

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 checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name COUNTY OF OGEMAW	County OGEMAW
Fiscal Year End 09/30/2007	Opinion Date 01/19/2007	Date Audit Report Submitted to State March 29, 2008	

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) STEPHENSON, GRACIK & CO., P.C.		Telephone Number 989-362-4491	
Street Address 325 NEWMAN STREET, PO BOX 592		City EAST TAWAS	State Zip MI 48661
Authorizing CPA Signature Don Brannan <small>Digitally signed by Don Brannan DN: cn=Don Brannan, o=us, email=donwb@stephensongracik.com, c=US Date: 2008.03.29 12:28:58 -0400</small>		Printed Name DONALD W. BRANNAN, CPA License Number 1101021039	

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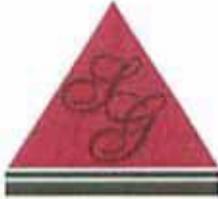
AUDITORS' REPORT

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January 19, 2008

Independent Auditors' Report

Board of Commissioners
County of Ogemaw
West Branch, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw, West Branch, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements, as listed in the index. These financial statements are the responsibility of the County of Ogemaw's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ogemaw County Public Transit, a component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ogemaw County Public Transit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw, West Branch, Michigan, as of September 30, 2007, and the respective changes in financial position and, where applicable, cash flows 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 January 19, 2008, on our consideration of the County of Ogemaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Stephenson, Gracik & Co., P.C.

Board of Commissioners
County of Ogemaw
January 19, 2008
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Ogemaw's basic financial statements. The combining nonmajor funds financial statements and schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor funds and schedule of indebtedness 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.

Stephenson, Gracik & Co., P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the County of Ogemaw's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2007. The intent of this discussion and analysis is to look at the County's financial performance as a whole. The discussion focuses on the County's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

The last few years have seen a progressive movement on the part of the Ogemaw County Board of Commissioners toward greater fiscal accountability and oversight responsibility than in many years. This statement can easily be verified by reviewing the spreadsheets, tables, and narrative of the 2007 County General Fund audit. It is notable that one should consider the achievements this County Board has gained through careful attention to sound financial concepts and practices. Of note, the following hi-lights are offered for reference and review:

- The County's net assets exceeded its liabilities by \$15,160,933.
- The County's total net assets increased by \$1,700,867.
- The County's governmental funds reported combined ending fund balance of \$3,691,259 this year, an increase of \$108,512. Of this amount, \$3,414,218 is available for spending (*unreserved fund balance*) on behalf of its citizens. The County General Fund 2007 fiscal year end *fund balance* is \$689,442 of which \$23,097 is restricted or set aside.

It is evident the course has been set and followed by this Board of Commissioners. These hi-lights are a testament to the vision and fiscal attentiveness of this Board of Commissioners. In a declining and stagnant state economy, shrinking federal stipends, and virtually non-existent state revenue sharing, Boards of Commissioners must become and remain good stewards of the public trust. This Board of Commissioners has taken this *charge* and proven its mettle under the watchful eye of public scrutiny.

Overview of the Financial Statements

The financial statements are organized so the reader can understand the County as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The County's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government -wide Financial Statements

The *statement of net assets* and the *statement of activities* display information about the County as a whole. These statements include the financial activities of the primary government and its component units except for fiduciary funds. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely to a significant extent on fees and charges for services.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or functions of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

Program revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County with certain limited exceptions. The comparisons of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

With this report, capital assets are listed for the County of Ogemaw. These assets are comprised of buildings, building improvements, water and sewer lines, dams, radio towers, vehicles, office equipment, computer equipment and land owned by the County. These assets total over \$11.8 million. The County Treasurer performed a department-by-department inventory and evaluation of assets and categorized a depreciation schedule for assets not fully depreciated.

Property taxes for 2007 that will be received in the future are listed as *taxes receivable* and as *deferred revenue*.

The County's component units are comprised of the Ogemaw County Road Commission and Ogemaw County Public Transit. These component units are described in the *Notes to the Financial Statements* under Note 1 – Summary of Significant Accounting Policies. The component units are separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

The County Road Commission displays assets totaling \$33.2 million primarily due to County roads. The Ogemaw County Public Transit lists \$717,216 in assets, and of that amount, \$379,759 is shown as net capital assets.

Fund Financial Statements

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: *Governmental*, *Proprietary* and *Fiduciary*.

Governmental Funds:

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

- General Fund – This fund accounts for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenue.

- Housing Commission Fund – This fund accounts for federal, state and local funding used to obtain financing and construct or rehabilitate low-income housing for qualified Ogemaw County residents.
- Revenue Sharing Reserve Fund – This fund was set up in accordance with Public Act 357 to provide a funding mechanism to serve as a substitute to County revenue sharing payments. This substitute funding mechanism involves a gradual shift of County property tax millage from a winter tax levy to a summer tax levy.
- Jail Renovation Fund – This fund accounts for the capital improvements related to the renovation of the County Jail.

Proprietary Funds:

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

The County’s enterprise funds may be used to account for any activity for which a fee is charged to external users (citizens) for goods and services. All of the County’s enterprise funds are non-major.

Internal Service Funds – The County also utilizes internal service funds to record the financing of services provided by the local unit to other departments and funds, and to other governmental units on a cost-reimbursement basis. The County uses these funds to account for delinquent property tax collections.

Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The County’s agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided on the County *government-wide* and *fund* financial statements. The notes to financial statements are presented following the Basic Financial Statements, and provide an expansive and thorough view of various aspects of the audited financial statements.

