fund - South County Water System

Statement of Revenues, Expenses, and Changes in Net Assets - Budget and Actual	77
Detail of Operating Expenses Budget and Actual	78-79

Agency Funds:

LaSalle Township
London Township
Village of Maybee
Ida Township
Raisinville Township
Whiteford Township

Combining Statement of Assets and Liabilities	80
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	81-82

LaSalle Township Agency Fund:

Statement of Assets and Liabilities	83
Statement of Changes in Due to LaSalle Township	83

London Township Agency Fund:

Statement of Assets and Liabilities	84
Statement of Changes in Due to London Township	84

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

Financial Statements

Table of Contents (Concluded)
December 31, 2007

Village of Maybee Agency Fund:	
Statement of Assets and Liabilities	85
Statement of Changes in Due to Village of Maybee	85
Ida Township Agency Fund:	
Statement of Assets and Liabilities	86
Statement of Changes in Due to Ida Township	86
Raisinville Township Agency Fund:	
Statement of Assets and Liabilities	87
Statement of Changes in Due to Raisinville Township	87
Whiteford Township Agency Fund:	
Statement of Assets and Liabilities	88
Statement of Changes in Due to Whiteford Township	88
Schedule of Expenditures of Federal Awards	89
Notes to Schedule of Expenditures of Federal Awards	90
Schedule of Findings and Questioned Costs	91



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Independent Auditor's Report

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe County Drain Commissioner, County Agency, a component unit of Monroe County, as of and for the year ended December 31, 2007, which collectively comprise the Monroe County Drain Commissioner, County Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Monroe County Drain Commissioner, County Agency's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe County Drain Commissioner, County Agency, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2008, on our consideration of the Monroe County Drain Commissioner, County Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 7 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Monroe County Drain Commissioner, County Agency's basic financial statements. The combining and individual nonmajor fund financial statements 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 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 Monroe County Drain Commissioner, County Agency. The combining and individual nonmajor fund financial statements and the 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 tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Coolidge Hehl Wittgenstein + Carlton, PLLC

March 14, 2008



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Independent Auditor's 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*

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

We have audited the financial statements of the Monroe County Drain Commissioner, County Agency as of and for the year ended December 31, 2007, and have issued our report thereon dated March 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monroe County Drain Commissioner, County Agency'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 Monroe County Drain Commissioner, County Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Monroe County Drain Commissioner, County Agency'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Monroe County Drain Commissioner
County Agency

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monroe County Drain Commissioner, County Agency'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*.

This report is intended solely for the information and use of management, the Michigan Department of Environmental Quality, federal awarding agencies, and pass-through entities, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Cooley Hecht Wohlgenuth & Corliss, PLLC

March 14, 2008



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

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

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

Compliance

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

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

In our opinion, the Monroe County Drain Commissioner, County Agency 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.

Monroe County Drain Commissioner
County Agency

Internal Control Over Compliance

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

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

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

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

This report is intended solely for the information and use of management, the County of Monroe, others within the entity, the Michigan Department of Environmental Quality, 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.

Courtney Hehl Wohlgenant & Gordon, PLLC

March 14, 2008

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Management's Discussion and Analysis (Unaudited)
December 31, 2007*

Our discussion and analysis of Monroe County Drain Commissioner – County Agency’s financial performance provides an overview of the Agency’s financial activities for the fiscal year ended December 31, 2007. This letter is presented in conjunction with the transmittal letter and the Agency’s financial statements included herewith.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11, 12, and 13) provide information about the activities of the Agency as a whole and present a longer-term view of the Agency’s finances. Interfund balances and activity have been eliminated to prevent the double reporting of revenues and expenses. The Fund Financial Statements start on page 14.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending as well as reporting on the Agency’s major funds. The remaining statements provide financial information about activities for which the Agency acts solely as an agent for the benefit of those outside of the government. The financial statements also include notes, which provide more detailed explanation to some of the information in the financial statements.

Reporting the Agency as a Whole

Our analysis focuses on the net assets (Table 1) and the changes in net assets (Table 2) of the Agency’s governmental and business-type activities between the current year and the prior year:

**Net Assets
(Table 1)**

	Governmental Activities		Business - Type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current assets	\$9,396,029	\$7,868,273	\$1,588,222	\$1,389,362	\$10,984,251	\$9,257,635
Restricted assets	3,784,671	3,434,817	7,507,151	6,569,366	11,291,822	10,004,183
Noncurrent assets	41,656,833	43,473,877	23,443,008	23,624,026	65,099,841	67,097,903
Total assets	<u>\$54,837,533</u>	<u>\$54,776,967</u>	<u>\$32,538,381</u>	<u>\$31,582,754</u>	<u>\$87,375,914</u>	<u>\$86,359,721</u>
Current liabilities	\$6,335,776	\$4,923,787	\$388,307	\$564,796	\$6,724,083	\$5,488,583
Noncurrent liabilities	41,662,722	43,504,041	3,976,850	4,119,700	45,639,572	47,623,741
Total liabilities	<u>47,998,498</u>	<u>48,427,828</u>	<u>4,365,157</u>	<u>4,684,496</u>	<u>52,363,655</u>	<u>53,112,324</u>
Net assets:						
Invested in capital assets net of related debt	87,598	63,877	19,321,158	19,364,326	19,408,756	19,428,203
Restricted	4,303,243	3,916,281	7,475,470	6,509,322	11,778,713	10,425,603
Unrestricted	2,448,194	2,368,981	1,376,596	1,024,610	3,824,790	3,393,591
Total net assets	<u>\$6,839,035</u>	<u>\$6,349,139</u>	<u>\$28,173,224</u>	<u>\$26,898,258</u>	<u>\$35,012,259</u>	<u>\$33,247,397</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Management's Discussion and Analysis (Unaudited)
December 31, 2007*

Governmental Activities

Revenues for the Agency's governmental activities, Charges for Services (Table 2) increased by \$134,729 this year while operating expenses increased \$258,222. The factors driving these results include:

- ❖ A stable work force with little turnover. Trained, licensed professionals that provide required preventive maintenance on all equipment and vehicles.

Revenues for the Agency's governmental activities, Local Unit Contributions (Table 2) increased by \$343,122 reflecting the level of water and sewer construction project activity open at the end of the year.

- ❖ Three municipalities, Bedford Township, Frenchtown Township, and Erie Township, are in the final stages of completion.
- ❖ Exeter Township is in the middle stages of it's safe drinking water system project, which is expected to be substantially complete by the spring of 2008, with an estimated cost of \$3.8 million.

Expenses for the Agency's governmental activities:

- ❖ Debt service decreased due to County Agency refunding the bond issues for Berlin Township and Frenchtown Township at lower interest rates.
- ❖ Capital Projects – related costs for the 3 projects. All to be final in spring, 2008.
- ❖ Operation & Maintenance – increased labor costs, health insurance, retiree healthcare, pension, central services and other payroll related costs. Also, increased fuel, power and equipment maintenance costs.

Business-type Activities

Revenues of the Agency's business-type activities (Table 2) increased by \$310,245 this year while total expenses increased by \$157,520. The primary factors driving these results include:

- ❖ Increased costs in water supply and maintenance, including the replacement of many SCWS water meters.
- ❖ Increased labor costs as noted above.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Management's Discussion and Analysis (Unaudited)
December 31, 2007*

**Changes in Net Assets
(Table 2)**

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Charges for service	\$2,591,113	\$2,456,384	\$4,566,876	\$4,256,631	\$7,157,989	\$6,713,015
Local unit contributions	4,677,610	4,334,488	0	0	4,677,610	4,334,488
Total Revenues	7,268,723	6,790,872	4,566,876	4,256,631	11,835,599	11,047,503
Expenses						
Debt service	1,942,626	2,116,258	161,085	206,742	2,103,711	2,323,000
Capital projects	2,469,439	3,431,510	0	0	2,469,439	3,431,510
Operation and maintenance	2,697,594	2,439,372	3,494,170	3,290,993	6,191,764	5,730,365
Total Expenses	7,109,659	7,987,140	3,655,255	3,497,735	10,764,914	11,484,875
Excess before nonoperating revenue	159,064	(1,196,268)	911,621	758,896	1,070,685	(437,372)
Nonoperating revenues						
Interest income	322,185	367,066	355,085	421,187	677,270	788,253
Gain (loss) on disposal of assets	8,647	0	8,260	0	16,907	0
Total Nonoperating Revenues	330,832	367,066	363,345	421,187	694,177	788,253
Changes in Net Assets	\$489,896	(\$829,202)	\$1,274,966	\$1,180,083	\$1,764,862	\$350,881

Change in Capital Assets and Long Term Debt Activity

Governmental Activities

- ❖ Principal of \$4,000,000 retired on long-term debt in 2007.
- ❖ One new bond issue in the amount of \$3,360,000 for Exeter Township Water #2 State Drinking Water Revolving Fund Loan Project.

Business-Type Activities

- ❖ Principal of \$140,000 retired on long-term debt in 2007.
- ❖ The South County Water System second water connection to City of Toledo, Ohio is substantially complete. The construction of the new pumping station on South Dixie Highway is also substantially complete and operational.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Management's Discussion and Analysis (Unaudited)
December 31, 2007*

Debt Administration

At year-end, the Agency had \$49.889 million in bonds outstanding versus \$51.710 million last year -- a decrease of 5.7 percent as shown in Table 3.

**Outstanding Debt at Year-end
(Table 3)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Bonds	\$45,729,235	\$47,410,000	\$4,160,000	\$4,300,000	\$49,889,235	\$54,710,000

New debt resulted mainly from the Township of Exeter Water #2 Drinking Water Revolving Fund Loan Project. Total draws to date totaled \$1,969,415.

Economic Factors and Next Years Budget

The Agency's officials considered many factors when setting the fiscal year 2007 budget and the fees that will be charged for the business-type activities. One major factor is the planned yearly increases in the cost of water from the City of Toledo, Ohio.

Negotiations with the City of Toledo are expected to be completed in 2009, for a new long-term water sales agreement.

Budgeted expenditures are expected to rise nearly 10 percent. Factors affecting the budgeted expenditures include increased wage adjustments, increased cost of health insurance, retiree health care, pension, and increases in utility costs. The Agency has added no new major programs or initiatives to the 2008 budget.

Efforts will be made to hold down increases for wages and fringe benefits during the 2008 collective bargaining process.

Contacting the Monroe County Drain Commissioner, County Agency

This financial report is designed to provide the County's citizens, taxpayers, customers, investors, and creditors with a general overview of the County Agency's finances to demonstrate its accountability for the money it receives. If you have any questions about this report or any other information, contact the Monroe County Drain Commissioner, 1005 South Raisinville Road, Monroe, MI 48161-9754. Our phone number is (734) 240-3101.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Net Assets
December 31, 2007*

	PRIMARY GOVERNMENT		TOTAL REPORTING ENTITY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
ASSETS			
Current assets:			
Cash	\$2,233,377	\$510,127	\$2,743,504
Certificates of deposit	1,775,000	0	1,775,000
Petty cash	204	355	559
Accounts receivable	81,258	1,040,128	1,121,386
Prepaid expenses	15,700	0	15,700
Due from local units	4,614,786	35,013	4,649,799
Due from state	565,357	0	565,357
Internal balances	108,847	(108,847)	0
Inventory	0	111,446	111,446
Container deposits	1,500	0	1,500
Total current assets	9,396,029	1,588,222	10,984,251
Restricted assets:			
Capital asset replacement			
Certificates of deposit	3,784,671	7,405,485	11,190,156
Construction and debt retirement			
Cash and certificates of deposits	0	99,805	99,805
Cash with fiscal agent	0	1,861	1,861
Total restricted assets	3,784,671	7,507,151	11,291,822
Noncurrent assets:			
Net capital assets	87,598	23,443,008	23,530,606
Amount due from local units for retirement of long-term debt	41,569,235	0	41,569,235
Total noncurrent assets	41,656,833	23,443,008	65,099,841
Total assets	\$54,837,533	\$32,538,381	\$87,375,914
LIABILITIES			
Current liabilities:			
Accounts payable	\$1,582,377	\$152,402	\$1,734,779
Retainage payable	111,897	31,680	143,577
Due to other governments	0	40,206	40,206
Accrued payroll	40,381	0	40,381
Water meter and hydrant key deposits	0	5,692	5,692
Accrued interest payable	346,621	13,327	359,948
Deferred revenue	94,500	0	94,500
Current portion of long term debt net of related discount	4,160,000	145,000	4,305,000
Total current liabilities	6,335,776	388,307	6,724,083
Noncurrent liabilities:			
Bonds payable (net of discount)	41,569,235	3,976,850	45,546,085
Accrued compensated absences	93,487	0	93,487
Total noncurrent liabilities	41,662,722	3,976,850	45,639,572
Total liabilities	47,998,498	4,365,157	52,363,655

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Net Assets
December 31, 2007*

NET ASSETS	PRIMARY GOVERNMENT		TOTAL REPORTING ENTITY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Invested in capital assets net of related debt	\$87,598	\$19,321,158	\$19,408,756
Restricted for:			
Capital asset replacement	3,784,671	7,405,484	11,190,155
Debt service	35,916	1,861	37,777
Capital projects	482,656	68,125	550,781
Unrestricted	2,448,194	1,376,596	3,824,790
Total net assets	6,839,035	28,173,224	35,012,259
Total liabilities and net assets	\$54,837,533	\$32,538,381	\$87,375,914

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Activities
For the Year Ended December 31, 2007*

Functions / Programs	Program Revenues		
	Expenses	Charges for Services	Local Unit Contributions
Primary Government:			
Governmental Activities			
Debt service:			
Interest, discount, and fiscal agent fees	\$1,942,626	\$0	\$3,791,853
Capital Projects	2,469,439	0	\$689,641
Internal Service Funds:			
Administrative Fund	571,988	340,352	0
Bedford Sewage Disposal System	1,863,219	1,997,002	189,072
Ida-Raisinville Sewage Disposal System	48,187	51,180	1,000
LaSalle Sewage Disposal System	36,209	28,416	3,544
Maybee Sewage Disposal System	57,944	60,971	1,000
South Rockwood Sewage Disposal System	40,856	51,462	0
Whiteford Sewage Disposal System	79,191	61,730	1,500
Total governmental activities	7,109,659	2,591,113	4,677,610
Business-type activities			
South County Water System	3,655,255	4,566,876	0
Total Primary Government	\$10,764,914	\$7,157,989	\$4,677,610

General Revenues:

 Interest Income

 Gain on the sale of assets

 Total General Revenues

 Change in Net Assets

 Net Assets - Beginning of year

 Net Assets - End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenues and Change in Net Assets		
Program Revenues		
Governmental Activities	Business-Type Activities	Total
\$1,849,227	\$0	\$1,849,227
(1,779,798)	0	(1,779,798)
(231,636)	0	(231,636)
322,855	0	322,855
3,993	0	3,993
(4,249)	0	(4,249)
4,027	0	4,027
10,606	0	10,606
(15,961)	0	(15,961)
159,064	0	159,064
0	911,621	911,621
159,064	911,621	1,070,685
322,185	355,085	677,270
8,647	8,260	16,907
330,832	363,345	694,177
489,896	1,274,966	1,764,862
6,349,139	26,898,258	33,247,397
<u>\$6,839,035</u>	<u>\$28,173,224</u>	<u>\$35,012,259</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Balance Sheet
Governmental Funds
December 31, 2007*

	Frenchtown Debt Service	Dundee Debt Service	Exeter Township Water #3 Construction
ASSETS			
Cash	\$5,885	\$4,910	\$950,246
Due from local unit	0	0	0
Due from state	0	0	565,357
Total Assets	\$5,885	\$4,910	\$1,515,603
LIABILITIES			
Accounts payable	\$0	\$0	\$1,302,825
Due to other funds	0	0	0
Retainage payable	0	0	88,063
Total Liabilities	0	0	1,390,888
FUND BALANCE			
Reserved for debt service	5,885	4,910	0
Reserved for capital projects	0	0	124,715
Total Fund Balance	5,885	4,910	124,715
Total Liabilities and Fund Balance	\$5,885	\$4,910	\$1,515,603

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$476,171	\$1,437,212
108,165	108,165
0	565,357
<u>\$584,336</u>	<u>\$2,110,734</u>
\$109,696	\$1,412,521
67,744	67,744
23,834	111,897
<u>201,274</u>	<u>1,592,162</u>
25,121	35,916
<u>357,941</u>	<u>482,656</u>
383,062	518,572
<u>\$584,336</u>	<u>\$2,110,734</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
December 31, 2007*

Total Governmental Fund Balance	\$518,572
 Amounts reported for governmental activities in the statement of net assets are different because:	
 Internal Service Funds are used by County Agency to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the statement of net assets.	
Total internal service fund net assets	6,320,463
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.	(346,621)
Interest payable used in the governmental activities is paid from contributions from other governments. Contributions from other governments are not reported in the governmental funds until the resources are put aside.	346,621
Amount due from local units for the retirement of long term debt is not included in the governmental funds but is included in the statement of net assets.	45,729,235
Long term liabilities including bonds payable that are not due and payable in the current period, and therefore are not reported in the funds.	<u>(45,729,235)</u>
Total Net Assets of Governmental Activities	<u>\$6,839,035</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

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

	Frenchtown Debt Service	Dundee Debt Service	Exeter Township Water #3 Construction
Revenues			
Local unit contributions	\$1,301,104	\$1,083,313	\$399,351
Interest income and other	3,789	2,204	4,648
Total Revenues	1,304,893	1,085,517	403,999
Expenditures			
Debt Service:			
Bond principal	915,000	650,000	0
Interest and paying agent fees	331,041	432,424	0
Administrative and audit fees	1,727	2,009	0
Advance refunding payment to escrow agent	70,012	0	0
Construction contracts	0	0	1,800,738
Engineering and other	0	0	435,473
Total Expenditures	1,317,780	1,084,433	2,236,211
Excess (Deficiency) of Revenues over Expenditures	(12,887)	1,084	(1,832,212)
Other Financing Sources (Uses)			
Proceeds of general obligation refunding bonds	4,615,000	0	1,969,415
Premium on bonds issued	37,174	0	0
Discounts and bond issuance costs	(67,281)	0	(12,488)
Transfer out	0	0	0
Refunds to Governmental units	0	0	0
Payment to refunded bond escrow agent	(4,570,000)	0	0
Total Other Financing Sources (Uses)	14,893	0	1,956,927
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	2,006	1,084	124,715
Fund Balances - Beginning of Year	3,879	3,826	0
Fund Balances - End of Year	<u>\$5,885</u>	<u>\$4,910</u>	<u>\$124,715</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$3,794,180	\$6,577,948
29,642	40,283
<u>3,823,822</u>	<u>6,618,231</u>
2,435,000	4,000,000
1,085,485	1,848,950
8,630	12,366
62,875	132,887
131,832	1,932,570
101,396	536,869
<u>3,825,218</u>	<u>8,463,642</u>
(1,396)	(1,845,411)
1,770,000	8,354,415
0	37,174
(57,629)	(137,398)
(67,744)	(67,744)
(89,768)	(89,768)
(1,645,000)	(6,215,000)
<u>(90,141)</u>	<u>1,881,679</u>
(91,537)	36,268
474,599	482,304
<u>\$383,062</u>	<u>\$518,572</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*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 \$36,268

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

Internal service funds are used by management to charge the costs of certain activities and asset replacement to the local units of government. The revenues, expenses and capital asset replacement contributions of these Internal Service Funds are reported with the governmental activities.