Ogemaw County Road Commission and Ogemaw County Public Transit related financial data are included throughout the notes to financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government -Wide Financial Analysis

Summary of Net Assets:

The following summarizes the net assets of the County of Ogemaw at September 30, 2007 and September 30, 2006:

Net Assets Summary

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>September 30, 2007</u>	<u>September 30, 2006</u>
Current Assets	\$ 9,632,015	\$ 382,302	\$ 10,014,317	\$ 8,875,740
Capital Assets – net	<u>6,752,202</u>	<u>7,106</u>	<u>6,759,308</u>	<u>6,263,042</u>
Total Assets	<u>16,384,217</u>	<u>389,408</u>	<u>16,773,625</u>	<u>15,138,782</u>

Summary of Net Assets: (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>September 30, 2007</u>	<u>September 30, 2006</u>
Current Liabilities	699,055	120	699,175	644,732
Long-Term Liabilities	<u>913,517</u>	<u>0</u>	<u>913,517</u>	<u>1,033,984</u>
Total Liabilities	<u>1,612,572</u>	<u>120</u>	<u>1,612,692</u>	<u>1,678,716</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	5,884,886	7,106	5,891,992	5,269,133
Restricted	253,944	0	253,944	244,189
Unrestricted	<u>8,632,815</u>	<u>382,182</u>	<u>9,014,997</u>	<u>7,946,744</u>
Total Net Assets	<u>\$ 14,771,645</u>	<u>\$ 389,288</u>	<u>\$ 15,160,933</u>	<u>\$ 13,460,066</u>

Summary of Changes in Net Assets:

Following is an analysis of the changes in net assets for the period ended September 30, 2007:

Generally speaking, the County's net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction, or improvement of those assets. The County of Ogemaw, through its governing body, i.e., Board of Commissioners, has taken a sensible approach regarding capital asset acquisition and amortization of the incurred debt. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws/regulations of other governments.

The County Board of Commissioners has prudently set aside funds to offset potential personnel and/or administrative liabilities. It is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Year Ended September 30, 2007</u>	<u>Nine Months Ended September 30, 2006</u>
Program Revenue:				
Charges for Services	\$ 2,332,951	\$ 345,966	\$ 2,678,917	\$ 2,493,132
Operating Grants and Contributions	2,100,230	0	2,100,230	1,715,796
Capital Grants and Contributions	<u>53,376</u>	<u>0</u>	<u>53,376</u>	<u>111,520</u>
Total Program Revenue	<u>4,486,557</u>	<u>345,966</u>	<u>4,832,523</u>	<u>4,320,448</u>
General Revenue:				
Property Taxes	6,358,222	0	6,358,222	5,144,827
State Revenue Sharing	12,356	0	12,356	12,261
Investment Earnings	444,988	0	444,988	368,192
Rent Income	23,340	0	23,340	0
Sale of Capital Assets	16,938	0	16,938	0
Other	<u>165,062</u>	<u>0</u>	<u>165,062</u>	<u>0</u>
Total General Revenue	<u>7,020,906</u>	<u>0</u>	<u>7,020,906</u>	<u>5,689,978</u>
Total revenue	<u>11,507,463</u>	<u>345,966</u>	<u>11,853,429</u>	<u>10,010,426</u>

Summary of Changes in Net Assets: (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Year Ended September 30, 2007</u>	<u>Nine Months Ended September 30, 2006</u>
Program Expenses:				
General Government :				
Legislative and Executive	133,776	0	133,776	87,138
Judicial	1,727,660	0	1,727,660	1,288,654
Financial and Tax Administration	734,794	0	734,794	553,732
Other General Government	1,529,736	0	1,529,736	1,139,502
Public Safety	4,100,555	0	4,100,555	2,971,530
Public Works	247,877	0	247,877	155,582
Health and Welfare	1,444,369	0	1,444,369	1,357,108
Community and Economic Development	107,563	0	107,563	310,257
Contributions to Local Units	0	0	0	1,236,134
Interest on Long-Term Debt	54,863	0	54,863	25,935
Emergency Medical Services	0	0	0	773,668
County Park	0	20,470	20,470	18,055
Tax Reversion	<u>0</u>	<u>50,899</u>	<u>50,899</u>	<u>30,611</u>
Total expenses	<u>10,081,193</u>	<u>71,369</u>	<u>10,152,562</u>	<u>9,947,906</u>
Change in net assets before transfers	1,426,270	274,597	1,700,867	62,520
Transfers In (Out)	<u>(4,000)</u>	<u>4,000</u>	<u>0</u>	<u>1,000</u>
Change in Net Assets	1,422,270	278,597	1,700,867	63,520
Beginning net assets	<u>13,349,375</u>	<u>110,691</u>	<u>13,460,066</u>	<u>13,396,546</u>
Ending Net Assets	<u>\$ 14,771,645</u>	<u>\$ 389,288</u>	<u>\$ 15,160,933</u>	<u>\$ 13,460,066</u>

Governmental Activities

The *Statement of Activities* illustrates, by department, the expense incurred and revenue received.

Total governmental activities reveal revenues of \$4,486,557 from *Charges for Services, Operating Grants and Contributions and Capital Grants and Contributions*. The *Charges for Services* are fees for real estate transfers/recordations, fees associated with the collection of property taxes, fine and forfeitures related to judicial activity, and licenses and permits. While revenue collected is substantial, operating expenses totaled \$10,081,193 for these same activities. The largest expenses were incurred by General Government offices (\$1,529,736), Probate Child Care (\$843,699), Circuit, District and Probate Courts (\$1,428,800) and Public Safety (\$4,100,555).

Business-Type Activities

Ogemaw County's *Business-Type activities* are limited to the County Park and Tax Reversion activities. The business-type activities reveal revenues of \$345,966 from *Charges for Services*. The *Charges for Services* are fees for sales of property forfeited to the County for delinquent property taxes and for camping fees at the County Park. The operating expenses for these same activities totaled \$71,369.