Add - Interest income	\$281,901	
Deduct - Net loss	(100,781)	
Add - Gain on the sale of assets	8,647	
Add - Capital asset reserve contributions	196,116	
Add - Transfer in	67,744	
		453,627

Bond proceeds provide current financial resources to governmental funds, while issuing debt increases liabilities in the statement of net assets. Payment of bond principal is an expenditure in the governmental funds, while the payment reduces long term liabilities in the statement of net assets.

Add - payment of long term debt	4,000,000	
Deduct - bond proceeds	(8,254,191)	
		(4,254,191)

Issuing debt increases liabilities in the statement of net assets and also increases amounts due from local governments for the retirement of long term debt. Payments reduce long term liabilities and also reduce amounts due from local governments for the retirement of long term debt.

Add - Bond proceeds	8,254,191	
Deduct - Payment on long term debt	(4,000,000)	
		4,254,191

Change in Net Assets of Governmental Activities \$489,895

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Net Assets
Proprietary Funds
December 31, 2007*

	Business-type Activities	Governmental Activities
	South County Water	Internal Services
ASSETS		
Current Assets:		
Cash	\$510,127	\$796,165
Certificates of deposit	0	1,775,000
Petty cash	355	204
Accounts receivable	1,040,128	81,258
Due from local units	35,013	0
Due from other funds	1,054	326,351
Prepaid expenses	0	15,700
Inventory	111,446	0
Container deposits	0	1,500
Total Current Assets	1,698,123	2,996,178
Restricted assets:		
Capital asset replacement		
Certificates of deposit	7,405,485	3,784,671
Construction and debt retirement		
Cash and cash retainage	99,805	0
Cash with fiscal agent	1,861	0
Total Restricted Assets	7,507,151	3,784,671
Noncurrent assets:		
Construction work-in-process	6,877,756	0
Land and rights-of-way	172,557	0
Utility plant in service	25,153,259	0
Building and building improvements	406,597	251,457
Equipment	305,149	198,168
Vehicles	310,757	480,046
	33,226,075	929,671
Accumulated depreciation	(9,783,067)	(842,073)
Total Noncurrent Assets	23,443,008	87,598
Total Assets	\$32,648,282	\$6,868,447

See accompanying notes to the basic financial statements

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
LIABILITIES		
Current Liabilities:		
Accounts payable	\$152,402	\$132,013
Current portion of long-term debt	145,000	0
Accrued interest payable	13,327	0
Retainage payable	31,680	0
Due to other funds	109,901	187,603
Due to other governments	40,206	0
Accrued payroll	0	40,381
Water meter and hydrant key deposits	5,692	0
Deferred revenue	0	94,500
Total Current Liabilities	498,208	454,497
Noncurrent Liabilities:		
Bonds payable (net of discounts)	3,976,850	0
Compensated absences	0	93,487
Total Noncurrent Liabilities	3,976,850	93,487
Total Liabilities	4,475,058	547,984
NET ASSETS		
Invested in capital assets (net of related debt)	19,321,158	87,598
Restricted For:		
Capital projects	68,125	0
Debt retirement	1,861	0
Vehicles	233,400	0
Building	538,600	0
System capital	6,633,484	3,784,671
Unrestricted	1,376,596	2,448,194
Total Net Assets	28,173,224	6,320,463
Total Liabilities and Net Assets	\$32,648,282	\$6,868,447

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2007*

	Business-type Activities	Governmental Activities
	South County Water	Internal Service Funds
Operating Revenues		
Administrative fees	\$0	\$177,667
Utility labor and fringe benefits	0	2,386,357
Drain labor and fringe benefits	0	47,436
Operation and maintenance fees	0	2,248,404
Tap inspection fee	0	1,425
Utility billing charges	0	9,148
Debt service fees	0	5,700
Equipment rental	2,355	127,216
Metered water sales	3,100,848	0
Basic service charge	1,211,110	0
Sales of supplies and services	68,586	0
Penalties	75,545	0
Other revenue	0	4,911
Total Operating Revenues	4,458,444	5,008,264
Operating Expenses		
Wages and fringe benefits:		
Sewage disposal system	0	838,474
Administrative overhead department	0	264,382
Utility labor department	0	2,538,719
Depreciation	495,179	18,600
Administrative and general	325,290	0
Water supply operation maintenance	1,553,943	0
Utility billing operation	179,956	0
Distribution system maintenance	691,123	0
Meter and meter shop	145,486	0
Vehicle and equipment maintenance	94,062	0
Building maintenance	9,131	0
Other operating expenses	0	1,448,870
Total Operating Expenses	3,494,170	5,109,045
Net Operating Income (Loss)	964,274	(100,781)

Continued

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2007
(Concluded)*

	Business-type Activities	Governmental Activities
	South County Water	Internal Service Fund
Non-Operating Revenues (Expenses)		
Connection fees	\$108,432	\$0
Gain on the sale of assets	8,260	8,647
Interest income/Replacement reserve interest	355,085	281,902
Interest expense	(158,522)	0
Amortization	(2,150)	0
Paying agent fees	(413)	0
Transfer in	0	67,744
Total Non-Operating Revenues	<u>310,692</u>	<u>358,293</u>
Income before contributions	1,274,966	257,512
Contributions	0	196,116
Total Net Assets - Beginning of Year	<u>26,898,258</u>	<u>5,866,835</u>
Total Net Assets - End of Year	<u>\$28,173,224</u>	<u>\$6,320,463</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007*

	Business-type Activities	Governmental Activities
	South County Water	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$4,328,222	\$0
Cash paid to suppliers	(2,040,098)	(1,426,706)
Cash paid to employees	(1,108,118)	(3,600,082)
Cash received (paid) for internal services used	(85,375)	4,842,510
Net cash provided by operating activities	<u>1,094,631</u>	<u>(184,278)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Connection fees and contributions to capital asset reserves	108,432	196,116
Proceeds from the sale of assets	8,260	8,647
Transfer in	0	67,744
Acquisition of capital assets	(314,161)	(42,321)
Principal paid on capital debt	(140,000)	0
Interest paid on capital debt	(159,353)	0
Net cash provided by capital and related financing activities	<u>(496,822)</u>	<u>230,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on cash investments	<u>355,085</u>	<u>281,901</u>
Net increase (decrease) in cash and cash equivalents	952,894	327,809
Cash and cash equivalents at beginning of year	7,064,739	6,028,230
Cash and cash equivalents at end of year	<u>\$8,017,633</u>	<u>\$6,356,039</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$964,274	(\$100,781)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	495,179	18,600
Changes in assets and Liabilities:		
Receivables - net of allowances	(123,020)	(31,482)
Inventory	5,172	0
Due from local units	(6,300)	(65,585)
Accounts and other payables	(193,206)	40,194
Accrued liabilities	(28,364)	6,327
Due to from other funds	(19,304)	17,136
Deferred revenue	0	(68,687)
Deposits	300	0
Total Adjustments	<u>130,457</u>	<u>(83,497)</u>
Net cash provided by operating activities	<u>\$1,094,731</u>	<u>(\$184,278)</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Statement of Assets and Liabilities
Agency Funds
December 31, 2007*

	Total Agency Funds
ASSETS	
Accounts receivable-trade	\$153,577
Due from utilities	<u>57,464</u>
 Total Assets	 <u><u>\$211,041</u></u>
 LIABILITIES	
Due to local governmental units	 <u><u>\$211,041</u></u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 1 Origin and Description of County Agency
Establishment of the County Agency

In 1968 the County of Monroe entered into a program of water supply and sanitary sewer facility construction under Act 342, Public Acts of 1939, as amended. Pursuant to this Act the Monroe County Drain Commissioner was appointed County Agency by the Board of Commissioners. As organized by the Board of Commissioners, the Monroe County Drain Commissioner, County Agency performs the following functions:

1. Manages water supply system and sanitary sewer system construction projects that are bonded by the County of Monroe.
2. Oversees debt retirement of bonded debt that was used to finance the construction projects that it has managed.
3. Operates and maintains water supply systems and sanitary sewer systems as appointed by the Board of Commissioners.
4. Handles the billing and collections of utility bills when contracted to do so by local units of government.
5. Performs other services as needed to fulfill its duties.

Note 2 Summary of Significant Accounting Policies

A. Reporting Entity

The criteria established by Statement No. 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include fiscal interdependency, scope of public service, and financial accountability.

The Monroe County Drain Commissioner, County Agency is a component unit of the County of Monroe, Michigan, the primary government. For financial reporting purposes only, the following funds controlled by the Monroe County Drain Commissioner County Agency are included in this report: Debt Service Funds, Capital Project Construction Funds, Operations and Maintenance Internal Service Funds, Enterprise Fund, and Agency Funds. By accounting principles generally accepted in the United States of America, these funds are required to be in the report of the primary government.

The accounting policies of the Monroe County Drain Commissioner, County Agency conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 2 Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Monroe County Drain Commissioner, County Agency's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Monroe County Drain Commissioner, County Agency's activities
- A change in the fund financial statements to focus on the major funds

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

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 activities of the Monroe County Drain Commissioner, County Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the expenses of County Agency Funds are offset by revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Governmental Activities - Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long term debt, principal, interest, and related costs.

Governmental Activities - Capital Project Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital projects.

Governmental Activities - Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments on a cost-reimbursement basis. The Administrative Fund and the various Sewage Disposal Funds are reported as internal service funds.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 2 Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Concluded)

Business Type Activities - Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The South County Water System is the only Enterprise Fund in this report.

Agency Funds

Agency Funds are used to account for assets held as an agent for individuals, private organizations, other governmental units and/or other funds. These funds are reported in the fund financial statements only because they do not report resources under the control of Monroe County.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (statement of net assets and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental charges for services and other revenue associated with the current fiscal period are all considered to be subject to accrual, and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

Amounts reported as *revenues* include (a) charges to customers for services provided (all revenue except intergovernmental) and (2) operating fees and local contributions (intergovernmental revenue).

Proprietary Funds

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 Internal Service Fund are charges to the local governmental units. Operating expenses for Internal Service Funds include the cost of operating the local units sewage disposal system. Any revenue and expenses not meeting this definition are reported as Nonoperating Revenues and Expenses.

Required Supplementary Information

Budgetary comparison schedules are required to be presented as Required Supplementary Information for general funds and each major special revenue fund. Since the Monroe County Drain Commissioner, County Agency, does not have these funds, Required Supplementary Information is not presented. However, Budgetary Comparisons are presented in Other Supplementary Information.

D. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Only those assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year are defined as capital assets. The cost 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 by local units of government for the construction of water and sewer systems are capitalized by those individual local units of government. The total cost of the construction projects are capitalized by the local unit as the projects are completed in County Agency's Capital Project Funds

Proprietary Fund Capital Assets - Capital assets used in the proprietary funds are capitalized at historical cost. Depreciation expense has been provided using the straight-line method of depreciation over the estimated useful life of the capital assets as follows:

Office equipment	2 - 10 years
Inspection equipment	3 - 10 years
Vehicles	5 years
Auxiliary equipment	3 - 5 years
Utility plant in service	3 - 98 years
Building and building improvements	10 - 30 years

E. Long-Term Obligations

General long-term obligations are reported as liabilities in the governmental activities statement of net assets.

Long-term obligations expected to be financed from proprietary funds are accounted for in the Proprietary Fund.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 2 Summary of Significant Accounting Policies (Concluded)

F. Basis of Accounting

Modified Accrual Basis of Accounting

The modified accrual basis of accounting is followed in the Governmental Fund Types and the Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Accrual Basis of Accounting

The accrual basis of accounting is followed in the Proprietary Funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

G. Budgets

The Monroe County Drain Commissioner, County Agency does not prepare budgets for its Debt Service Funds and its Capital Project Funds.

Budgets are prepared for the Proprietary Fund Types: Enterprise Fund and Internal Service Funds. These budgets are adopted on an accrual basis consistent with generally accepted accounting principles. Appropriations lapse at year end.

All budgets are approved by the Monroe County Drain Commissioner, County Agency. The budget for the South County Water System is also approved by the South County Water Board and the budgets for the various sewage disposal systems are also approved by the appropriate local unit of government.

H. Deposits

Deposits are valued at cost.

I. Inventory

Inventory is valued at the lower of cost or market, using the first-in first-out method.

J. Accrued Compensated Absences

Accumulated unpaid vacation and sick pay is accrued when incurred. As of December 31, 2007, the Administrative Fund's liabilities included \$93,487 accrued vacation and sick pay.

Note 3 Deposits and Investments

Deposits are carried at cost. Deposits of the Monroe County Drain Commissioner, County Agency are at local banks in the name of the Monroe County Treasurer. Act 217, PA 1982 authorizes the County of Monroe, as agent for the Monroe County Drain Commissioner, County Agency, to deposit and invest in the accounts of federally insured banks, insured credit unions, and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks, mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 3 Deposits and Investments (Continued)

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. Funds of the Monroe County Drain Commissioner, County Agency are deposited in separate bank accounts from other County funds.

The County's deposits are in accordance with statutory authority. The carrying amount of deposits is separately displayed on the balance sheet as (unrestricted) "cash", "cash with fiscal agent", or "certificates of deposit", and (restricted) "cash", "certificates of deposit", "cash and certificates of deposit", or "cash with fiscal agent".

The Governmental Accounting Standards Board (GASB) Statement No. 3 and Statement No. 40 requires risk disclosures for the Monroe County Drain Commissioner, County Agency's deposits and investments which are as follows:

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be insured or the County may not be able to recover the collateral securities in the possession of an outside party. The Monroe County Drain Commissioner, County Agency has \$15,836,366 in certificates of deposits, checking, and savings accounts, invested with the Monroe County Treasurer. County Agency's total carrying amount of \$15,810,883 includes petty cash, and deposits in, checking, savings, and certificates of deposit. Because County Agency's deposits are included with the County of Monroe, as the account holder, insured amounts cannot be determined. Therefore, most of County Agency's deposits are subject to custodial credit risk as they are uninsured and uncollateralized.

In accordance with the County's investment policy and state law, all deposits are not collateralized, held in County's name, and evidenced by a safekeeping receipt. Also due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County of Monroe's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, County Agency does not currently have any investments with this type of risk.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy and State law, require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations. Ratings are not required for money market funds.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County of Monroe's investment policy requires investments to be diversified by security type and institution, but does not have limits on the amount the Treasurer may deposit for any one issuer.