Financial Analysis of County Funds

As noted earlier in this report, the County uses fund accounting to ensure and demonstrate compliance with finance-related statutory and legal requirements. A thorough review and examination of fund types will reveal the strengths and weaknesses of its daily operations.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds: 1) General fund – accounts for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenue; 2) Housing Commission Fund – accounts for federal, state and local funding used to obtain financing and construct or rehabilitate low-income housing for qualified Ogemaw County residents; 3) Revenue Sharing Reserve Fund – provides a funding mechanism to serve as a substitute to County revenue sharing payments, and 4) Jail Renovation Fund – this fund accounts for the capital improvements related to the renovation of the County Jail.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital facilities.

This year's County audit, following GASB 34 format, shows 41 funds. These funds are maintained by the County Treasurer as separate units in the general ledger.

The Delinquent Tax Revolving Funds (DTRF) show September 30, 2007 net assets of \$3,237,545. This was an increase of \$213,648 from September 30, 2006 net assets of \$3,023,897. Of this amount, the cash and investments at the end of September 30, 2007 were \$1,384,012, a decrease of \$407,840 from September 30, 2006. The County Treasurer needs approximately \$2.3 million for delinquent tax borrowing. The County of Ogemaw was self-funded in the year ending September 30, 2007. Self funding saves legal fees, borrowing costs, and interest expense. As loan rates continue to rise, self funding will mean significant savings to the County.

Enterprise Funds

The County's enterprise funds provide the same type of information found in the government-wide financial statements. Departments such as County Park, Tax Reversion and Internal Service Funds comprise these funds. GASB 34 places such funds under the caption of *Propriety Funds* under the appropriate statements, i.e., *Statement of Net Assets*, *Statement of Cash Flows*, etc.

Budgetary Highlights

The year ending September 30, 2007 was an interesting and financially solvent year for the County of Ogemaw. Both external and internal pressures forced the Board of Commissioners, elected officials, department heads, and employees to work cohesively and in collaboration to mitigate potential problems.

The County began the year with an \$889,307 General Fund balance. At year's end, the General Fund balance decreased to \$689,442. The General Fund actual revenue of \$7,729,940 versus budgeted revenue of \$7,764,104 netted an unfavorable variance of \$34,164. Actual expenditures of the General Fund were \$7,535,439 versus budgeted expenditures of \$7,992,943 showing a favorable variance of \$457,504.

Capital Asset and Debt Administration

Capital Assets

Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at *historical cost* or *estimated historical cost* if purchased or constructed. Donated capital assets are recorded at estimated FMV (fair market value) at the date of donation.

The County's infrastructure consists of roads, bridges, dams, and water/sewer lines. Improvements are capitalized, i.e., depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Capital Assets – Government Activities beginning balance was \$11,120,458 with an ending balance of \$11,831,653. Governmental Activities Total Capital Assets – Net of Depreciation was \$6,752,202.

Capital Assets - Business Type Activities beginning and ending balance was \$33,332. Business-Type Activities Total Capital Assets – Net of Depreciation was \$7,106. An expanded and detailed presentation may be seen in Note 4 of the audit, notes to financial statements .

Long-Term Debt

The Long-Term debt of the County of Ogemaw, as noted on the financial statements contained herein, is comprised of debt related to direct business transactions by the County Board of Commissioners or business trade activity on the part of a local unit of government. For example, West Branch Township funded a \$1.4 million water system bond issue. Interestingly enough, the Township needed the County Board to pledge its “full, faith, and credit” to acquire these bond proceeds.

At year's end, long-term debt (due in more than one year) amounted to \$913,517. Such debt includes *Notes Payable*, *Bonds Payable* (Primary Government) and *Compensated Absences*. That is, accumulated vested vacation benefits payable and contingent liability for the accumulated sick leave benefits of County employees.

Economic Factors

Ogemaw County has realized significant growth in the last ten years. It has been cited in the list of *Fastest Growing Counties in Northern Michigan*. It is uniquely situated in Northeast Lower Michigan which is a tourist haven abounding in streams, lakes, forests, beaches, retail trade and myriad tourist-related activity.

The County faces a dualistic challenge. On the one hand, it is historically confronted with the highest regional unemployment statistics; high illiteracy and low newborn birth weights, as well as, the exodus of its young adult population due to insufficient economic opportunity. Lower investment earnings and tentative state and federal economies further challenge its populace.

On the other hand, Ogemaw County is reaping the benefits of the migration north of southern Michigan's residents. This population migration has resulted in increasing land values and the subsequent increase of the County's property tax base. Small manufacturing plants, outlet retail trade stores, and “big box” enterprise are leading the way for continued development. With few major manufacturing concerns to fall back on during economic recession, the County must rely on its mainstay economic activities of tourism, agriculture, and local government along with its service and retail trade.

County budgetary operations will continue to experience the effect of the interplay between the positive and negative aspects of this northern Michigan rural area. Increasingly, extra-voted millage proposals may be the tool of last resort to fund County services.

Component Units

Complete financial statements for the Ogemaw County Road Commission may be obtained from the Ogemaw County Road Commission's administrative office located at 1250 South M-33, West Branch, Michigan 48661.

Complete financial statements for the Ogemaw County Public Transit may be obtained from the Ogemaw County Treasurer's office located at 806 West Houghton Avenue, West Branch, Michigan 48661.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ogemaw County Clerk, 806 W. Houghton Avenue, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF NET ASSETS
September 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Road Commission	Ogemaw County Public Transit
Assets					
Cash and Cash Equivalents (Note 2)	\$ 3,833,574	\$ 386,302	\$ 4,219,876	\$ 1,415,479	\$ 154,530
Investments (Note 2)	1,110,031	0	1,110,031	0	0
Receivables:					
Property Taxes	1,215,066	0	1,215,066	0	0
Delinquent Taxes	1,369,166	0	1,369,166	0	0
Special Assessments	177,246	0	177,246	0	0
Accounts, Net	35,094	0	35,094	5,810	6,290
Notes Receivable (Note 1)	3,649	0	3,649	0	0
Due from Local Units	33,544	0	33,544	207,636	0
Due from Component Units (Note 3)	61,669	0	61,669	0	0
Due from State	212,777	0	212,777	575,310	176,637
Due from Federal Government	8,942	0	8,942	0	0
Internal Balances	4,000	(4,000)	0	0	0
Due from Fiduciary Funds (Note 3)	3,237	0	3,237	0	0
Prepaid Expenses	14,092	0	14,092	0	0
Inventory	0	0	0	557,210	0
Noncurrent Assets:					
Long-Term Mortgages Receivable (Note 1)	1,522,889	0	1,522,889	0	0
Long-Term Notes Receivable (Note 1)	27,039	0	27,039	0	0
Capital Assets, Net (Note 4)	6,752,202	7,106	6,759,308	30,461,006	379,759
Total Assets	<u>16,384,217</u>	<u>389,408</u>	<u>16,773,625</u>	<u>33,222,451</u>	<u>717,216</u>
Liabilities					
Current Liabilities:					
Accounts Payable	217,424	120	217,544	74,555	7,119
Due to Fiduciary Funds (Note 3)	2,465	0	2,465	0	0
Due to Primary Government	0	0	0	0	20,293
Due to Local Units	39,357	0	39,357	0	0
Due to State	0	0	0	4,427	0
Due to Other Units of Government	2,629	0	2,629	0	0
Due to Other Agencies and Individuals	5,822	0	5,822	0	0
Advances Payable	0	0	0	124,940	0
Accrued Liabilities	68,410	0	68,410	50,239	7,799
Deferred Revenue (Note 5)	194,520	0	194,520	533	0
Long Term Liabilities: (Note 6)					
Due Within One Year	168,428	0	168,428	78,891	0
Due In More Than One Year	913,517	0	913,517	345,132	8,501
Total Liabilities	<u>1,612,572</u>	<u>120</u>	<u>1,612,692</u>	<u>678,717</u>	<u>43,712</u>
Net Assets					
Invested in Capital Assets, Net of Related Debt	5,884,886	7,106	5,891,992	30,251,006	379,759
Restricted For:					
Debt Service	133,764	0	133,764	0	0
Capital Projects	120,180	0	120,180	0	0
County Road	0	0	0	2,292,728	0
Unrestricted	<u>8,632,815</u>	<u>382,182</u>	<u>9,014,997</u>	<u>0</u>	<u>293,745</u>
Total Net Assets	<u>\$ 14,771,645</u>	<u>\$ 389,288</u>	<u>\$ 15,160,933</u>	<u>\$ 32,543,734</u>	<u>\$ 673,504</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

Function/Program	Net (Expense) Revenue and Changes in Net Assets								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total	Road Commission	Ogemaw County Public Transit
Primary Government									
Governmental Activities:									
General Government:									
Legislative and Executive	\$ 133,776	\$ 1,640	\$ 0	\$ 0	\$ (132,136)	\$ 0	\$ (132,136)		
Judicial:									
Circuit Court	274,068	32,104	32,921	0	(209,043)	0	(209,043)		
District Court	655,701	925,533	45,724	0	315,556	0	315,556		
Probate Court	499,031	34,838	155,930	0	(308,263)	0	(308,263)		
Other Judicial	298,860	40,338	436,639	0	178,117	0	178,117		
Financial and Tax									
Administration	734,794	314,912	0	0	(419,882)	0	(419,882)		
Other General Government	1,529,736	217,423	187,169	39,182	(1,085,962)	0	(1,085,962)		
Public Safety:									
Sheriff	1,216,653	32,428	0	0	(1,184,225)	0	(1,184,225)		
Jail	1,384,276	100,171	6,677	0	(1,277,428)	0	(1,277,428)		
Building and Zoning	306,336	206,881	0	0	(99,455)	0	(99,455)		
Other Public Safety	1,193,290	327,810	391,051	14,194	(460,235)	0	(460,235)		
Public Works:									
Airport	162,177	0	77,531	0	(84,646)	0	(84,646)		
Other Public Works	85,700	0	69,727	0	(15,973)	0	(15,973)		
Health and Welfare:									
Probate Child Care	843,699	82,037	414,454	0	(347,208)	0	(347,208)		
Other Health and Welfare	600,670	0	91,889	0	(508,781)	0	(508,781)		
Community and Economic									
Development	107,563	16,836	190,518	0	99,791	0	99,791		
Interest and Fees on Long-									
Term Debt	54,863	0	0	0	(54,863)	0	(54,863)		
Total Governmental Activities	\$ 10,081,193	\$ 2,332,951	\$ 2,100,230	\$ 53,376	(5,594,636)	0	(5,594,636)		