Foreign Currency Risk. The Monroe County Treasurer is not authorized to invest in investments which have this type of risk.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 3 Deposits and Investments (Concluded)

At year end, cash and cash equivalents were reported in the basic financial statements in the following categories:

	Governmental Activities			Business-type Activities	Total Primary Government
	Governmental Funds	Internal Service Funds	Total Governmental Activities		
Cash and					
Cash equivalents	\$1,437,212	\$2,571,369	\$4,008,581	\$ 510,482	\$ 4,519,063
Restricted cash	-	<u>3,784,671</u>	<u>3,784,671</u>	<u>7,507,151</u>	<u>11,291,822</u>
	<u>\$1,437,212</u>	<u>\$6,356,040</u>	<u>\$7,793,252</u>	<u>\$8,017,633</u>	<u>\$15,810,885</u>

Note 4 Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

	Interfund Receivable	Interfund Payable	
		\$ 99,427	Bedford O & M
		3,691	Ida\Raisinville O & M
		2,580	Maybee O & M
		109,901	SCW O & M
		2,645	S. Rockwood O & M
		1,313	LaSalle O & M1
Administrative Fund	<u>\$238,459</u>	<u>18,902</u>	Whiteford O & M
	<u>\$238,459</u>	<u>\$238,459</u>	
Bedford O & M	\$67,744	\$67,744	Bedford Sewer #5 Construction
Bedford O & M	291		
Ida\Raisinville O & M	33		
Maybee O & M	51		
LaSalle O & M	1,054		
SCW O & M	6		
S. Rockwood O & M	23		
Whiteford O & M	<u>122</u>	<u>1,580</u>	Administrative Fund
	<u>\$ 1,580</u>	<u>\$ 1,580</u>	
Ida-Trust & Agency	\$11,934	\$11,934	Ida\Raisinville O&M
Raisinville-Trust & Agency	<u>3,628</u>	<u>3,628</u>	Ida\Raisinville O&M
	<u>\$15,562</u>	<u>\$15,562</u>	
LaSalle Trust & Agency	<u>\$11,643</u>	<u>\$11,643</u>	LaSalle O & M
London Trust & Agency	\$1,832	\$1,832	Maybee O & M
Maybee Trust & Agency	<u>7,223</u>	<u>7,223</u>	Maybee O & M
	<u>\$9,055</u>	<u>\$9,055</u>	
Whiteford Trust & Agency	<u>\$21,204</u>	<u>\$21,204</u>	Whiteford O & M
Totals	<u>\$365,247</u>	<u>\$365,247</u>	

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 5 Summary of Changes in Capital Assets - Internal Service Funds

The following is a summary of changes in capital assets for the Administrative Fund and Bedford O & M Fund and for changes in capital assets for governmental activities.

	Balance December 31, 2006	Additions	Deletions	Balance December 31, 2007
Utility Equipment	\$21,534	\$0	\$0	\$21,534
Utility Vehicles	349,643	21,731	0	371,374
Administrative Vehicles	29,685	0	0	29,685
Administrative Office Equipment	73,447	0	0	73,447
	474,309	21,731	0	496,040
Accumulated Depreciation	(448,951)	(13,260)	0	(462,211)
Net Capital Assets - Administrative Fund	\$25,358	\$8,471	\$0	\$33,829

Bedford O & M

	Balance December 31, 2006	Additions	Deletions	Balance December 31, 2007
Building Improvements	\$236,547	\$14,910	\$0	\$251,457
Equipment	103,187	0	0	103,187
Vehicles	73,307	5,680	0	78,987
	413,041	20,590	0	433,631
Accumulated Depreciation	(374,522)	(5,340)	0	(379,862)
Net Capital Assets - Bedford O & M Fund	38,519	15,250	0	53,769
Governmental Activities - Net Capital Assets	\$63,877	\$23,721	\$0	\$87,598

Note 6 Compensated Absences

Employees of the Monroe County Drain Commissioner, County Agency, are governed by the County of Monroe employment policies as they pertain to vacation and sick days. The County's employment policy for vacation states that "vacation can be carried over one additional year from the end of the calendar year." Vacation is forfeited if not taken within a two year period. The employment policies for sick leave calls for yearly vesting of unused sick leave and yearly payout of one-half of the unused balance. Accordingly, County Agency has an accrued liability to its employees for accumulated vested vacation and sick benefits. The policy is to record the liability for vacation, sick and accrued wages and fringes in the financial statement of the applicable fund with noncurrent liabilities.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 7 Long-Term Debt

The County has issued general obligation bonds for various waterworks and sewage disposal systems under Act 342, P.A. 1939, as amended. These bonds are supported by a pledge of the County's full faith and credit as well as by the various local units which make payments through contractual agreements with the County to meet the principal and interest of these bonds. Title will pass on to the local unit when the debt is retired.

The following is a summary of changes in long-term debt:

	<u>Enterprise Fund</u>	<u>General Long-Term Obligations</u>	<u>Totals</u>	<u>Due Within One Year</u>
December 31, 2006	\$4,300,000	\$47,410,000	\$51,710,000	
New bonds issued	0	8,354,415	8,354,415	
Bonds and contracts retired or called	<u>140,000</u>	<u>10,215,000</u>	<u>10,335,000</u>	
December 31, 2007	<u>\$4,160,000</u>	<u>\$45,549,415</u>	<u>\$49,709,415</u>	<u>\$4,305,000</u>

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

<u>Fiscal Years</u>	<u>Enterprise Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 145,000	\$153,952	\$ 298,952
2009	155,000	148,703	303,703
2010	160,000	143,190	303,190
2011	170,000	137,415	307,415
2012	180,000	131,290	311,290
2013 - 2017	1,045,000	552,048	1,597,048
2018 - 2022	1,335,000	330,053	1,665,053
2023 - 2027	<u>970,000</u>	<u>59,200</u>	<u>1,029,200</u>
	<u>\$4,160,000</u>	<u>\$1,655,851</u>	<u>\$5,815,851</u>

<u>Fiscal Years</u>	<u>General Long-Term Obligations</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 4,160,000	\$ 1,690,216	\$ 5,850,216
2009	4,000,000	1,535,885	5,535,885
2010	3,790,000	1,391,427	5,181,427
2011	3,830,000	1,258,885	5,088,885
2012	3,750,000	1,120,966	4,870,966
2013 - 2017	12,435,000	4,062,834	16,497,834
2018 - 2022	9,399,415	1,922,442	11,321,857
2023 - 2027	3,705,000	483,496	4,188,496
2028 - 2032	<u>480,000</u>	<u>25,725</u>	<u>505,725</u>
	<u>\$45,549,415</u>	<u>\$13,491,876</u>	<u>\$59,041,291</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 7 Long Term Debt - (Concluded)

Bonds payable at December 31, 2007, are comprised of the following individual issues:

Water or Sewer Projects	Interest Rates (%)	Date of Issue
Enterprise Fund:		
South County Water Supply System #1, 2005 Improvements	3.5 - 4	10-01-05
General Long-Term Obligations:		
Ash Twp. Water Supply System #1	2.3 - 4.1	01-12-03
Bedford Twp. Sewage Disposal System #2	5.0 - 6.5	09-01-76
Bedford Twp. Sewage Disposal System #4	2.0	06-25-92
Bedford Twp. Sewage Disposal System #5	3.8 - 4.05	10-01-05
Berlin Twp. Water System #2	5.8 - 6.0	05-23-00
Berlin Twp. Water System #2(Refunding)	4.0 - 4.3	05-09-07
Berlin Twp. Sewer System #2	5.8 - 6.0	08-06-02
Carleton Sewage Disposal System #3	2.5	10-01-01
Dundee Sewage Disposal System #2	2.0	09-30-93
Dundee Sewage Disposal System #1 (Refunding)	4.1 - 6.2	07-26-94
Dundee Sewage Disposal System #3	3.8 - 5.0	06-08-04
Dundee Water Supply System #1(Refunding)	1.4 - 3.8	12-04-02
Dundee Water Supply System #2	4.0 - 5.0	03-22-01
Erie Township Water Supply System #1	5.0 - 5.5	05-04-00
Erie Township Water Supply System #2	5.0 - 5.5	05-14-02
Erie Township Water Supply System #1	4.2 - 4.6	05-10-06
Exeter - Raisinville Water Supply System #1	5.0 - 6	09-26-00
Exeter - Water Supply System #3	2.1	09-17-07
Frenchtown Twp. Water Supply System #1 (Refunding)	3.9 - 5.5	10-22-96
Frenchtown Twp. Water Supply System #1 (Refunding)	4.0 - 4.3	07-26-07
Frenchtown Twp. Water Supply System #2	3.1 - 5.3	08-24-04
Ida Water System #1 (Series 2004)	2.0 - 4.9	07-13-04
Ida-Raisinville Sewage Disposal System #1 (Refunding)	3.0 - 5.4	12-01-93
LaSalle Township Sewer System #1 (Refunding)	3.85 - 6	09-15-95
London Twp. Sewer System #1 (Refunding)	5.25	10-01-93
City of Petersburg Water Supply System #1	2.5	03-05-03
Raisinville Water Supply System #5	6.78	07-31-90
Raisinville Water Supply System #15 & 16	4.75 - 5.3	11-02-00
South Rockwood Water Supply System #2	2.50	09-26-02
Maybee/Raisinville/Exeter/London Extension	5.0 - 7.5	05-06-97

<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Principal Retired</u>	<u>Principal Outstanding</u>
2025	\$4,400,000	\$240,000	\$4,160,000
	<u>\$4,400,000</u>	<u>\$240,000</u>	<u>\$4,160,000</u>
2017	\$3,000,000	\$675,000	\$2,325,000
2008	5,340,000	5,115,000	225,000
2012	6,487,177	4,622,177	1,865,000
2021	1,350,000	80,000	1,270,000
2025	2,075,000	1,945,000	130,000
2025	1,770,000	0	1,770,000
2027	1,800,000	180,000	1,620,000
2021	5,330,000	1,255,000	4,075,000
2014	1,650,000	995,000	655,000
2009	2,150,000	1,755,000	395,000
2024	5,000,000	380,000	4,620,000
2011	1,085,000	510,000	575,000
2026	3,500,000	340,000	3,160,000
2014	2,280,000	1,050,000	1,230,000
2014	1,630,000	460,000	1,170,000
2021	815,000	35,000	780,000
2020	2,285,000	720,000	1,565,000
2027	1,969,415	0	1,969,415
2012	9,720,000	9,720,000	0
2012	4,615,000	0	4,615,000
2029	3,215,000	130,000	3,085,000
2023	2,155,000	235,000	1,920,000
2007	2,270,000	2,270,000	0
2015	845,000	365,000	480,000
2008	180,000	165,000	15,000
2024	2,720,000	440,000	2,280,000
2010	705,000	600,000	105,000
2020	2,755,000	870,000	1,885,000
2023	1,530,000	250,000	1,280,000
2016	2,595,000	2,110,000	485,000
	<u>\$82,821,592</u>	<u>\$37,272,177</u>	<u>\$45,549,415</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 8 Financing of the County Agency Administrative Fund

In action taken to establish the County Agency at its August 19, 1968 session, the Monroe County Board of Supervisors stated that all administrative costs are to be recorded by projects being constructed for local units of government under contract with the County and that no County general funds are to be used to support the County Agency.

Therefore, because of the need for operating capital, the Monroe County Drain Commissioner, as County Agency, established a system of fees for services provided to the various projects. During 2007 these fees were as follows:

Administrative Fee
Utility Billing Charges
Debt Service Fees
Utility Labor and Fringe Benefits
Drain Labor and Fringe Benefits
Equipment Rental

Administrative Fee

The Administrative Fee is charged to the various construction projects and utility operations to cover the cost of the County Agency's administration overhead activity. This activity consists primarily of providing an office staff with its related expenses.

Utility Billing Charges

The County Agency provides a billing service for utilities, and charges a separate fee to cover all costs of billing. The fees charged in 2007 were as follows:

Village of Maybee	- \$60 bi-monthly plus \$1.08 per bill
London Township	- \$60 per annum plus \$1.08 per bill
Ida Township	- \$20 per month plus \$1.08 per bill
Raisinville Township	- \$10 per month plus \$1.08 per bill
LaSalle Township	- \$20 per month plus \$1.08 per bill

Debt Service Fees

The County of Monroe, under Act 342 P.A.1939, as amended, has issued its general obligation bonds to finance the various water and sewer construction projects for which it is engaged. Under its contracts with the local units of government, the local unit is to provide moneys for the retirement of this debt upon the bond and interest due dates. Thus, the County Agency is acting as an intermediary between the local unit of government and the paying agent. For this service, which includes the processing and tabulating of all debt retirement records, the County Agency charges a \$100.00 fee to be collected on each debt retirement due date.

Utility Labor and Fringe Benefits

During 2007, the County Agency engaged in the operation and maintenance of the following utility systems: South County Water System, Bedford Sewage Disposal System, LaSalle Sewage Disposal System, Maybee Sewage Disposal System, Ida-Raisinville Sewage Disposal System, South Rockwood Sewage Disposal System and Whiteford Sewage Disposal System.

County Agency personnel are used in the operation and maintenance of these systems. The charge to the utility for the use of County Agency personnel is direct labor plus fringe benefits.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

- Note 8 Financing of the County Agency Administrative Fund (Concluded)
Drain Labor and Fringe Benefits
County Agency personnel are used by the Monroe County Drain Commissioner for maintenance work on County drains. The charge to the Drain Commissioner is based on direct labor plus fringe benefits.
- Equipment Rental
Various Administrative Fund vehicles and other items of equipment are used in utility operations and drain maintenance. The Administrative Fund charges a predetermined hourly or daily rate for this use.
- Note 9 Sewage Disposal Systems - Capital Assets and Long-Term Debt
The financial statements for the various Sewage Disposal Systems do not include the cost of the System and the related long-term debt. The capital assets reflected in the financial statements are those that have been acquired during operation and maintenance by the County Agency.
- The cost of the Systems and the related long-term debt are to be recorded in the local unit's financial statements.
- Note 10 Operation and Maintenance Fees
During 2007, the County Agency engaged in the operation and maintenance of sewage disposal systems for Bedford Township, Ida Township, Raisinville Township, LaSalle Township, the Village of Maybee, Village of South Rockwood, and Whiteford Township.
- The operation and maintenance fees are payments by the local units to reimburse for operation and maintenance expenses.
- Note 11 Capital Asset Contributions
For the Bedford Township, Ida-Raisinville Townships, LaSalle Township and Whiteford Township Sewage Disposal Systems the local units contributed toward each system's capital asset additions. The accumulated balance of these contributions are reflected as "Net assets - restricted for capital asset replacement" on each system's financial statements.
- Note 12 Sewage Disposal Systems - Operating Expenses
The various Sewage Disposal System Funds are internal service funds and reflect only operation and maintenance expense incurred by the County Agency. Expenses, including depreciation of the system and interest, incurred directly at the local unit of government level are not reflected in these statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 13 South County Water System

Background Information

The South County Water System is the result of a contract dated May 15, 1969, between the County of Monroe, Bedford Township, Erie Township, LaSalle Township, and the City of Luna Pier. Pursuant to Act 342, P.A. of 1939, as amended, this contract was used to establish a county system of water supply improvements and facilities to serve Bedford Township, Erie Township, LaSalle Township, and the City of Luna Pier.

This system is to be known as "Monroe County Water Supply System (South County System No. 1)." The County of Monroe, in this contract, designated the Monroe County Drain Commissioner as the County Agency for the system with all powers and duties with respect thereto as are provided by Act 342.

The South County Water System includes all water supply mains and other facilities now or hereafter constructed or installed, by any of the parties to the aforementioned contract, within the corporate boundaries of any of the Townships or the City. This includes the transmission mains, reservoirs and elevated tanks constructed under the three phases mentioned in this contract dated May 15, 1969, and the water distribution mains constructed by the County, under separate contracts with respective Townships and the City.

Contract Payable - 2005 Improvements

Pursuant to the contract amendment dated April 12, 2005, the County of Monroe issued \$4,400,000 County of Monroe General Obligation Bonds to finance a second connection and pumping station near the corner of South Dixie Highway and Sterns Road.

Each of the Townships and the City has pledged its full faith and credit to provide for the timely retirement of this debt, should the net revenues of the system be insufficient to provide debt retirement moneys. A schedule of remaining debt retirement requirements is in Note 7.

Water Rate Increases

Effective July 1, 1977, water rates were restructured to include a separate basic service charge which is to be set aside to provide funds for fixed obligations, primarily bond principal. As basic service charge revenues exceed annual debt requirements, moneys will be used for system improvements. Effective April 1, 2006, the water consumption charge was increased from \$2.72 to \$2.91 per 1,000 gallons, resulting in minimum quarterly charges ranging from \$41.54 to \$1,607.20, depending on meter size.

Purchased Water

The South County Water System is currently dependent upon the City of Toledo, Ohio, for its only source of water. In an agreement dated October 17, 1969, between the City of Toledo, Ohio, and the County of Monroe, Michigan, the City of Toledo agreed to supply the South County Water System with water (not to exceed 7,300 gallons per minute) for a 40 year term.

Vehicle Fund - Restricted Assets

The Board has decided to set aside funds for the purchase of equipment. At December 31, 2007, the balance of \$233,400 had been restricted.

System Capital Fund - Restricted Assets

The Board has decided to set aside funds for system improvements. The balance of \$6,633,485 has been restricted at December 31, 2007.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 13 South County Water System (Concluded)

Building Fund - Restricted Assets

The Board has decided to appropriate funds from the system capital fund to set aside funds for buildings and building improvements. The balance of \$538,600 has been restricted at December 31, 2007.

Summary of Changes in Capital Assets

Following is a summary of changes in capital assets for the South County Water System:

	Balance December 31, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2007</u>
Construction in process	\$ 6,811,044	\$ 66,712	\$ -	\$ 6,877,756
Land and rights of way	172,557	-	-	172,557
Utility plant in service	24,972,932	180,327	-	25,153,259
Building and building improvements	406,597	-	-	406,597
Equipment	238,027	67,122	-	305,149
Vehicles	<u>321,099</u>	<u>-</u>	<u>(10,342)</u>	<u>310,757</u>
	32,922,256	314,161	(10,342)	33,226,075
Total -				
Accumulated Depreciation	<u>(9,298,230)</u>	<u>(495,179)</u>	<u>10,342</u>	<u>(9,783,067)</u>
Business - Type Activities -				
Net Capital Assets	<u>\$23,624,026</u>	<u>\$(181,018)</u>	<u>\$ -</u>	<u>\$23,443,008</u>

Note 14 Pension Commitment

Employees of the Monroe County Drain Commissioner, County Agency are participants in the Monroe County Employees Retirement Plan. The plan is a single-employer defined benefit pension plan administered by the Monroe County Employees Retirement System Board of Trustees.

Funding Policy

The County's policy is to fund current pension costs as they are accrued. Employees of County Agency are not required to contribute to the plan. County Agency is required to make monthly contributions based on and annual actuarially computed percentage of covered wages in amounts sufficient to cover normal cost of benefits and amortize the prior service liabilities over a period of future years.

Annual Pension Costs

The County Agency's pension expense for 2007 was \$188,347. Periodic employer contributions to the pension plan are determined as part of an actuarial valuation dated December 31, 2005, using an entry age normal cost method. Normal cost is funded on a current basis. Significant actuarial assumptions used include (a) a 7.0 investment rate of return, (b) projected salary increases of 5.0 percent to 12.0 percent per year, and c) no cost-of-living adjustments. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a twelve year closed period. The funding strategy is designed to accumulate sufficient assets to pay benefits when due.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 14 Pension Commitment (Concluded)

Additional significant information regarding the Monroe County Employees Retirement System pension plan and pension trust fund investments are included in the financial statements of Monroe County as a pension trust fund. A separate, publicly available financial report that includes financial statements and required supplementary information is also issued. That report may be obtained by writing to the Monroe County Employees Retirement System, 125 East Second Street, Monroe, Michigan 48161-2197.

The following is the County Agency's actuarial liability information for the past three years:

Three Year Trend Information	Valuation Ended December 31,		
	2004	2005	2006
Annual pension cost	\$ 0	\$ 0	\$ 54,338
Percentage of APC contributed	100.0%	100.0%	100.0%
Net pension obligation	0	0	0
Actuarial value of assets	6,046,357	5,846,980	5,951,627
Actuarial accrued liability (entry age)	5,496,385	6,213,995	6,916,388
Unfunded (Overfunded)			
AAL	(549,972)	367,015	564,761
Funded ratio	110.0%	94.1%	91.3%
Covered payroll	1,254,133	1,421,325	1,527,244
UAAL as a percentage of covered payroll	(43.85)%	25.82%	36.98%

Note 15 Post Employment Benefits

The Monroe County Drain Commissioner, County Agency, provides post employment health and life insurance benefits, in accordance with labor contracts and personnel policy, to all employees who retire under the provisions of the Monroe County Drain Commissioner, County Agency. As of December 31, 2006, the date of the last actuarial valuation, the plan had 35 active members, with three members who met the eligibility requirements. Expenditures for retiree benefits are recognized when periodic employer contributions are paid to the Monroe County Retiree Health Plan. The plan is operated by the County of Monroe. The County's policy is to fund current retiree health care costs as they are accrued. County Agency's retiree health care benefit contributions of \$301,847 are included with hospitalization expense in the Administrative Fund.

The financial reports of the plan are included in the County of Monroe's Comprehensive Annual Financial Report. Effective January 1, 2006, the County of Monroe has implemented GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Funding Policy

The contribution requirements of County Agency are established and may be amended by the Monroe County Retiree Health Plan board of trustees.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 15 Post Employment Benefits (Continued)

County Agency is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 19.11% of annual covered payroll. In 2008, the ARC will be 20.42%.

The funding strategy is to establish and receive contributions, expressed as a percentage of active member payroll which will remain approximately level from year to year and to accumulate enough assets to pay the benefits when due.

Annual OPEB Cost

For 2007, County Agency's annual OPEB cost (expense) of \$301,847 for the Monroe County Retiree Health Plan was equal to the ARC. County Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2006 and 2007 were as follows:

<u>Year Ended December 31</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2006	\$270,187	100.0%	\$0
2007	301,847	100.0%	0

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2005 and 2006 was as follows:

	<u>2005</u>	<u>2006</u>
Actuarial accrued liability(AAL)	\$3,928,117	\$4,450,915
Actuarial value of plan assets	<u>504,433</u>	<u>690,536</u>
Unfunded actuarial accrued liability(UAAL)	<u>\$3,423,684</u>	<u>\$3,760,379</u>
Funded ratio	12.8%	15.5%
Covered Payroll	\$1,421,325	\$1,527,244
UAAL as a percentage of covered payroll	240.9%	246.2%

Actuarial valuations of an ongoing plan involve estimates of the value of the 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to these financial statements, presents multiyear trend information about whether the actual value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities or benefits.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to the Basic Financial Statements
Year Ended December 31, 2007*

Note 15 Post Employment Benefits (Concluded)

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In the December 31, 2006, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 7.00 percent investment rate of return (net of administrative expenses) and an annual healthcare trend rate of 6.39 percent initially, reduced by decrements to an ultimate rate of 4.0 percent after 5 years. Both rates include a 4.0 percent inflation assumption. The actuarial value of Monroe County Retiree health plan assets was determined using techniques that spread the effects of short term volatility in the market value of investments over a five year period. MCRHP's unfunded actuarial accrued liability for County Agency is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was twenty-five years.

The County also provides a \$4,000 term life insurance policy, in accordance with labor contracts and personnel policy, to all employees who retire from the County.

Note 16 Cash and Cash Equivalents

For purposes of the statement of cash flows, the Internal Service Funds and the Enterprise Funds considers cash (including restricted assets), petty cash, certificates of deposit, and cash with fiscal agent to be cash and cash equivalents. Short term investments with maturities of three months or less are also considered to be cash and cash equivalents.

Note 17 Risk Management

The County Agency is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The County Agency has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 18 Fund Balance Deficit

Whiteford Sewage Disposal System has a deficit fund balance of \$14,617.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Schedule of Funding Progress for the Monroe County
Retiree Health Plan for County Agency
December 31, 2007*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2003	\$350,590	\$2,734,427	\$2,383,837	12.8%	\$1,184,495	201.3%
12/31/2004	448,149	3,514,221	3,066,072	12.8%	1,254,133	244.5%
12/31/2005	504,433	3,928,117	3,423,684	12.8%	1,421,325	240.9%
12/31/2006	690,536	4,450,915	3,760,379	15.5%	1,527,244	246.2%

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Debt Service Funds													
	Ash Township	Redford Township	Berlin Township	Village of Carleton	Erie Township	Paxter Township	Ida Township and Rainsville Township	Ida Township	LaSalle Township	London Township	Rainsville Township	Maybom/ Rainsville/ Easter/ London	Village of South Rockwood	City of Petersburg
ASSETS														
Cash	\$787	\$4,161	\$6,605	\$908	\$3,153	\$854	\$1,281	\$918	\$1,007	\$149	\$1,164	\$2,172	\$778	\$1,184
Due from local units	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	\$787	\$4,161	\$6,605	\$908	\$3,153	\$854	\$1,281	\$918	\$1,007	\$149	\$1,164	\$2,172	\$778	\$1,184
LIABILITIES														
Accounts payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Due to other funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retainage payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE														
Reserved for debt service	787	4,161	6,605	908	3,153	854	1,281	918	1,007	149	1,164	2,172	778	1,184
Reserved for capital projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fund Balance	787	4,161	6,605	908	3,153	854	1,281	918	1,007	149	1,164	2,172	778	1,184
Total Liabilities and Fund Balance	\$787	\$4,161	\$6,605	\$908	\$3,153	\$854	\$1,281	\$918	\$1,007	\$149	\$1,164	\$2,172	\$778	\$1,184

Nonmajor Capital Project Funds

Bedford Township Sewer #5	Bedford Township Barbara Lee Manor	Bedford Township Carl Court	Dundee Sewer #3 Construction	Erie Township Water #1	Frenchtown Water #2 Construction	City of Petersburg Water #1 Construction	Total Nonmajor Governmental Funds
\$156,249	\$591	\$2,409	\$0	\$50,150	\$241,596	\$55	\$476,171
0	103,470	4,695	0	0	0	0	108,165
<u>\$156,249</u>	<u>\$104,061</u>	<u>\$7,104</u>	<u>\$0</u>	<u>\$50,150</u>	<u>\$241,596</u>	<u>\$55</u>	<u>\$584,336</u>
\$883	\$103,893	\$4,695	\$0	\$135	\$90	\$0	\$109,696
67,744	0	0	0	0	0	0	67,744
0	0	2,401	0	0	21,433	0	23,834
<u>68,627</u>	<u>103,893</u>	<u>7,096</u>	<u>0</u>	<u>135</u>	<u>21,523</u>	<u>0</u>	<u>201,274</u>
0	0	0	0	0	0	0	25,121
87,622	168	8	0	50,015	220,073	55	357,941
<u>87,622</u>	<u>168</u>	<u>8</u>	<u>0</u>	<u>50,015</u>	<u>220,073</u>	<u>55</u>	<u>383,062</u>
<u>\$156,249</u>	<u>\$104,061</u>	<u>\$7,104</u>	<u>\$0</u>	<u>\$50,150</u>	<u>\$241,596</u>	<u>\$55</u>	<u>\$584,336</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

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

	Normal for Debt Service Funds													
	Ash Township	Bethford Township	Berlin Township	Village of Carleton	Erin Township	Essex Township	Ida Township and Raisinville Township	Ida Township	LaSalle Township	Lombard Township	Raisinville Township	Mayhew/Raisinville/Essex/Lombard	Village of South Rosemount	City of Pipersburg
Revenues														
Local unit contributions	\$268,892	\$732,393	\$266,080	\$344,103	\$446,243	\$285,365	\$216,313	\$205,890	\$90,713	\$16,522	\$288,303	\$150,105	\$98,163	\$174,803
Interest income and other	803	2,913	699	1,297	3,517	802	923	951	430	62	922	512	356	747
Total Revenues	269,695	735,306	266,779	345,400	449,760	286,167	217,236	206,841	91,143	16,584	289,225	150,617	98,519	175,550
Expenditures														
Debt Service:														
Bond principal	180,000	615,000	100,000	240,000	300,000	120,000	205,000	120,000	60,000	15,000	180,000	120,000	65,000	115,000
Interest and paying agent fees	89,316	119,543	165,012	104,815	160,666	85,000	11,920	86,323	30,373	1,182	108,229	29,765	32,813	59,875
Administrative and audit fees	402	1,205	1,395	402	1,205	405	402	402	402	402	404	402	402	402
Advance refunding bond issuance costs	0	0	62,875	0	0	0	0	0	0	0	0	0	0	0
Construction contracts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Engineering and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	269,718	735,748	329,282	345,217	461,871	206,003	217,322	206,727	90,775	16,584	289,024	150,167	98,215	175,277
Excess (Deficiency) of Revenues over Expenditures	(23)	(442)	(62,503)	183	(14,111)	(136)	(86)	114	368	0	202	450	304	273
Other Financing Sources (Uses)														
Proceeds of general obligation refunding bonds	0	0	1,770,000	0	0	0	0	0	0	0	0	0	0	0
Discounts and bond issuance costs	0	0	(57,629)	0	0	0	0	0	0	0	0	0	0	0
Transfer out	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Refunds to governmental units	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments to refunded bond escrow agent	0	0	(1,645,000)	0	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	67,371	0	0	0	0	0	0	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(23)	(442)	4,868	183	(14,111)	(136)	(86)	114	368	0	202	450	304	273
Fund Balances - Beginning of Year	810	4,603	1,737	875	17,264	890	1,367	804	639	149	962	1,722	474	911
Fund Balances - End of Year	\$787	\$4,161	\$6,605	\$958	\$3,153	\$754	\$1,281	\$818	\$1,007	\$149	\$1,164	\$2,172	\$778	\$1,184

Nonmajor Capital Project Funds							
Bedford Township Sewer #5	Bedford Township Barbara Lee Manor	Bedford Township Corl Court	Dundee Sewer #3 Construction	Erie Township Water #1	Frenchtown Water #2 Construction	City of Petersburg Water #1 Construction	Total Nonmajor Governmental Funds
\$72,358	\$149,538	\$68,394	\$0	\$0	\$0	\$0	\$3,794,180
3,395	591	25	2,448	2,015	8,516	7	29,642
75,753	150,129	68,419	2,448	2,015	8,516	7	3,823,822
0	0	0	0	0	0	0	2,435,000
0	0	0	0	0	0	0	1,085,485
0	0	0	0	0	0	0	8,630
0	0	0	0	0	0	0	62,875
0	82,700	47,932	0	1,200	0	0	131,832
4,848	67,261	20,479	679	4,309	3,685	135	101,396
4,848	149,961	68,411	679	5,509	3,685	135	3,825,218
70,905	168	8	1,769	(3,494)	4,831	(128)	(1,396)
0	0	0	0	0	0	0	1,770,000
0	0	0	0	0	0	0	(57,629)
(67,744)	0	0	0	0	0	0	(67,744)
0	0	0	(89,768)	0	0	0	(89,768)
0	0	0	0	0	0	0	(1,645,000)
(67,744)	0	0	(89,768)	0	0	0	(90,141)
3,161	168	8	(87,999)	(3,494)	4,831	(128)	(91,537)
84,461	0	0	87,999	53,509	215,242	183	474,599
\$87,622	\$168	\$8	\$0	\$50,015	\$220,073	\$55	\$383,062

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Capital Projects Funds

*Project-length Schedule of Construction Projects
Beginning of Projects to December 31, 2007*

	Bedford Township Sewer #5	Bedford Township Barbara Lee Manor	Bedford Township Corl Court
Revenues and Other Financing Sources:			
Federal grants	\$0	\$0	\$0
State grants	0	0	0
Local unit contributions	72,358	149,538	68,394
Interest and other	16,267	591	25
Bond proceeds	1,330,186	0	0
Operating transfers in	919,088	0	0
Total Revenues and Other Financing Sources	2,337,899	150,129	68,419
Expenditures Capital Projects:			
Construction contracts	1,933,822	82,700	47,932
Engineering and other	216,583	67,261	20,479
Accrued and capitalized interest	0	0	0
Bond issuance costs	31,692	0	0
Operating transfers out and refunds	68,180	0	0
Total Expenditures Capital Projects	2,250,277	149,961	68,411
Fund Balances - December 31, 2007	\$87,622	\$168	\$8

Village of Dundee Sewer #3	Erie Township Water #1	Exeter Township Water #3	Frenchtown Township Water #2	City of Petersburg Water #1
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
3,049,221	0	399,351	5,850,000	700
95,947	17,373	4,648	48,399	5,880
4,972,911	792,473	1,969,415	3,191,962	2,720,000
0	0	0	0	0
8,118,079	809,846	2,373,414	9,090,361	2,726,580
6,782,778	650,154	1,800,738	8,151,360	2,096,799
965,403	84,843	410,709	662,402	629,726
222,923	0	0	9,112	0
57,208	24,834	37,252	47,414	0
89,767	0	0	0	0
8,118,079	759,831	2,248,699	8,870,288	2,726,525
\$0	\$50,015	\$124,715	\$220,073	\$55

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Internal Service Funds

*Combining Statement of Net Assets
December 31, 2007*

	Administrative Fund	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System
ASSETS			
Current Assets			
Cash	\$296,870	\$366,719	\$48,254
Certificates of deposit	350,000	1,425,000	0
Petty cash	184	20	0
Accounts receivable	81,258	0	0
Prepaid expenses	10,200	5,500	0
Due from other funds	238,459	68,035	33
Container deposits	0	1,500	0
Total Current Assets	976,971	1,866,774	48,287
Restricted Assets - Capital Asset Replacement			
Cash and certificates of deposit	0	3,748,036	11,108
Capital Assets			
Building and building improvements	0	251,457	0
Equipment	94,981	103,187	0
Vehicles	401,059	78,987	0
	496,040	433,631	0
Less: Allowance for depreciation	462,211	379,862	0
Net Capital Assets	33,829	53,769	0
Total Assets	\$1,010,800	\$5,668,579	\$59,395
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$41,514	\$80,513	\$472
Due to other funds	1,580	99,427	19,253
Accrued payroll	40,381	0	0
Accrued compensated absences	93,487	0	0
Total Current Liabilities	176,962	179,940	19,725
Other Credits			
Deferred revenue	94,500	0	0
NET ASSETS			
Invested in capital assets (net of debt)	33,829	53,769	0
Restricted for capital asset replacement	0	3,748,036	11,108
Unrestricted	705,509	1,686,834	28,562
Total Net Assets	739,338	5,488,639	39,670
Total Liabilities and Net assets	\$1,010,800	\$5,668,579	\$59,395