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

Function/Program	Net (Expense) Revenue and Changes in Net Assets								
	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Road Commission	Ogemaw County Public Transit
Business-Type Activities:									
County Park	\$ 20,470	\$ 15,948	\$ 0	\$ 0	\$ 0	\$ (4,522)	\$ (4,522)		
Tax Reversion	50,899	330,018	0	0	0	279,119	279,119		
Total Business-Type Activities	<u>71,369</u>	<u>345,966</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>274,597</u>	<u>274,597</u>		
Total Primary Government	<u>\$ 10,152,562</u>	<u>\$ 2,678,917</u>	<u>\$ 2,100,230</u>	<u>\$ 53,376</u>	<u>(5,594,636)</u>	<u>274,597</u>	<u>(5,320,039)</u>		
Component Units									
Road Commission	\$ 4,395,992	\$ 772,108	\$ 0	\$ 4,704,225			\$ 1,080,341	\$ 0	
Public Transit	572,030	124,005	260,950	154,548			0	(32,527)	
Total Component Units	<u>\$ 4,968,022</u>	<u>\$ 896,113</u>	<u>\$ 260,950</u>	<u>\$ 4,858,773</u>			<u>1,080,341</u>	<u>(32,527)</u>	
General Revenue:									
Property Taxes Levied For:									
General Operating					\$ 6,314,340	\$ 0	\$ 6,314,340	\$ 0	\$ 0
Payment in Lieu of Taxes					7,043	0	7,043	0	0
Veterans Services					36,839	0	36,839	0	0
Public Transit					0	0	0	0	130,699
State Revenue Sharing					12,356	0	12,356	0	0
Interest and Investment Earnings					444,988	0	444,988	64,933	14,966
Rent Income					23,340	0	23,340	0	19,391
Sale of Capital Assets					16,938	0	16,938	26,775	2,270
Other					165,062	0	165,062	81,600	0
Transfers					(4,000)	4,000	0	0	0
Total General Revenue and Transfers					<u>7,016,906</u>	<u>4,000</u>	<u>7,020,906</u>	<u>173,308</u>	<u>167,326</u>
Change in Net Assets					1,422,270	278,597	1,700,867	1,253,649	134,799
Net Assets - Beginning					<u>13,349,375</u>	<u>110,691</u>	<u>13,460,066</u>	<u>31,290,085</u>	<u>538,705</u>
Net Assets - Ending					<u>\$ 14,771,645</u>	<u>\$ 389,288</u>	<u>\$ 15,160,933</u>	<u>\$ 32,543,734</u>	<u>\$ 673,504</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007

	<u>General Fund</u>	<u>Housing Commission Fund</u>	<u>Revenue Sharing Reserve Fund</u>	<u>Jail Renovation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash and Cash Equivalents (Note 2)	\$ 10,488	\$ 14,605	\$ 2,239,558	\$ 759	\$ 684,152	\$ 2,949,562
Investments (Note 2)	0	0	600,000	0	10,031	610,031
Receivables:						
Property Taxes	1,215,066	0	0	0	0	1,215,066
Special Assessments	0	0	0	0	177,246	177,246
Accounts, Net	7,076	3,410	0	0	22,442	32,928
Notes Receivable (Note 1)	0	0	0	0	3,649	3,649
Due from Local Units	10,445	0	0	0	23,099	33,544
Due from Component Units (Note 3)	61,669	0	0	0	0	61,669
Due from State	67,356	21,322	0	0	124,099	212,777
Due from Federal Government	8,942	0	0	0	0	8,942
Due from Other Funds (Note 3)	85,809	0	14,468	0	30,232	130,509
Prepaid Expenses	12,502	0	0	0	1,590	14,092
Noncurrent Assets:						
Long-Term Mortgages Receivable (Note 1)	0	1,522,889	0	0	0	1,522,889
Long-Term Notes Receivable (Note 1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,039</u>	<u>27,039</u>
Total Assets	<u>\$ 1,479,353</u>	<u>\$ 1,562,226</u>	<u>\$ 2,854,026</u>	<u>\$ 759</u>	<u>\$ 1,103,579</u>	<u>\$ 6,999,943</u>
<u>LIABILITIES AND FUND EQUITY</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 83,763	\$ 21,280	\$ 0	\$ 365	\$ 111,806	\$ 217,214
Due to Other Funds (Note 3)	17,877	0	0	535,360	56,581	609,818
Due to Local Units	39,357	0	0	0	0	39,357
Due to State	0	2,359	0	0	0	2,359
Due to Other Agencies and Individuals	0	0	0	0	4,422	4,422
Accrued Liabilities	68,410	0	0	0	0	68,410
Deferred Revenue (Note 5)	<u>580,504</u>	<u>1,527,170</u>	<u>0</u>	<u>0</u>	<u>259,430</u>	<u>2,367,104</u>
Total Liabilities	<u>789,911</u>	<u>1,550,809</u>	<u>0</u>	<u>535,725</u>	<u>432,239</u>	<u>3,308,684</u>
<u>Fund Equity</u>						
Fund Balances (Deficit):						
Reserved For:						
Legal Costs	23,097	0	0	0	0	23,097
Debt Service	0	0	0	0	133,764	133,764
Capital Projects	0	0	0	0	120,180	120,180
Unreserved:						
Undesignated, Reported In:						
General Fund	666,345	0	0	0	0	666,345
Special Revenue Funds	0	11,417	2,854,026	0	417,396	3,282,839
Capital Project Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>(534,966)</u>	<u>0</u>	<u>(534,966)</u>
Total Fund Equity	<u>689,442</u>	<u>11,417</u>	<u>2,854,026</u>	<u>(534,966)</u>	<u>671,340</u>	<u>3,691,259</u>
Total Liabilities and Fund Equity	<u>\$ 1,479,353</u>	<u>\$ 1,562,226</u>	<u>\$ 2,854,026</u>	<u>\$ 759</u>	<u>\$ 1,103,579</u>	<u>\$ 6,999,943</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
September 30, 2007