LaSalle Sewage Disposal System	Maybe Sewage Disposal System	South Rockwood Sewage Disposal System	Whiteford Sewage Disposal System	Totals
\$38,657	\$23,130	\$20,932	\$1,603	\$796,165
0	0	0	0	1,775,000
0	0	0	0	204
0	0	0	0	81,258
0	0	0	0	15,700
23	51	6	19,744	326,351
0	0	0	0	1,500
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
38,680	23,181	20,938	21,347	2,996,178
10,388	2,923	0	12,216	3,784,671
0	0	0	0	251,457
0	0	0	0	198,168
0	0	0	0	480,046
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	0	929,671
0	0	0	0	842,073
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
0	0	0	0	87,598
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$49,068	\$26,104	\$20,938	\$33,563	\$6,868,447
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$552	\$674	\$214	\$8,074	\$132,013
12,956	11,636	2,645	40,106	187,603
0	0	0	0	40,381
0	0	0	0	93,487
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
13,508	12,310	2,859	48,180	453,484
0	0	0	0	94,500
0	0	0	0	87,598
10,388	2,923	0	12,216	3,784,671
25,172	10,871	18,079	(26,833)	2,448,194
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
35,560	13,794	18,079	(14,617)	6,320,463
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$49,068	\$26,104	\$20,938	\$33,563	\$6,868,447

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Internal Service Funds

*Combining Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2007*

	Administrative Fund	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System
Operating Revenues			
Administrative fees	\$177,667	\$0	\$0
Utility labor and fringe benefits	2,386,357	0	0
Drain labor and fringe benefits	47,436	0	0
Operation and maintenance fee	0	1,994,661	51,164
Tap inspection fee	0	1,425	0
Utility billing charges	9,148	0	0
Debt service fees	5,700	0	0
Equipment rental	126,300	916	0
Other revenues	4,895	0	16
Total Operating Revenues	2,757,503	1,997,002	51,180
Operating Expenses			
Wages and fringe benefits:			
Sewage disposal system	0	761,016	15,613
Administrative overhead department	264,382	0	0
Utility labor department	2,538,719	0	0
Other operating expenses	167,078	1,096,863	32,574
Depreciation	13,260	5,340	0
Total Operating Expenses	2,983,439	1,863,219	48,187
Operating Income (Loss)	(225,936)	133,783	2,993
Non-Operating Revenues (Expenses)			
Interest income	37,312	86,947	688
Gain on the sale of assets	0	8,647	0
Transfer out	0	67,744	0
Total Non-Operating Revenues	37,312	163,338	688
Net Income (Loss)	(188,624)	297,121	3,681
Contributions and Interest on Net Assets Reserved for Capital Asset Replacement	0	343,154	1,620
Net Increase (Decrease) in Net Assets	(188,624)	640,275	5,301
Net Assets - Beginning of Year	927,962	4,848,363	34,369
Net Assets - End of Year	\$739,338	\$5,488,638	\$39,670

LaSalle Sewage Disposal System	Maybe Sewage Disposal System	South Rockwood Sewage Disposal System	Whiteford Sewage Disposal System	Totals
\$0	\$0	\$0	\$0	\$177,667
0	0	0	0	2,386,357
0	0	0	0	47,436
28,416	60,971	51,462	61,730	2,248,404
0	0	0	0	1,425
0	0	0	0	9,148
0	0	0	0	5,700
0	0	0	0	127,216
0	0	0	0	4,911
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
28,416	60,971	51,462	61,730	5,008,264
9,842	21,917	23,453	6,633	838,474
0	0	0	0	264,382
0	0	0	0	2,538,719
26,367	36,027	17,403	72,558	1,448,870
0	0	0	0	18,600
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
36,209	57,944	40,856	79,191	5,109,045
(7,793)	3,027	10,606	(17,461)	(100,781)
516	391	187	196	126,237
0	0	0	0	8,647
0	0	0	0	67,744
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
516	391	187	196	202,628
(7,277)	3,418	10,793	(17,265)	101,847
4,041	1,034	0	1,931	351,780
(3,236)	4,452	10,793	(15,334)	453,627
38,796	9,342	7,286	717	5,866,835
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$35,560	\$13,794	\$18,079	(\$14,617)	\$6,320,462

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Internal Service Funds

*Combining Statement of Changes in Net Assets Reserved for Capital Asset Replacement
For the Years Ended December 31, 2007 and 2006*

	2007				2006							
	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System	LaSalle Sewage Disposal System	Maybee Sewage Disposal System	Whiteford Sewage Disposal System	Totals	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System	LaSalle Sewage Disposal System	Maybee Sewage Disposal System	Whiteford Sewage Disposal System	Totals
Opening Balance	\$3,401,609	\$11,714	\$8,480	\$1,889	\$10,285	\$3,433,977	\$3,948,485	\$10,664	\$6,389	\$889	\$16,287	\$3,982,714
Additions:												
Contributions	189,072	1,000	3,544	1,000	1,500	196,116	189,072	1,000	1,772	1,000	1,500	194,344
Interest income	154,082	620	497	34	431	155,664	178,674	495	319	0	637	180,125
Transfers in	67,744	0	0	0	0	67,744	367,746	1,495	2,091	1,000	2,137	374,469
	410,898	1,620	4,041	1,034	1,931	419,524						
Deductions:												
Expenditures	64,471	2,226	2,133	0	0	68,830	41,058	445	0	0	8,139	49,642
Transfers out	0	0	0	0	0	0	873,564	0	0	0	0	873,564
	64,471	2,226	2,133	0	0	68,830	914,622	445	0	0	8,139	923,206
Closing Balance	\$3,748,036	\$11,108	\$10,388	\$2,923	\$12,216	\$3,784,671	\$3,401,609	\$11,714	\$8,480	\$1,889	\$10,285	\$3,433,977
Additions:												
Contributions	189,072	1,000	1,772	1,000	1,500	194,344	189,072	1,000	1,772	1,000	1,500	194,344
Interest income	178,674	495	319	0	637	180,125	178,674	495	319	0	637	180,125
Transfers in	367,746	1,495	2,091	1,000	2,137	374,469	367,746	1,495	2,091	1,000	2,137	374,469
Deductions:												
Expenditures	41,058	445	0	0	8,139	49,642	41,058	445	0	0	8,139	49,642
Transfers out	873,564	0	0	0	0	873,564	873,564	0	0	0	0	873,564
	914,622	445	0	0	8,139	923,206	914,622	445	0	0	8,139	923,206
Closing Balance	\$3,401,609	\$11,714	\$8,480	\$1,889	\$10,285	\$3,433,977	\$3,401,609	\$11,714	\$8,480	\$1,889	\$10,285	\$3,433,977

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Internal Service Fund

*Combining Statement of Cash Flows
For the Year Ended December 31, 2007
Increase (Decrease) in Cash and Certificates of Deposit*

	Administrative Fund	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System
Cash Flows from Operating Activities:			
Cash paid to suppliers	(\$151,102)	(\$1,087,297)	(\$32,206)
Cash paid to employees	(2,796,774)	(761,016)	(14,483)
Cash received for internal services used	2,678,931	1,929,660	51,149
Net Cash Provided (Used) by Operating Activities	(268,945)	81,347	4,460
Cash Flows from Capital and Related Financing Activities:			
Capital contributed by local unit	0	189,072	1,000
Proceeds from the sale of capital assets	0	8,647	0
Acquisition of capital assets	(21,731)	(20,590)	0
Transfers out	0	67,744	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(21,731)	244,873	1,000
Cash Flows from Investing Activities:			
Interest earned on cash investments	37,312	241,029	1,308
Net increase in cash and cash equivalents	(253,364)	567,249	6,768
Cash and cash equivalents at beginning of year	900,418	4,972,525	52,594
Cash and cash equivalents at end of year	<u>\$647,054</u>	<u>\$5,539,774</u>	<u>\$59,362</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$225,936)	\$133,783	\$2,993
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	13,260	5,340	0
Changes in assets and liabilities			
Receivables	(31,482)	0	0
Due from other funds	21,597	(67,342)	(31)
Prepaid expenses	0	0	0
Accounts payable	15,258	28,314	368
Due to other funds	718	(18,748)	1,130
Accrued payroll and compensated absences	6,327	0	0
Deferred revenue	(68,687)	0	0
Total adjustments	<u>(43,009)</u>	<u>(52,436)</u>	<u>1,467</u>
Net Cash Provided by Operating Activities	<u>(\$268,945)</u>	<u>\$81,347</u>	<u>\$4,460</u>

LaSalle Sewage Disposal System	Maybe Sewage Disposal System	South Rockwood Sewage Disposal System	Whiteford Sewage Disposal System	Totals
(26,702)	(38,595)	(17,358)	(73,446)	(1,426,706)
(6,967)	(22,099)	(23,900)	25,157	(3,600,082)
28,398	60,927	51,457	41,988	4,842,510
(5,271)	233	10,199	(6,301)	(184,278)
3,544	1,000	0	1,500	196,116
0	0	0	0	8,647
0	0	0	0	(42,321)
0	0	0	0	67,744
3,544	1,000	0	1,500	230,186
1,013	425	187	627	281,902
(714)	1,658	10,386	(4,174)	327,810
49,759	24,395	10,546	17,993	6,028,230
<u>\$49,045</u>	<u>\$26,053</u>	<u>\$20,932</u>	<u>\$13,819</u>	<u>\$6,356,040</u>
(7,793)	\$3,027	\$10,606	(\$17,461)	(\$100,781)
0	0	0	0	18,600
0	0	0	0	(31,482)
(18)	(44)	(5)	(19,742)	(65,585)
0	0	0	0	0
(335)	(2,568)	45	(888)	40,194
2,875	(182)	(447)	31,790	17,136
0	0	0	0	6,327
0	0	0	0	(68,687)
2,522	(2,794)	(407)	11,160	(83,497)
<u>(\$5,271)</u>	<u>\$233</u>	<u>\$10,199</u>	<u>(\$6,301)</u>	<u>(\$184,278)</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

Statement of Net Assets

ASSETS

	December 31,	
	<u>2007</u>	<u>2006</u>
Current Assets		
Cash	\$296,870	\$300,234
Certificates of deposit	350,000	600,000
Petty cash	184	184
Accounts receivable	81,258	49,776
Prepaid expense	10,200	10,200
Due from other funds	238,459	260,056
	<hr/>	<hr/>
Total Current Assets	976,971	1,220,450
 Capital Assets		
Administrative office equipment	73,447	73,447
Administrative vehicles	29,685	29,685
Inspection equipment	21,534	21,534
Inspection vehicles	371,374	349,643
	<hr/>	<hr/>
	496,040	474,309
Less: Allowance for depreciation	462,211	448,951
	<hr/>	<hr/>
Net Capital Assets	33,829	25,358
	<hr/>	<hr/>
Total Assets	<u>\$1,010,800</u>	<u>\$1,245,808</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$41,514	\$26,256
Due to other funds	1,580	862
Accrued payroll	40,381	33,500
Accrued compensated absences	93,487	94,041
	<hr/>	<hr/>
Total Current Liabilities	176,962	154,659
 Other Credits		
Deferred revenue	94,500	163,187
 Net Assets		
Invested in capital assets	33,829	25,358
Unrestricted	705,509	902,604
	<hr/>	<hr/>
Total Net Assets	739,338	927,962
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$1,010,800</u>	<u>\$1,245,808</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended December 31, 2007 and 2006*

	2007		2006			
	Administrative Overhead Dept.	Inspection Expense and Utility Labor Dept.	Totals	Administrative Overhead Dept.	Inspection Expense and Utility Labor Dept.	Totals
Operating Revenue						
Administrative fees	\$177,667	\$0	\$177,667	\$163,501	\$0	\$163,501
Utility labor and fringe benefits	0	2,386,357	2,386,357	0	2,236,172	2,236,172
Drain labor and fringe benefits	0	47,436	47,436	0	28,814	28,814
Utility billing charges	9,148	0	9,148	9,144	0	9,144
Debt service fees	5,700	0	5,700	5,500	0	5,500
Equipment rental	0	126,300	126,300	0	128,866	128,866
Other revenue	490	4,405	4,895	519	4,335	4,854
Total Operating Revenues	193,005	2,564,498	2,757,503	178,664	2,398,187	2,576,851
Operating Expenses						
Wages and fringe benefits	264,382	2,538,719	2,803,101	236,430	2,310,596	2,547,026
Other operating expenses	53,714	113,364	167,078	39,088	100,811	139,899
Depreciation	1,525	11,735	13,260	8,781	7,059	15,840
Total Operating Expenses	319,621	2,663,818	2,983,439	284,299	2,418,466	2,702,765
Net Operating Income (Loss)	(126,616)	(99,320)	(225,936)	(105,635)	(20,279)	(125,914)
Non-Operating Revenues (Expenses)						
Interest income	37,312	0	37,312	52,257	0	52,257
Total Non-Operating Revenues (Expenses)	37,312	0	37,312	52,257	0	52,257
Net Income (Loss)	(\$89,304)	(\$99,320)	(188,624)	(\$53,378)	(\$20,279)	(73,657)
Net Assets - Beginning of Year			927,962			1,001,619
Net Assets - End of Year			\$739,338			\$927,962

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Statement of Revenues and Expenses Budget and Actual
For the Years Ended December 31,*

ADMINISTRATIVE OVERHEAD DEPARTMENT

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
Administrative fees (Schedule A)	\$182,578	\$177,667	(\$4,911)	\$163,501
Utility billing charges	10,096	9,148	(948)	9,144
Debt service fees	5,600	5,700	100	5,500
Other revenue	2,000	490	(1,510)	519
Total Operating Revenues	200,274	193,005	(7,269)	178,664
Operating Expenses				
Wages and fringe benefits:				
Salaries	156,964	144,462	12,502	132,857
Payroll taxes	13,585	12,615	970	12,322
Hospitalization insurance	89,200	82,474	6,726	73,916
Optical and dental insurance	3,310	3,292	18	3,180
Life insurance and disability	3,700	3,679	21	3,321
Pension contribution	5,600	18,138	(12,538)	4,807
Longevity pay	800	800	0	750
Compensated absences	0	(1,078)	1,078	5,277
	273,159	264,382	8,777	236,430
Other operating expenses:				
Training and conferences	100	0	100	266
Telephone	800	467	333	602
General supplies	6,500	8,471	(1,971)	18,276
County central service fee	8,471	8,431	40	3,392
Outside contracted services	1,500	17,999	(16,499)	1,721
Professional services	10,000	6,228	3,772	9,496
Insurance and bonds	4,000	4,999	(999)	3,404
Miscellaneous	6,250	7,119	(869)	1,931
	37,621	53,714	(16,093)	39,088
Depreciation	8,800	1,525	7,275	8,781
	46,421	55,239	(8,818)	47,869
Total Operating Expenses	319,580	319,621	(41)	284,299
Net Operating Income (Loss)	(119,306)	(126,616)	(7,310)	(105,635)
Non-Operating Revenues (Expenses)				
Interest income	45,000	37,312	(7,688)	52,257
Total Non-Operating Revenues (Expenses)	45,000	37,312	(7,688)	52,257
Net Income (Loss)	(\$74,306)	(\$89,304)	(\$14,998)	(\$53,378)

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Statement of Revenues and Expenses Budget and Actual
For the Years Ended December 31,*

UTILITY LABOR DEPARTMENT

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
Utility labor and fringe benefits (Schedule B)	\$2,513,000	\$2,386,357	(\$126,643)	\$2,236,172
Drain labor and fringe benefits	30,000	47,436	17,436	28,814
Equipment rental	130,000	126,300	(3,700)	128,866
Other revenue	5,000	4,405	(595)	4,335
Total Operating Revenues	2,678,000	2,564,498	(113,502)	2,398,187
Operating Expenses				
Wages and fringe benefits:				
Salaries and wages	1,310,849	1,283,390	27,459	1,250,098
Payroll taxes	132,000	129,853	2,147	124,138
Hospitalization insurance	735,040	685,436	49,604	641,214
Optical and dental insurance	26,965	22,933	4,032	24,400
Life insurance and disability	35,550	33,688	1,862	32,414
Pension contribution	53,100	170,209	(117,109)	44,370
Longevity pay	8,750	7,925	825	9,075
Compensated absences	228,913	205,285	23,628	184,887
	<u>2,531,167</u>	<u>2,538,719</u>	<u>(7,552)</u>	<u>2,310,596</u>
Other operating expenses:				
Equipment/vehicle maintenance	13,500	19,752	(6,252)	13,190
Gas, oil and mileage	22,000	24,141	(2,141)	21,047
Outside contracted services	1,000	0	1,000	0
Insurance and bonds	55,000	69,406	(14,406)	66,414
Miscellaneous	150	65	85	160
	<u>91,650</u>	<u>113,364</u>	<u>(21,714)</u>	<u>100,811</u>
Depreciation	10,000	11,735	(1,735)	7,059
	<u>101,650</u>	<u>125,099</u>	<u>(23,449)</u>	<u>107,870</u>
Total Operating Expenses	2,632,817	2,663,818	(31,001)	2,418,466
Net Income (Loss)	\$45,183	(\$99,320)	(\$144,503)	(\$20,279)

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit*

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$151,102)	(\$174,639)
Cash paid to employees	(2,796,774)	(2,538,187)
Cash received for internal services used	<u>2,678,931</u>	<u>2,526,626</u>
Net Cash Provided (Used) by Operating Activities	(268,945)	(186,200)
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	<u>(21,731)</u>	<u>(8,495)</u>
Net Cash Used for Capital and Related Financing Activities	(21,731)	(8,495)
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>37,312</u>	<u>52,257</u>
Net increase (decrease) in cash and cash equivalents	(253,364)	(142,438)
Cash and cash equivalents at beginning of year	900,418	1,042,856
Cash and cash equivalents at end of year	<u>\$647,054</u>	<u>\$900,418</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$225,936)	(\$125,914)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	13,260	15,840
Changes in assets and liabilities:		
Accounts receivable	(31,482)	(7,741)
Due from other funds	21,597	(19,971)
Accounts payable and accrued expenses	15,258	(33,234)
Due to other funds	718	(1,506)
Accrued payroll and compensated absences	6,327	8,839
Deferred revenue	(68,687)	(22,513)
Total adjustments	<u>(43,009)</u>	<u>(186,200)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$268,945)</u>	<u>(\$47,796)</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Administrative Fund

*Schedule of Administrative Fees Earned
For the Year Ended December 31, 2007*

	<u>Schedule A</u>
Utility Operations	
LaSalle Sewage Disposal System	\$2,583
South County Water System	85,175
Bedford Sewage Disposal System	58,691
Maybee Sewage Disposal System	5,543
South Rockwood Sewage Disposal System	4,678
Ida-Raisinville Sewage Disposal System	4,651
Whiteford Sewage Disposal System	3,828
	<u>165,149</u>
Construction	
Exeter Twp Water #3	12,518
	<u>12,518</u>
 Total Administrative Fees Earned	 <u>\$177,667</u>

SCHEDULE OF UTILITY LABOR AND FRINGE BENEFITS EARNED

	<u>Schedule B</u>
Utility Operations	
LaSalle Sewage Disposal System	\$14,901
South County Water System	1,182,084
Bedford Sewage Disposal System	961,544
Maybee Sewage Disposal System	25,879
South Rockwood Sewage Disposal System	23,954
Whiteford Sewage Disposal System	6,633
Ida-Raisinville Sewage Disposal System	18,789
	<u>2,233,784</u>
Projects	
Storm Sewers	118,647
Other Utility Labor and Fringe Benefits	33,926
	<u>152,573</u>
 Total Utility Labor and Fringe Benefits Earned	 <u>\$2,386,357</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Bedford Sewage Disposal System

Statement of Net Assets

	December 31,	
	2007	2006
ASSETS		
Current Assets		
Cash	\$366,719	\$770,056
Certificates of deposit	1,425,000	800,000
Petty cash	20	20
Prepaid expenses	5,500	5,500
Due from other funds	68,035	693
Container deposits	1,500	1,500
Total Current Assets	1,866,774	1,577,769
Restricted Assets - Capital Asset Replacement		
Cash	93,536	69,449
Certificates of deposit	3,654,500	3,333,000
Total Restricted Assets	3,748,036	3,402,449
Property, Plant and Equipment		
Building	251,457	236,547
Auxiliary equipment	103,187	103,187
Vehicles	78,987	73,307
	433,631	413,041
Less: Allowance for depreciation	379,862	374,522
Net Property, Plant and Equipment	53,769	38,519
Total Assets	\$5,668,579	\$5,018,737
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$80,513	\$52,199
Due to other funds	99,427	118,175
Total Current Liabilities	179,940	170,374
Net Assets		
Invested in capital assets	53,769	38,519
Restricted for capital asset replacement	3,748,036	3,401,609
Unrestricted	1,686,834	1,408,235
Total Net Assets	5,488,639	4,848,363
Total Liabilities and Net Assets	\$5,668,579	\$5,018,737

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Bedford Sewage Disposal System

*Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
Bedford Township operation and maintenance fee	\$2,015,061	\$1,994,661	(\$20,400)	\$1,948,286
Tap inspection fees	3,200	1,425	(1,775)	4,500
Equipment rental revenue	0	916	916	4,060
Total Operating Revenues	<u>2,018,261</u>	<u>1,997,002</u>	<u>(\$21,259)</u>	<u>1,956,846</u>
Operating Expenses				
Wages and fringe benefits	802,490	761,016	41,474	714,418
Other operating expenses:				
Sludge removal and disposal	100,000	77,040	22,960	72,720
Vehicle expense	65,354	20,322	45,032	20,709
Office supplies	3,000	945	2,055	2,312
Chemicals	40,000	36,204	3,796	34,951
Operating supplies	40,000	36,511	3,489	45,172
Replacement parts	20,000	58,791	(38,791)	41,058
Professional services	12,000	12,338	(338)	12,755
Lab analysis and supplies	20,500	20,780	(280)	23,195
Administrative fee	58,691	58,691	0	57,340
Telephone	16,000	16,708	(708)	15,334
Mileage	200	67	133	24
Insurance	75,000	72,063	2,937	73,365
Electricity	290,000	280,115	9,885	266,491
Gas	60,000	38,867	21,133	48,386
Water and sewer	11,000	14,553	(3,553)	11,348
Contracted services	14,000	24,427	(10,427)	13,681
Equipment rental	34,000	29,106	4,894	28,490
Training	7,000	3,291	3,709	4,626
Sewer maintenance	319,626	286,236	33,390	286,417
Miscellaneous	2,000	2,282	(282)	2,852
County central services fee	7,000	7,526	(526)	6,022
	<u>1,195,371</u>	<u>1,096,863</u>	<u>98,508</u>	<u>1,067,248</u>
Depreciation	20,400	5,340	15,060	13,061
	<u>1,215,771</u>	<u>1,102,203</u>	<u>113,568</u>	<u>1,080,309</u>
Total Operating Expenses	<u>2,018,261</u>	<u>1,863,219</u>	<u>155,042</u>	<u>1,794,727</u>
Net Operating Income (Loss)	0	133,783	133,783	162,119
Non-Operating Revenues (Expenses)				
Interest income	40,000	86,947	46,947	68,619
Gain on disposal of assets	0	8,647	8,647	0
Transfer in	0	67,744	67,744	(873,564)
Net Income (Loss)	<u>\$40,000</u>	<u>297,121</u>	<u>\$257,121</u>	<u>(642,826)</u>
Contributions and interest on Net Assets Restricted for capital asset replacement		<u>343,154</u>		<u>367,746</u>
Increase (Decrease) in Net Assets		<u>640,275</u>		<u>(275,080)</u>
Net Assets - Beginning of Year		<u>4,848,363</u>		<u>5,123,443</u>
Net Assets - End of Year		<u>\$5,488,638</u>		<u>\$4,848,363</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Bedford Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Capital Asset Replacement
For the Years Ended December 31,*

	<u>2007</u>	<u>2006</u>
Opening Balance	\$3,401,609	\$3,948,485
Additions:		
Contributions	189,072	189,072
Interest Income	154,082	178,674
Transfers in	67,744	0
	<u>410,898</u>	<u>367,746</u>
Deductions:		
Expenditures	64,471	41,058
Transfers out	0	873,564
	<u>64,471</u>	<u>914,622</u>
Closing Balance	<u>\$3,748,036</u>	<u>\$3,401,609</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Bedford Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,*

	2007	2006
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$1,087,297)	(\$1,049,125)
Cash paid to employees	(761,016)	(714,418)
Cash received for internal services used	1,929,660	1,956,250
Net Cash Provided (Used) by Operating Activities	81,347	192,707
 Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Bedford Township, capital assets	189,072	189,072
Proceeds from the sale of capital assets	8,647	0
Acquisition of capital assets	(20,590)	(36,988)
Transfer from (to) construction fund	67,744	(873,564)
Net Cash Provided (Used) for Capital and Related Financing Activities	244,873	(721,480)
 Cash Flows from Investing Activities:		
Interest earned on cash investments	241,029	247,293
Net increase (decrease) in cash and cash equivalents	567,249	(281,480)
Cash and cash equivalents at beginning of year	4,972,525	5,254,005
Cash and cash equivalents at end of year	\$5,539,774	\$4,972,525
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$133,783	\$162,119
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	5,340	13,061
Changes in assets and liabilities		
Due from other funds	(67,342)	(596)
Prepaid expenses	0	0
Accounts payable	28,314	11,081
Due to other funds	(18,748)	7,042
Total adjustments	(52,436)	30,588
Net Cash Provided (Used) by Operating Activities	\$81,347	\$192,707

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida-Raisinville Sewage Disposal System

Statement of Net Assets

ASSETS

	December 31,	
	2007	2006
Current Assets		
Cash	\$48,254	\$40,880
Due from other funds	33	2
Total Current Assets	48,287	40,882
Restricted Assets - Capital Asset Replacement		
Certificate of deposit	11,108	11,714
Property, Plant and Equipment	0	0
Total Assets	<u>\$59,395</u>	<u>\$52,596</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$472	\$104
Due to other funds	19,253	18,123
Total Current Liabilities	19,725	18,227
Net Assets		
Restricted for capital asset replacement	11,108	11,714
Unrestricted	28,562	22,655
Total Net Assets	39,670	34,369
Total Liabilities and Net Assets	<u>\$59,395</u>	<u>\$52,596</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida-Raisinville Sewage Disposal System

*Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
Ida Township operation and maintenance fee	\$36,454	\$36,736	\$282	\$34,426
Raisinville Township operation and maintenance fee	14,710	14,428	(282)	13,521
Miscellaneous income	0	16	16	9
Total Operating Revenues	51,164	51,180	16	47,956
Operating Expenses				
Wages and fringe benefits	17,402	15,613	1,789	17,101
Other operating expenses:				
Utility billing	4,250	4,105	145	4,126
Operation and maintenance supplies	2,100	4,546	(2,446)	2,835
Mileage	50	0	50	0
Equipment rental	2,500	2,794	(294)	2,903
Administrative fee	4,651	4,651	0	3,959
Professional services	1,200	800	400	1,000
Telephone	650	585	65	549
Contracted services	2,000	3,818	(1,818)	1,800
Electricity	2,800	3,178	(378)	2,346
Sewer maintenance	11,461	5,781	5,680	5,549
Elevator inspection	500	623	(123)	2,499
Miscellaneous	500	646	(146)	509
Training & Conferences	100	0	100	0
County central service fee	500	596	(96)	416
Insurance	500	451	49	457
Total Operating Expenses	33,762	32,574	1,188	28,948
Total Operating Expenses	51,164	48,187	2,977	46,049
Net Operating Income (Loss)	0	2,993	2,993	1,907
Non-Operating Revenues				
Interest income	0	688	688	108
Total Non-Operating Revenues	0	688	688	108
Net Income (Loss)	\$0	3,681	\$3,681	2,015
Contributions and Interest on Net Assets Restricted for Capital Asset Replacement		1,620		1,495
Increase (Decrease) in Net Assets		5,301		3,510
Net Assets - Beginning of Year		34,369		30,859
Net Assets - End of Year		\$39,670		\$34,369

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida-Raisinville Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Capital Asset Replacement
For the Years Ended December 31,*

	<u>2007</u>	<u>2006</u>
Opening Balance	\$11,714	\$10,664
Additions:		
Contributions	1,000	1,000
Interest Income	620	495
	<u>1,620</u>	<u>1,495</u>
Deductions:		
Expenditures	<u>2,226</u>	<u>445</u>
Closing Balance	<u>\$11,108</u>	<u>\$11,714</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida-Raisinville Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit*

	2007	2006
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$32,206)	(\$28,952)
Cash paid to employees	(14,483)	(17,936)
Cash received for internal services used	51,149	47,966
Net Cash Provided (Used) by Operating Activities	4,460	1,078
 Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Ida Township	718	718
Capital contributed by Raisinville Township	282	282
Net Cash Provided by Capital and Related Financing Activities	1,000	1,000
 Cash Flows from Investing Activities:		
Interest earned on cash investments	1,308	603
Net increase (decrease) in cash and cash equivalents	6,768	2,681
Cash and cash equivalents at beginning of year	52,594	49,913
Cash and cash equivalents at end of year	\$59,362	\$52,594
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$2,993	\$1,907
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(31)	10
Accounts payable	368	(4)
Due to other funds	1,130	(835)
Total adjustments	1,467	(829)
Net Cash Provided (Used) by Operating Activities	\$4,460	\$1,078

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Sewage Disposal System

Statement of Net Assets

ASSETS

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
Current Assets		
Cash	\$38,657	\$41,279
Due from other utilities	23	5
Total Current Assets	38,680	41,284
Restricted Assets - Capital Asset Replacement		
Certificate of deposit	10,388	8,480
Property, Plant and Equipment	0	0
Total Assets	<u>\$49,068</u>	<u>\$49,764</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$552	\$887
Due to other funds	12,956	10,081
Total Current Liabilities	13,508	10,968
Net Assets		
Restricted for capital asset replacement	10,388	8,480
Unrestricted	25,172	30,316
Total Net Assets	35,560	38,796
Total Liabilities and Net Assets	<u>\$49,068</u>	<u>\$49,764</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Sewage Disposal System

*Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
LaSalle Township operation and maintenance fee	\$28,416	\$28,416	\$0	\$27,890
Total Operating Revenues	28,416	28,416	0	27,890
Operating Expenses				
Wages and fringe benefits	8,400	9,842	(1,442)	5,385
Other operating expenses:				
Operating supplies	1,500	5,189	(3,689)	1,885
Professional services	1,200	800	400	1,000
Administrative fee	2,583	2,583	0	2,303
Telephone	850	676	174	760
Mileage	50	0	50	0
Insurance	550	414	136	419
Electricity	5,800	4,821	979	4,899
Equipment rental	800	1,258	(458)	543
Sewer maintenance	5,983	8,895	(2,912)	6,293
Tap maintenance	0	52	(52)	38
Miscellaneous	150	0	150	474
County central service fees	350	331	19	242
Contracted services	200	1,348	(1,148)	0
Total Operating Expenses	28,416	36,209	(7,793)	24,241
Net Operating Income (Loss)	0	(7,793)	(7,793)	3,649
Non-Operating Revenues				
Interest income	50	516	466	102
Total Non-Operating Revenues	50	516	466	102
Net Income (Loss)	\$50	(7,277)	(\$7,327)	3,751
Contributions and Interest on Net Assets Restricted for Capital Asset Replacement Increase (Decrease) in Net Assets		4,041 (3,236)		2,091 5,842
Net Assets - Beginning of Year		38,796		32,954
Net Assets - End of Year		\$35,560		\$38,796

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

LaSalle Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Capital Asset Replacement
For the Years Ended December 31,*

	<u>2007</u>	<u>2006</u>
Opening Balance	\$8,480	\$6,389
Additions:		
Contributions	3,544	1,772
Interest Income	497	319
	<u>4,041</u>	<u>2,091</u>
Deductions:		
Expenditures	<u>2,133</u>	<u>0</u>
Closing Balance	<u>\$10,388</u>	<u>\$8,480</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit*

	2007	2006
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$26,702)	(\$19,812)
Cash paid to employees	(6,967)	(3,772)
Cash received for internal services used	28,398	27,892
Net Cash Provided (Used) by Operating Activities	(5,271)	4,308
 Cash Flows from Capital and Related Financing Activities:		
Capital contributed by LaSalle Township	3,544	1,772
Net Cash Provided (Used) for Capital and Related Financing Activities	3,544	1,772
 Cash Flows from Investing Activities:		
Interest earned on cash investments	1,013	421
Net increase (decrease) in cash and cash equivalents	(714)	6,501
Cash and cash equivalents at beginning of year	49,759	43,258
Cash and cash equivalents at end of year	\$49,045	\$49,759
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$7,793)	\$3,649
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(18)	2
Accounts payable	(335)	(956)
Due to other funds	2,875	1,613
Total adjustments	2,522	659
Net Cash Provided (Used) by Operating Activities	(\$5,271)	\$4,308

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Maybe Sewage Disposal System