Total Governmental Fund Balances		\$ 3,691,259
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. Capital assets at year end consist of:</p>		
Capital Assets Cost	\$ 11,831,653	
Accumulated Depreciation	<u>(5,079,451)</u>	6,752,202
<p>Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds:</p>		
Real and Personal Property Taxes	536,904	
Mortgages Receivable	1,522,889	
Administrative Billing Receivable	22,791	
Notes Receivable	30,688	
Grants Receivable	<u>59,312</u>	
Net difference		2,172,584
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:</p>		
Bonds Payable	(670,000)	
Notes Payable	(197,316)	
Compensated Absences Payable	<u>(214,629)</u>	
Total long-term liabilities		(1,081,945)
<p>Some amounts reported for governmental activities in the statement of net assets are different because the internal service funds assets and liabilities are included with governmental activities.</p>		
		<u>3,237,545</u>
Total Net Assets - Governmental Activities		<u>\$ 14,771,645</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	General Fund	Housing Commission Fund	Revenue Sharing Reserve Fund	Jail Renovation Fund	Other Governmental Funds	Total Governmental Funds
Revenue						
Property Taxes	\$ 4,688,531	\$ 0	\$ 1,347,356	\$ 0	\$ 76,021	\$ 6,111,908
Federal Grants and Revenue	180,650	150,341	0	0	269,761	600,752
State Grants and Revenue	842,436	0	0	0	550,790	1,393,226
Contributions from Local Units	0	0	0	0	204,215	204,215
Licenses and Permits	220,603	0	0	0	0	220,603
Charges for Services	1,591,789	0	0	0	112,281	1,704,070
Fines and Forfeits	29,201	0	0	0	3,500	32,701
Interest and Rentals	140,940	1,334	76,783	0	51,716	270,773
Other Revenue	35,790	113,804	0	0	224,371	373,965
Total Revenue	<u>7,729,940</u>	<u>265,479</u>	<u>1,424,139</u>	<u>0</u>	<u>1,492,655</u>	<u>10,912,213</u>
Expenditures						
Current:						
General Government:						
Legislative and Executive	133,953	0	0	0	0	133,953
Judicial	1,448,499	0	0	0	269,817	1,718,316
Financial and Tax Administration	718,432	0	0	0	0	718,432
Other General Government	1,357,961	0	0	0	58,214	1,416,175
Public Safety	3,355,210	0	0	8,881	602,327	3,966,418
Public Works	69,752	0	0	0	116,579	186,331
Health and Welfare	261,271	0	0	0	1,186,627	1,447,898
Community and Economic Development	30,111	274,260	0	0	18,158	322,529
Capital Outlay	160,250	0	0	526,085	140,727	827,062
Debt Service:						
Principal	0	0	0	0	126,593	126,593
Interest and Fiscal Charges	0	0	0	0	54,863	54,863
Total Expenditures	<u>7,535,439</u>	<u>274,260</u>	<u>0</u>	<u>534,966</u>	<u>2,573,905</u>	<u>10,918,570</u>
Excess of Revenue Over (Under) Expenditures	<u>194,501</u>	<u>(8,781)</u>	<u>1,424,139</u>	<u>(534,966)</u>	<u>(1,081,250)</u>	<u>(6,357)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	16,938	0	0	0	0	16,938
Operating Transfers In	497,777	0	0	0	920,742	1,418,519
Operating Transfers Out	(909,081)	0	(397,594)	0	(13,913)	(1,320,588)
Total Other Financing Sources (Uses)	<u>(394,366)</u>	<u>0</u>	<u>(397,594)</u>	<u>0</u>	<u>906,829</u>	<u>114,869</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(199,865)	(8,781)	1,026,545	(534,966)	(174,421)	108,512
Fund Balances - Beginning of Year	<u>889,307</u>	<u>20,198</u>	<u>1,827,481</u>	<u>0</u>	<u>845,761</u>	<u>3,582,747</u>
Fund Balances (Deficit) - End of Year	<u>\$ 689,442</u>	<u>\$ 11,417</u>	<u>\$ 2,854,026</u>	<u>\$ (534,966)</u>	<u>\$ 671,340</u>	<u>\$ 3,691,259</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

Total Net Change in Fund Balances - Governmental Funds \$ 108,512

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

Receivables not currently available are reported as revenue when collected or when currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements:

Real and Personal Property Taxes	\$	283,280	
Mortgages Receivable		128,740	
Administrative Billing Receivable		22,791	
Grants Receivable		<u>34,308</u>	
Net difference			469,119

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

Capital Outlay		827,062	
Current Year Depreciation Expense		<u>(330,266)</u>	
Net difference			496,796

Principal repayments on long-term debt are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The amount of repayments reported as expenditures in the governmental funds consist of:

Bonds Payable		95,000	
Notes Payable		<u>31,593</u>	
Net difference			126,593

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

Net Change in Accrued Compensated Absences			17,312
--	--	--	--------

Note receivable repayments are revenue in the governmental funds, but the repayments reduce the note receivable balance in the statement of net assets. The activity reported in the governmental funds is as follows:

Current year note receivable principal receipts			(9,710)
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Some amounts reported for governmental activities in the statement of net assets are different because the internal service funds revenue and expenses are included with governmental activities.

213,648

Change in Net Assets of Governmental Activities \$ 1,422,270

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2007

	Other Enterprise Funds	Internal Service Funds
<u>Assets</u>		
Cash and Cash Equivalents (Note 2)	\$ 386,302	\$ 884,012
Investments (Note 2)	0	500,000
Receivables:		
Delinquent Taxes	0	1,369,166
Accounts, Net	0	2,166
Due from Other Funds (Note 3)	0	2,300,383
Noncurrent Assets:		
Capital Assets, Net (Note 4)	7,106	0
Total Assets	393,408	5,055,727
 <u>Liabilities</u>		
Current Liabilities:		
Accounts Payable	120	210
Due to Other Funds (Note 3)	4,000	1,816,302
Due to State	0	270
Due to Other Agencies and Individuals	0	1,400
Total Liabilities	4,120	1,818,182
 <u>Net Assets</u>		
Invested In Capital Assets, Net of Related Debt	7,106	0
Unrestricted	382,182	3,237,545
Total Net Assets	\$ 389,288	\$ 3,237,545

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
For the Year Ended September 30, 2007