Statement of Net Assets

ASSETS

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
Current Assets		
Cash	\$23,130	\$22,506
Due from other funds	51	7
	<hr/>	<hr/>
Total Current Assets	23,181	22,513
Restricted Assets - Capital Asset Replacement		
Certificate of deposit	2,923	1,889
Property, Plant and Equipment	<hr/>	<hr/>
	0	0
Total Assets	<hr/> <u>\$26,104</u>	<hr/> <u>\$24,402</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$674	\$3,242
Due to other funds	11,636	11,818
	<hr/>	<hr/>
Total Current Liabilities	12,310	15,060
Net Assets		
Restricted for capital asset replacement	2,923	1,889
Unrestricted	10,871	7,453
	<hr/>	<hr/>
Total Net Assets	13,794	9,342
Total Liabilities and Net Assets	<hr/> <u>\$26,104</u>	<hr/> <u>\$24,402</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Maybe Sewage Disposal System

*Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
Village of Maybee operation and maintenance fee	\$60,971	\$60,971	\$0	\$56,473
Total Operating Revenues	60,971	60,971	0	56,473
Operating Expenses				
Wages and fringe benefits	23,179	21,917	1,262	20,732
Other operating expenses:				
Operating supplies	3,000	2,800	200	2,549
Professional services	1,200	800	400	1,000
Administrative fee	5,543	5,543	0	4,663
Telephone	2,000	2,128	(128)	1,928
Mileage	50	0	50	0
Insurance	1,250	1,023	227	1,035
Electricity	5,800	4,821	979	5,083
Elevator inspections	1,000	1,390	(390)	3,174
Equipment rental	3,500	4,722	(1,222)	3,190
Equipment replacement	0	0	0	0
Sewer maintenance	11,337	10,171	1,166	8,884
Tap maintenance	1,862	698	1,164	0
Miscellaneous	500	660	(160)	840
County central service fees	550	711	(161)	489
Contracted services	200	560	(360)	0
	<u>37,792</u>	<u>36,027</u>	<u>1,765</u>	<u>32,835</u>
Total Operating Expenses	<u>60,971</u>	<u>57,944</u>	<u>3,027</u>	<u>53,567</u>
Net Operating Income (Loss)	0	3,027	3,027	2,906
Non-Operating Revenues				
Interest income	0	391	391	175
Total Non-Operating Revenues	0	391	391	175
Net Income (Loss)	<u>\$0</u>	<u>3,418</u>	<u>\$3,418</u>	<u>3,081</u>
Contributions and Interest on Net Assets Restricted for Capital Asset Replacement Increase (Decrease) in Net Assets		<u>1,034</u> <u>4,452</u>		<u>1,000</u> <u>4,081</u>
Net Assets - Beginning of Year		<u>9,342</u>		<u>5,261</u>
Net Assets - End of Year		<u>\$13,794</u>		<u>\$9,342</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Maybe Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Capital Asset Replacement
For the Years Ended December 31,*

	<u>2007</u>	<u>2006</u>
Opening Balance	\$1,889	\$889
Additions:		
Contributions	1,000	1,000
Interest Income	34	0
	<u>1,034</u>	<u>1,000</u>
Deductions:		
Expenditures	0	0
	<u>0</u>	<u>0</u>
Closing Balance	<u>\$2,923</u>	<u>\$1,889</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Maybe Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash*

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$38,595)	(\$30,606)
Cash paid to employees	(22,099)	(19,842)
Cash received for internal services used	<u>60,927</u>	<u>56,471</u>
Net Cash Provided (Used) by Operating Activities	233	6,023
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by the Village of Maybee	<u>1,000</u>	<u>1,000</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	1,000	1,000
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>425</u>	<u>175</u>
Net increase (decrease) in cash and cash equivalents	1,658	7,198
Cash and cash equivalents at beginning of year	<u>24,395</u>	<u>17,197</u>
Cash and cash equivalents at end of year	<u><u>\$26,053</u></u>	<u><u>\$24,395</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$3,027	\$2,906
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(44)	(2)
Accounts payable	(2,568)	2,229
Due to other funds	(182)	890
Total adjustments	<u>(2,794)</u>	<u>3,117</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$233</u></u>	<u><u>\$6,023</u></u>

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

South Rockwood Sewage Disposal System

Statement of Net Assets

	December 31,	
	2007	2006
ASSETS		
Current Assets		
Cash	\$20,932	\$10,546
Due from other funds	6	1
Total Current Assets	20,938	10,547
Property, Plant and Equipment	0	0
Total Assets	<u>\$20,938</u>	<u>\$10,547</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$214	\$169
Due to other funds	2,645	3,092
Total Current Liabilities	2,859	3,261
Net Assets		
Unrestricted	18,079	7,286
Total Liabilities and Net Assets	<u>\$20,938</u>	<u>\$10,547</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South Rockwood Sewage Disposal System

*Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
Village of South Rockwood operation and maintenance fee	\$51,462	\$51,462	\$0	\$49,535
Total Operating Revenues	51,462	51,462	0	49,535
Operating Expenses				
Wages and fringe benefits	24,223	23,453	770	23,903
Other operating expenses:				
Operating supplies	3,000	2,324	676	2,896
Professional services	1,000	800	200	1,000
Administrative fee	4,678	4,678	0	4,090
Telephone	700	554	146	684
Mileage	100	0	100	0
Contracted services	200	24	176	0
Elevator inspection	750	623	127	928
Equipment rental	4,500	4,084	416	3,419
Insurance	250	226	24	228
Miscellaneous	150	145	5	123
Sewer maintenance	11,461	3,345	8,116	9,657
County central service fees	450	600	(150)	430
Total Operating Expenses	27,239	17,403	9,836	23,455
Total Operating Expenses	51,462	40,856	10,606	47,358
Net Operating Income (Loss)	0	10,606	10,606	2,177
Non-Operating Revenues				
Interest income	0	187	187	79
Net Income (Loss)	\$0	10,793	\$10,793	2,256
Net Assets - Beginning of Year		7,286		5,030
Net Assets - End of Year		\$18,079		\$7,286

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South Rockwood Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash*

	2007	2006
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$17,358)	(\$24,081)
Cash paid to employees	(23,900)	(24,965)
Cash received for internal services used	51,457	49,536
	10,199	490
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Investing Activities:		
Interest earned on cash investments	187	79
	10,386	569
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of year	10,546	9,977
Cash and cash equivalents at end of year	\$20,932	\$10,546
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$10,606	\$2,177
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(5)	1
Accounts payable	45	(626)
Due to other funds	(447)	(1,062)
Total adjustments	(407)	(1,687)
Net Cash Provided (Used) by Operating Activities	\$10,199	\$490

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Sewage Disposal System

Statement of Net Assets

	December 31,	
	2007	2006
ASSETS		
Current Assets		
Cash	\$1,603	\$7,708
Due from other funds	19,744	2
Total Current Assets	21,347	7,710
Restricted Assets - Capital Asset Replacement		
Certificate of deposit	12,216	10,285
Property, Plant and Equipment	0	0
Total Assets	\$33,563	\$17,995

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$8,074	\$8,962
Due to other funds	40,106	8,316
Total Current Liabilities	48,180	17,278
Net Assets		
Restricted for capital asset replacement	12,216	10,285
Unrestricted (deficit)	(26,833)	(9,568)
Total Net Assets	(14,617)	717
Total Liabilities and Net Assets	\$33,563	\$17,995

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Sewage Disposal System

*Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
Whiteford Township operation and maintenance fee	\$42,108	\$61,730	\$19,622	\$32,560
Total Operating Revenues	42,108	61,730	19,622	32,560
Operating Expenses				
Wages and fringe benefits	4,035	6,633	(2,598)	5,710
Other operating expenses:				
Operating supplies	700	20	680	1,824
Professional services	1,000	800	200	1,077
Mileage	20	0	20	0
Equipment rental	850	2,689	(1,839)	1,548
Equipment replacement	0	0	0	8,139
Administrative fee	3,828	3,828	0	2,688
Insurance	350	283	67	286
Miscellaneous	50	0	50	0
Disposal charge	30,000	63,309	(33,309)	34,429
Electricity	550	653	(103)	472
Telephone	475	485	(10)	437
County central service fees	250	491	(241)	282
	38,073	72,558	(34,485)	51,182
Total Operating Expenses	42,108	79,191	(37,083)	56,892
Net Operating Income (Loss)	0	(17,461)	(17,461)	(24,332)
Non-Operating Revenues				
Interest income	0	196	196	46
Net Income (Loss)	\$0	(17,265)	(\$17,265)	(24,286)
Contributions and Interest on Net Assets Restricted for Capital Asset Replacement		1,931		2,137
Increase (Decrease) in Net Assets		(15,334)		(22,149)
Net Assets - Beginning of Year		717		22,866
Net Assets (deficit) - End of Year		(\$14,617)		\$717

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Sewage Disposal System

*Schedule of Changes in Net Assets Restricted for Capital Asset Replacement
For the Years Ended December 31,*

	<u>2007</u>	<u>2006</u>
Opening Balance	\$10,285	\$16,287
Additions:		
Contributions	1,500	1,500
Interest Income	431	637
	<u>1,931</u>	<u>2,137</u>
Deductions:		
Expenditures	<u>0</u>	<u>8,139</u>
Closing Balance	<u>\$12,216</u>	<u>\$10,285</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Sewage Disposal System

*Statement of Cash Flows
For the Years Ended December 31,
Increase (Decrease) in Cash*

	2007	2006
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$73,446)	(\$44,601)
Cash paid to employees	25,157	(1,316)
Cash received for internal services used	41,988	32,560
Net Cash Provided (Used) by Operating Activities	(6,301)	(13,357)
 Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Whiteford Township	1,500	1,500
Net Cash Provided (Used) by Capital and Related Financing Activities	1,500	1,500
 Cash Flows from Investing Activities:		
Interest earned on cash investments	627	683
Net increase (decrease) in cash and cash equivalents	(4,174)	(11,174)
Cash and cash equivalents at beginning of year	17,993	29,167
Cash and cash equivalents at end of year	\$13,819	\$17,993
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$17,461)	(\$24,332)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(19,742)	0
Accounts payable	(888)	6,581
Due to other funds	31,790	4,394
Total adjustments	11,160	10,975
Net Cash Provided (Used) by Operating Activities	(\$6,301)	(\$13,357)

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South County Water System

*Statement of Revenues, Expenses, and Changes in Net Assets Budget and Actual
For the Years Ended December 31,*

	2007		Variance Favorable (Unfavorable)	2006 Actual
	Budget	Actual		
Operating Revenues				
Metered water sales	\$3,114,162	\$3,100,848	(\$13,314)	\$2,780,932
System capital charge	1,185,000	1,211,110	26,110	1,173,467
Sales of supplies and services	60,000	68,586	8,586	86,170
Penalties	55,000	75,545	20,545	67,064
Equipment rental	4,000	2,355	(1,645)	4,795
Miscellaneous revenue	2,000	0	(2,000)	1,269
Total Operating Revenues	4,420,162	4,458,444	38,282	4,113,697
Operating Expenses				
Administrative and general	339,720	325,290	14,430	333,158
Water supply operation and maintenance	1,543,568	1,553,943	(10,375)	1,481,727
Utility billing operation	250,981	179,956	71,025	212,663
Distribution system maintenance	587,401	691,123	(103,722)	575,405
Meter and meter shop	106,870	145,486	(38,616)	109,588
Vehicle and equipment maintenance	127,015	94,062	32,953	81,808
Building maintenance	12,151	9,131	3,020	7,555
Depreciation	470,000	495,179	(25,179)	489,089
Total Operating Expenses	3,437,706	3,494,170	(56,464)	3,290,993
Net Operating Income (Loss)	982,456	964,274	(18,182)	822,704
Non-Operating Revenues				
Connection fees	0	108,432	108,432	142,934
Gain on the sale of assets	0	8,260	8,260	0
Interest income	200,000	355,085	155,085	421,187
Total Non-Operating Revenues	200,000	471,777	271,777	564,121
Non-Operating Expenses				
Interest expense - 2005 Improvements	158,940	158,522	418	204,367
Amortization expense	1,450	2,150	(700)	2,150
Paying agent fees	225	413	(188)	225
Total Non-Operating Expenses	160,615	161,085	(470)	206,742
Net Income	<u>\$1,021,841</u>	1,274,966	<u>\$253,125</u>	1,180,083
Net Assets - Beginning of Year		26,898,258		25,718,175
Net Assets - End of Year		<u>\$28,173,224</u>		<u>\$26,898,258</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South County Water System

*Detail of Operating Expenses Budget and Actual
For the Years Ended December 31,*

	2007		Variance Favorable (Unfavorable)	2006
	Budget	Actual		Actual
Administrative and General Expenses				
Labor and fringe benefits	\$161,845	\$158,435	\$3,410	\$158,572
Office supplies and postage	7,000	2,464	4,536	6,115
Professional services	8,500	5,265	3,235	6,153
County Agency administrative fee	85,175	85,375	(200)	84,200
Telephone	5,000	3,351	1,649	5,247
Insurance	37,000	32,323	4,677	32,743
Utilities	15,000	13,744	1,256	10,454
Contracted services	4,000	5,786	(1,786)	2,427
Training and conferences	5,000	4,302	698	6,112
Bad debt expense	100	0	100	0
Dues & subscriptions	0	464	(464)	9,562
Miscellaneous	1,600	2,709	(1,109)	2,626
County central service fees	9,500	11,072	(1,572)	8,947
Total Administrative and General Expenses	<u>\$339,720</u>	<u>\$325,290</u>	<u>\$14,430</u>	<u>\$333,158</u>
Water Supply Operation and Maintenance Expenses				
Labor and fringe benefits	\$74,918	\$101,698	(\$26,780)	\$72,057
Chemicals	2,500	1,752	748	1,394
Operating supplies	38,000	27,594	10,406	67,364
Telephone	3,500	3,325	175	2,219
Mileage and travel	150	240	(90)	67
Electricity	105,000	124,061	(19,061)	103,388
Gas	0	4,451	(4,451)	0
Purchased water	1,296,000	1,267,527	28,473	1,217,828
Outside contracted services	500	801	(301)	248
Equipment rental	12,000	13,446	(1,446)	12,605
Laboratory supplies	11,000	9,048	1,952	4,518
Miscellaneous	0	0	0	39
Total Water Supply Operation and Maintenance Expenses	<u>\$1,543,568</u>	<u>\$1,553,943</u>	<u>(\$10,375)</u>	<u>\$1,481,727</u>
Utility Billing Operation				
Labor and fringe benefits	\$220,981	\$155,148	\$65,833	\$188,579
Office supplies and postage	16,000	13,105	2,895	12,991
Operating supplies	4,000	3,076	924	5,982
Outside contracted services	10,000	8,627	1,373	5,111
Total Utility Billing Operation	<u>\$250,981</u>	<u>\$179,956</u>	<u>\$71,025</u>	<u>\$212,663</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

South County Water System

*Detail of Operating Expenses Budget and Actual
For the Years Ended December 31,
(Concluded)*

	2007		Variance Favorable (Unfavorable)	2006
	Budget	Actual		Actual
Distribution System Maintenance Expenses				
Labor and fringe benefits	\$515,296	\$562,503	(\$47,207)	\$480,488
Operating supplies	45,000	90,101	(45,101)	81,375
Telephone	9,000	10,122	(1,122)	8,586
Contracted services	10,000	18,893	(8,893)	3,990
Certification & permit fees	8,105	9,504	(1,399)	966
Total Distribution System Maintenance Expenses	<u>\$587,401</u>	<u>\$691,123</u>	<u>(\$103,722)</u>	<u>\$575,405</u>
Meter and Meter Shop Expenses				
Labor and fringe benefits	\$102,370	\$92,009	\$10,361	\$93,267
Operating supplies	2,500	50,945	(48,445)	16,321
Meter repair parts and testing	2,000	2,532	(532)	0
Total Meter and Meter Shop Expenses	<u>\$106,870</u>	<u>\$145,486</u>	<u>(\$38,616)</u>	<u>\$109,588</u>
Vehicle and Equipment Maintenance Expenses				
Labor and fringe benefits	\$37,515	\$34,921	\$2,594	\$23,440
Gas and oil	36,500	30,696	5,804	25,974
Maintenance materials and contracted services	30,000	10,655	19,345	14,784
Insurance	23,000	17,790	5,210	17,610
Total Vehicle and Equipment Maintenance Expenses	<u>\$127,015</u>	<u>\$94,062</u>	<u>\$32,953</u>	<u>\$81,808</u>
Building Maintenance				
Labor and fringe benefits	\$6,151	\$3,404	\$2,747	\$4,573
Operating supplies	3,000	3,565	(565)	1,028
Outside contracted services	3,000	2,162	838	1,954
Total Building Maintenance	<u>\$12,151</u>	<u>\$9,131</u>	<u>\$3,020</u>	<u>\$7,555</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Agency Funds