	Other Enterprise Funds	Internal Service Funds
<u>Operating Revenue</u>		
Charges For Services	\$ 330,018	\$ 0
Tax Collection Fees	0	89,781
User Fees	15,948	0
Interest and Penalties on Taxes	0	193,514
Total Operating Revenue	345,966	283,295
 <u>Operating Expenses</u>		
Salaries and Wages	1,160	0
Payroll Taxes and Employee Benefits	89	0
Advertising	1,541	0
Contractual Services	49,727	0
Depreciation	530	0
Gasoline and Oil	181	0
Operating Supplies	3,102	0
Professional Fees and Services	4,000	4,107
Property Taxes	713	0
Repair and Maintenance	690	0
Travel and Training	282	0
Utilities	5,375	0
Other	3,979	18,185
Total Operating Expenses	71,369	22,292
 Operating Income	 274,597	 261,003
 <u>Nonoperating Revenue</u>		
Interest and Investment Earnings	0	54,576
Income Before Operating Transfers	274,597	315,579
Operating Transfers In	4,000	423,755
Operating Transfers Out	0	(525,686)
Net Operating Transfers	4,000	(101,931)
Change in Net Assets	278,597	213,648
Net Assets - Beginning of Year	110,691	3,023,897
Net Assets - End of Year	\$ 389,288	\$ 3,237,545

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
For the Year Ended September 30, 2007

	<u>Other Enterprise Funds</u>	<u>Internal Service Funds</u>
<u>Cash Flows From Operating Activities</u>		
Receipts From Customers and Taxpayers	\$ 345,966	\$ 284,263
Payments to Suppliers for Goods and Services	(79,576)	(22,195)
Payments to Employees for Services	(1,249)	0
Delinquent Taxes Collected (Purchased)	0	(96,631)
Net Cash Provided by Operating Activities	<u>265,141</u>	<u>165,437</u>
<u>Cash Flows From Non-Capital Financing Activities</u>		
Operating Subsidies and Transfers From (To) Other Funds	<u>8,000</u>	<u>(627,853)</u>
<u>Cash Flows From Investing Activities</u>		
Interest Earned	0	54,576
Purchase of Investment Securities	0	(500,000)
Net Cash Used by Investing Activities	<u>0</u>	<u>(445,424)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	273,141	(907,840)
Cash and Cash Equivalents at Beginning of Year	<u>113,161</u>	<u>1,791,852</u>
Cash and Cash Equivalents at End of Year	<u>\$ 386,302</u>	<u>\$ 884,012</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>		
Operating Income	\$ 274,597	\$ 261,003
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	530	0
Change in Assets and Liabilities:		
Receivables	0	(97,138)
Accounts and Other Payables	<u>(9,986)</u>	<u>1,572</u>
Net Cash Provided by Operating Activities	<u>\$ 265,141</u>	<u>\$ 165,437</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
September 30, 2007

	<u>Trust and Agency Fund</u>	<u>Library Penal Fines</u>	<u>Inmate Trust Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents (Note 2)	\$ 2,253,131	\$ 108,401	\$ 16,043	\$ 2,377,575
Receivables:				
Accounts, Net	27,449	0	0	27,449
Due from Local Units	19,621	0	0	19,621
Due from Other Funds (Note 3)	<u>2,465</u>	<u>0</u>	<u>0</u>	<u>2,465</u>
Total Assets	<u>\$ 2,302,666</u>	<u>\$ 108,401</u>	<u>\$ 16,043</u>	<u>\$ 2,427,110</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 475	\$ 0	\$ 0	\$ 475
Due to Local Units	3,060	0	14,605	17,665
Due to Component Unit (Note 3)	16	0	0	16
Due to State	2,264,877	0	0	2,264,877
Due to Other Agencies and Individuals	28,046	108,401	1,438	137,885
Due to Other Funds (Note 3)	3,237	0	0	3,237
Undistributed Tax Collections	<u>2,955</u>	<u>0</u>	<u>0</u>	<u>2,955</u>
Total Liabilities	<u>\$ 2,302,666</u>	<u>\$ 108,401</u>	<u>\$ 16,043</u>	<u>\$ 2,427,110</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Ogemaw (County) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governments. Private-sector standards of accounting issued after November 30, 1989, are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies:

A. Description of County Operations and Fund Types

The County of Ogemaw, (the County), was organized in 1875 and covers an area of 624 square miles divided into 14 townships, 1 village and 2 cities. The County seat is located in the City of West Branch. The County operates under a seven member elected Board of Commissioners and provides services to its more than 19,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs of services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt, or the levying of taxes.

1. Component Units

The component unit columns on the combined financial statements include the financial data of the County's component units. They are reported in separate columns to emphasize that they are legally separate from the County.

a. Governmental Activity and Fund Type Component Unit:

The Ogemaw County Road Commission - The governing body of this component unit is elected by the residents of the County of Ogemaw. The Road Commission was established to control the expenditures of Michigan Transportation Fund money distributed to the County which is earmarked by law for street and highway construction and repair purposes. Complete financial statements for the Ogemaw County Road Commission can be obtained from the Ogemaw County Road Commission's administrative office located at 1250 South M-33, West Branch, Michigan 48661.

b. Business-Type Activity and Proprietary Fund Type Component Unit:

The Ogemaw County Public Transit - The Public Transit was established to provide transportation services to the residents of the County. The intent of the governing body is that the costs of providing these services are financed primarily through user charges. Complete financial statements for the Ogemaw County Public Transit can be obtained from the Ogemaw County Clerk's office located at 806 West Houghton, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Joint Venture

The County has entered into a joint venture with other surrounding counties as follows:

AuSable Valley Community Mental Health Services Board

Ogemaw County, along with Iosco and Oscoda Counties, contributes to the AuSable Valley Community Mental Health Services Board. This Board operates autonomously under an appointed board (12 members) and provides services to residents in these counties under a full management contract with the Michigan Department of Mental Health. Ogemaw County's 2007 contribution to the AuSable Valley Community Mental Health Services Board was \$54,683. On dissolution of the Mental Health Services Board, the net assets of the Board will be shared by each county in proportion to each county's total economic contribution since the existence of the Board. The Mental Health Board deposits their receipts with the Iosco County Treasurer, is part of Iosco County's common bank account and has investments through the County. At September 30, 2007, the Mental Health Board had total net assets of \$2,203,204. Complete financial statements for the AuSable Valley Community Mental Health Services Board can be obtained from the Mental Health Services Board's administrative offices at 1199 Harris, Tawas City, Michigan 48763.