*Combining Statement of Assets and Liabilities
December 31, 2007*

	<u>LaSalle Township</u>	<u>London Township</u>	<u>Village of Maybee</u>	<u>Ida Township</u>	<u>Raisinville Township</u>	<u>Whiteford Township</u>	<u>Total</u>
ASSETS							
Accounts receivable - trade	\$38,608	\$4,769	\$16,418	\$45,741	\$16,178	\$31,863	\$153,577
Due from utilities	<u>11,643</u>	<u>1,832</u>	<u>7,223</u>	<u>11,934</u>	<u>3,628</u>	<u>21,204</u>	<u>57,464</u>
Total Assets	<u>\$50,251</u>	<u>\$6,601</u>	<u>\$23,641</u>	<u>\$57,675</u>	<u>\$19,806</u>	<u>\$53,067</u>	<u>\$211,041</u>
LIABILITIES							
Due to local governmental units	<u>\$50,251</u>	<u>\$6,601</u>	<u>\$23,641</u>	<u>\$57,675</u>	<u>\$19,806</u>	<u>\$53,067</u>	<u>\$211,041</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

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

	<u>December 31, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2007</u>
LASALLE TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$30,273	\$168,554	\$160,219	\$38,608
Due from LaSalle Sewage Disposal System	9,011	150,039	147,407	11,643
Total Assets	<u>\$39,284</u>	<u>\$318,593</u>	<u>\$307,626</u>	<u>\$50,251</u>
LIABILITIES				
Due to LaSalle Township	<u>\$39,284</u>	<u>\$168,554</u>	<u>\$157,587</u>	<u>\$50,251</u>
LONDON TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$5,777	\$14,206	\$15,214	\$4,769
Due from Maybee Sewage Disposal System	1,529	12,519	12,216	1,832
Total Assets	<u>\$7,306</u>	<u>\$26,725</u>	<u>\$27,430</u>	<u>\$6,601</u>
LIABILITIES				
Due to London Township	<u>\$7,306</u>	<u>\$14,206</u>	<u>\$14,911</u>	<u>\$6,601</u>
VILLAGE OF MAYBEE AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$15,049	\$53,966	\$52,597	\$16,418
Due from Maybee Sewage Disposal System	7,385	47,799	47,961	7,223
Total Assets	<u>\$22,434</u>	<u>\$101,765</u>	<u>\$100,558</u>	<u>\$23,641</u>
LIABILITIES				
Due to Village of Maybee	<u>\$22,434</u>	<u>\$53,966</u>	<u>\$52,759</u>	<u>\$23,641</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

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

	December 31, 2006	Additions	Deductions	December 31, 2007
IDA TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$46,202	\$173,945	\$174,406	\$45,741
Due from Ida/Raisinville Sewage Disposal System	11,635	152,650	152,351	11,934
Total Assets	<u>\$57,837</u>	<u>\$326,595</u>	<u>\$326,757</u>	<u>\$57,675</u>
LIABILITIES				
Due to Ida Township	<u>\$57,837</u>	<u>\$173,945</u>	<u>\$174,107</u>	<u>\$57,675</u>
RAISINVILLE TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$15,869	\$62,909	\$62,600	\$16,178
Due from Ida/Raisinville Sewage Disposal System	3,778	55,545	55,695	3,628
Total Assets	<u>\$19,647</u>	<u>\$118,454</u>	<u>\$118,295</u>	<u>\$19,806</u>
LIABILITIES				
Due to Raisinville Township	<u>\$19,647</u>	<u>\$62,909</u>	<u>\$62,750</u>	<u>\$19,806</u>
WHITEFORD TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$2,393	\$73,221	\$43,751	\$31,863
Due from Whiteford Sewage Disposal System	4,607	43,751	27,154	21,204
Total Assets	<u>\$7,000</u>	<u>\$116,972</u>	<u>\$70,905</u>	<u>\$53,067</u>
LIABILITIES				
Due to local units of government	<u>\$7,000</u>	<u>\$73,221</u>	<u>\$27,154</u>	<u>\$53,067</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Accounts receivable - trade	\$115,563	\$546,801	\$508,787	\$153,577
Due from Sewage Disposal Systems	37,945	462,303	442,784	57,464
Total Assets	<u>\$153,508</u>	<u>\$1,009,104</u>	<u>\$951,571</u>	<u>\$211,041</u>
LIABILITIES				
Due to local units of government	<u>\$153,508</u>	<u>\$546,801</u>	<u>\$489,268</u>	<u>\$211,041</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LaSalle Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
Accounts receivable - trade	\$38,608	\$30,273
Due from LaSalle Sewage Disposal System	11,643	9,011
Total Assets	<u>\$50,251</u>	<u>\$39,284</u>

LIABILITIES

Due to LaSalle Township	<u>\$50,251</u>	<u>\$39,284</u>
-------------------------	-----------------	-----------------

*Statement of Changes in Due to LaSalle Township
For the Years Ended December 31, 2007 and 2006*

	<u>2007</u>	<u>2006</u>
Due to LaSalle Township - Beginning of Year	\$39,284	\$35,635
Add: Sewer use charges	166,426	132,378
Penalties	2,128	1,388
Deduct: Cash remitted to LaSalle Township	147,407	118,223
Delinquent sewer bills transferred to the Township	10,180	11,894
Due to LaSalle Township - End of Year	<u>\$50,251</u>	<u>\$39,284</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

London Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	<u>2007</u>	<u>2006</u>
Accounts receivable - trade	\$4,769	\$5,777
Due from Maybee Sewage Disposal System	1,832	1,529
Total Assets	<u><u>\$6,601</u></u>	<u><u>\$7,306</u></u>

LIABILITIES

Due to London Township	<u><u>\$6,601</u></u>	<u><u>\$7,306</u></u>
------------------------	-----------------------	-----------------------

*Statement of Changes in Due to London Township
For the Years Ended December 31, 2007 and 2006*

	<u>2007</u>	<u>2006</u>
Due to London Township - Beginning of Year	\$7,306	\$7,609
Add: Sewer use charges	13,924	13,924
Penalties	282	272
Deduct: Cash remitted to London Township	12,216	11,434
Delinquent sewer bills transferred to the Township	<u>2,695</u>	<u>3,065</u>
Due to London Township - End of Year	<u><u>\$6,601</u></u>	<u><u>\$7,306</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Village of Maybee Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	2007	2006
Accounts receivable - trade	\$16,418	\$15,049
Due from Maybee Sewage Disposal System	7,223	7,385
Total Assets	<u>\$23,641</u>	<u>\$22,434</u>

LIABILITIES

Due to Village of Maybee	<u>\$23,641</u>	<u>\$22,434</u>
--------------------------	------------------------	------------------------

*Statement of Changes in Due to Village of Maybee
For the Years Ended December 31, 2007 and 2006*

	2007	2006
Due to Village of Maybee - Beginning of Year	\$22,434	\$17,243
Add: Sewer use charges	53,223	42,783
Penalties	743	477
Deduct: Cash remitted to Village of Maybee	47,961	33,448
Delinquent sewer bills transferred to the Village	4,798	4,621
Due to Village of Maybee - End of Year	<u>\$23,641</u>	<u>\$22,434</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Ida Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	<u>2007</u>	<u>2006</u>
Accounts receivable - trade	\$45,741	\$46,202
Due from Ida/Raisinville Sewage Disposal System	11,934	11,635
Total Assets	<u>\$57,675</u>	<u>\$57,837</u>

LIABILITIES

Due to Ida Township	<u>\$57,675</u>	<u>\$57,837</u>
---------------------	-----------------	-----------------

*Statement of Changes in Due to Ida Township
For the Years Ended December 31, 2007 and 2006*

	<u>2007</u>	<u>2006</u>
Due to Ida Township - Beginning of Year	\$57,837	\$57,412
Add: Sewer use charges	171,687	172,830
Penalties	2,258	49
Deduct: Cash remitted to Ida Township	152,351	147,051
Delinquent sewer bills transferred to the Township	21,756	25,403
Due to Ida Township - End of Year	<u>\$57,675</u>	<u>\$57,837</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Raisinville Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	2007	2006
Accounts receivable - trade	\$16,178	\$15,869
Due from Ida/Raisinville Sewage Disposal System	3,628	3,778
Total Assets	\$19,806	\$19,647

LIABILITIES

Due to Raisinville Township	\$19,806	\$19,647
-----------------------------	----------	----------

*Statement of Changes in Due to Raisinville Township
For the Years Ended December 31, 2007 and 2006*

	2007	2006
Due to Raisinville Township - Beginning of Year	\$19,647	\$21,104
Add: Sewer use charges	61,896	61,896
Penalties	1,013	516
Deduct: Cash remitted to Raisinville Township	55,695	56,273
Delinquent sewer bills transferred to the Township	7,055	7,596
Due to Raisinville Township - End of Year	\$19,806	\$19,647

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Whiteford Township Agency Fund

Statement of Assets and Liabilities

ASSETS

	December 31,	
	2007	2006
Accounts receivable - trade	\$31,863	\$2,393
Due from Whiteford Sewage Disposal System	21,204	4,607
Total Assets	<u>\$53,067</u>	<u>\$7,000</u>

LIABILITIES

Due to Whiteford Township	<u>\$53,067</u>	<u>\$7,000</u>
---------------------------	-----------------	----------------

*Statement of Changes in Due to Whiteford Township
For the Years Ended December 31, 2007 and 2006*

	2007	2006
Due to Whiteford Township - Beginning of Year	\$7,000	\$6,440
Add: Sewer use charges	70,435	39,247
Penalties	2,786	159
Deduct: Cash remitted to Whiteford Township	27,154	38,846
Delinquent sewer bills transferred to the Township		
Due to Whiteford Township - End of Year	<u>\$53,067</u>	<u>\$7,000</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007*

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal CFDA Number	Approved Grant Award Amount
Environmental Protection Agency			
Passed through the Michigan Department of Environmental Quality Drinking Water Revolving Fund Program			
Exeter Township	2007 to 2009		
Safe Drinking Water Assistance	DWRP Project #7214-01	66.468	\$3,360,000
Total Federal Financial Assistance			\$3,360,000

* These grants are funded with federal and state funds. Both portions are reflected in this schedule. In the Township of Exeter grant, \$1,593,454 of the \$1,969,415 expended was determined to be federal funds. \$1,136,023 of the \$1,404,058 drawn was determined to be federal funds.

See accompanying notes to schedule of expenditures of federal awards

Accrued (Deferred) Revenue January 1, 2007	Prior Year Expenditures Memo	Current Year Expenditures	Current Year Receipts (Accrual Basis)	Accrued (Deferred) Revenue December 31, 2007
\$0	\$0	\$1,969,415	\$1,404,058 *	\$565,357
<u>\$0</u>	<u>\$0</u>	<u>\$1,969,415</u>	<u>\$1,404,058</u>	<u>\$565,357</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Notes to Schedule of Expenditures of Federal Awards
December 31, 2007*

Note A Basis of Presentation

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

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

*Schedule of Findings and Questioned Costs
December 31, 2007*

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Monroe County Drain Commissioner, County Agency.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of the Monroe County Drain Commissioner, County Agency, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs for the Monroe County Drain Commissioner, County Agency expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 reported in this Schedule.
7. The Exeter Township State Drinking Water Revolving Fund Loan, CFDA #66.468, was tested as a major program.
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with less than \$300,000 in federal expenditures.
9. The Monroe County Drain Commissioner, County Agency did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

ENVIRONMENTAL PROTECTION AGENCY

None



COOLEY HEHL
WOHLGAMUTH & CARLTON
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA
David K. Hehl, CPA
Robert W. Wohlgamuth, CPA
Peter H. Carlton, CPA
Matthew D. Hehl, CPA
Deborah A. Sabo, CPA

One South Monroe Street • Monroe, Michigan 48161-2281
Telephone: (734) 241-7200 • Fax: (734) 241-2637
www.chwccpa.com

Members:
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants
Division for CPA Firms American Institute of
Certified Public Accountants

Daniel Stefanski
Monroe County Drain Commissioner
County Agency
Monroe, Michigan 48161

Report on Internal Control Deficiencies and Other Comments

In planning and performing our audit of the financial statements of the Monroe County Drain Commissioner, County Agency 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 Monroe County Drain Commissioner, County Agency'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 Monroe County Drain Commissioner, County Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monroe County Drain Commissioner, County Agency's internal control.

A new auditing standard, SAS No. 112 "*Communicating Internal Control Related Matters Identified in an Audit*" is effective for audits after December 15, 2006. Auditors are now required to inform management and those charged with governance about significant deficiencies and material weaknesses that come to our attention.

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. However, we identified the following deficiencies in internal control that we consider to be a significant deficiencies:

South County Water Billing Corrections

During the audit, we noted that the employee that prepares the billings also enters the adjustments and corrections. This does not allow for control over the billing adjustments and corrections. We suggest that County Agency implement a procedure to obtain authorization for billing adjustments and corrections or have the other employee working at the South County Water billing department review and approve the billing adjustments and corrections.

Daniel Stefanski
Monroe County Drain Commissioner

-2-

South County Water Accounts Receivable Balances

During the audit, we noted that County Agency correctly records billings and collections from the South County Water billing register summaries. However, there was not a procedure in place to reconcile the accounts receivable balance per the general ledger to the outstanding balances report generated by the South County Water Billing System. We recommend that County Agency review the outstanding balances report at the South County Water, which collectively represents the accounts receivable subsidiary ledger, and establish a procedure to reconcile to the balance of accounts receivable in the general ledger.

The following comments are not significant deficiencies or material weaknesses but are set forth herein for your review and have been discussed with the appropriate personnel. These comments are based primarily upon procedures employed during our audit and, therefore, do not encompass all matters that might result from special studies directed toward such matters.

Audited Funds

The funds included in our recent audit are as follows:

- Administrative Fund
- Bedford Sewage Disposal System
- Ida-Raisinville Sewage Disposal System
- LaSalle Sewage Disposal System
- Maybee Sewage Disposal System
- South Rockwood Sewage Disposal System
- Whiteford Sewage Disposal System
- South County Water System
- London Township Agency Fund
- Ida Township Agency Fund
- LaSalle Township Agency Fund
- Village of Maybee Agency Fund
- Raisinville Township Agency Fund
- Whiteford Township Agency Fund
- Act 342 Construction Project Funds
- Act 342 Debt Retirement Funds

Improper and Illegal Actions

Nothing came to our attention during the course of the audit to indicate any improper or illegal actions.

Daniel Stefanski
 Monroe County Drain Commissioner

-3-

Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
		\$ 99,427	Bedford O & M
		3,691	Ida\Raisinville O & M
		2,580	Maybee O & M
		109,901	SCW O & M
		2,645	S. Rockwood O & M
		1,313	LaSalle O & M1
Administrative Fund	\$238,459	<u>18,902</u>	Whiteford O & M
	<u>\$238,459</u>	<u>\$238,459</u>	
Bedford O & M	\$67,744	\$67,744	Bedford Sewer #5 Construction
Bedford O & M	291		
Ida\Raisinville O & M	33		
Maybee O & M	51		
LaSalle O & M	1,054		
SCW O & M	6		
S. Rockwood O & M	23		
Whiteford O & M	<u>122</u>	<u>1,580</u>	Administrative Fund
	<u>\$ 1,580</u>	<u>\$ 1,580</u>	
Ida-Trust & Agency	\$11,934	\$11,934	Ida\Raisinville O&M
Raisinville-Trust & Agency	<u>3,628</u>	<u>3,628</u>	Ida\Raisinville O&M
	<u>\$15,562</u>	<u>\$15,562</u>	
LaSalle Trust & Agency	<u>\$11,643</u>	<u>\$11,643</u>	LaSalle O & M
London Trust & Agency	\$1,832	\$1,832	Maybee O & M
Maybee Trust & Agency	<u>7,223</u>	<u>7,223</u>	Maybee O & M
	<u>\$9,055</u>	<u>\$9,055</u>	
Whiteford Trust & Agency	<u>\$21,204</u>	<u>\$21,204</u>	Whiteford O & M
Totals	<u>\$365,247</u>	<u>\$365,247</u>	

Other Postemployment Benefits

In June 2004, the GASB issued its Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The requirements of Statement No. 45 are effective in three phases based on the government's total annual revenues in the first fiscal year ending June 15, 1999. The Statement is effective for financial statements for periods beginning after December 15, 2006, 2007, or 2008, as appropriate. The County elected to implement the Statement for the fiscal year beginning January 1, 2006.

Daniel Stefanski
Monroe County Drain Commissioner

-4-

GASB Statement No. 45 establishes standards of accounting and financial reporting for other postemployment benefit expenses (OPEB) and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of state and local government employers.

Since County Agency's OPEB costs cover its annual required contribution (ARC), it did not have a net OPEB liability for the year ended December 31, 2007. Although County Agency does not have a net OPEB liability, GASB Statement No. 45 still required additional note disclosures regarding the Monroe County Employees Retiree Health Plan. In addition, the Statement requires a Schedule of Funding Progress to be reported as Required Supplementary Information.

This communication is intended solely for the information and use of the Monroe County Drain Commissioner, County Agency, management, others within the organization, and the applicable departments of the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning these comments or the audit report, please contact us. It has been a pleasure to be of service to you and we appreciate the cooperation which we received during the audit.

Cooly Hahl Wohlgemuth & Carlton, PLLC

March 14, 2008