District Health Department No. 2

Ogemaw County, along with Alcona, Iosco and Oscoda Counties, contributes to the District Health Department No. 2. This Board operates autonomously under an appointed board and provides various health services to residents of the above aforementioned counties. The funding formula is based prorata on each unit's population and equalized valuation to the District's total population and valuations. Ogemaw County's 2007 contribution to the District Health Department No. 2 was \$123,387. The District Health Department No. 2 deposits their receipts with the Ogemaw County Treasurer through the common cash bank account. At September 30, 2007 the District Health Department No. 2 had total net assets of \$848,083. Complete financial statements for the District Health Department No. 2 can be obtained from the District's administrative offices at 630 Progress Street, West Branch, Michigan 48661.

Ogemaw County Emergency Medical Services Joint Venture

The Ogemaw County Emergency Medical Services Authority, (the Authority), is a joint area Board formed on July 1, 2006, serving 17 governmental units - Ogemaw County, City of West Branch, City of Rose City, Mills Township, Richland Township, Rose Township, West Branch Township, Churchill Township, Cummings Township, Horton Township, Edwards Township, Foster Township, Klacking Township, Goodar Township, Hill Township, Logan Township and Ogemaw Township.

The Board consists of five members including an executive from Ogemaw County, City of West Branch, City of Rose City, and Mills Township, and one member selected in rotation from the 13 Townships not otherwise represented on the Board. The members of the Board are appointed by their respective municipality for terms of six years.

If one of the incorporating municipalities withdraws, the fair market value of the assets will be determined. The withdrawing municipality will receive their respective share of the asset proceeds based on the average special assessments, general fund contribution and Authority millage revenue raised from the geographic area of the withdrawing incorporating municipality over the past ten fiscal years. If two or more incorporating municipalities withdraw, the Authority is dissolved, and all property owned by the Authority shall be disposed of in any manner in which all of the incorporating municipalities can agree. The Ogemaw County Emergency Medical Services Authority had total net assets of \$1,454,785 at September 30, 2007. Financial statements may be obtained from the Ogemaw County Emergency Medical Services Authority at 1383 Airport Road, West Branch, Michigan 48661.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government and its component units, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues while business-type activities rely to a significant extent on fees and charges for support.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type, and are excluded from the government-wide financial statements.

E. Fund Accounting

The County uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund - This fund accounts for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenue.

Housing Commission Fund - This fund accounts for federal, state and local funding used to obtain financing and construct or rehabilitate low income housing for qualified Ogemaw County residents.

Revenue Sharing Reserve Fund - This fund was set up in accordance with Public Act 357 to provide a funding mechanism to serve as a substitute to County revenue sharing payments. This substitute funding mechanism involves a gradual shift of County property tax millage from a winter tax levy to a summer tax levy.

Jail Renovation Fund - This fund accounts for the capital improvements related to the renovation of the County Jail.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital facilities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

The County's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. All of the County's enterprise funds are non-major.

The other enterprise funds of the County account for the sale of property that was forfeited by property owners to pay delinquent property taxes and for fees collected for park services by the County.

Internal Service Funds - These funds are used to record the financing of services provided by the local unit to other departments and funds, and to other governmental units on a cost reimbursement basis. The County uses these funds to account for delinquent property tax collections.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus.

All assets and all liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financial sources) and uses (i.e., expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

G. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, proprietary and fiduciary funds financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within 60 days of the fiscal year-end.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Basis of Accounting (Continued)

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including sales tax), interest, grants and rent.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

H. Cash and Cash Equivalents

For presentation on the financial statements, investments in the cash management pools and investments with an original maturity of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Investments are reported at fair value, except for repurchase agreements and certificates of deposit which are reported at cost which approximates fair value. Fair value is based on quoted market prices. Mutual funds are reported at current share price.

I. Accounts Receivable

Receivables at September 30, 2007, consist of accounts (fees), sales taxes, shared revenues, property taxes, mortgages receivable, special assessments and intergovernmental grants and interest. All receivables are net of estimated uncollectible accounts. Receivables are recognized to the extent the amounts are determined material and substantiated, not only by supporting documentation but also by a reasonable systematic method of determining their existence, completeness, valuation, and collectibility.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Accounts Receivable (Continued)

Using this criteria, the County has elected to not record child support arrearages in the agency funds. These amounts, while potentially significant, are not considered measurable, and because collections are significantly in arrears, the County is unable to determine a reasonable value.

The allowance for doubtful accounts at September 30, 2007 was \$0 for the primary government and the component units.

J. Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "due from/to other funds". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as "Internal Balances".

K. Prepaid Items

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

L. Inventory

Inventory is presented at cost on a first-in, first-out method of accounting and is expensed when used. Inventory consists of expendable supplies held for consumption.

Road Commission inventories are charged to road construction, maintenance, equipment repairs, and operations as used. No other County inventories have been recognized in the financial statements as they are not material and have been expensed when purchased.

M. Long-Term Mortgages Receivable

Long-term mortgages receivable represent amounts due from individuals for housing loans and grants received, and are reported at their gross value.

N. Long-Term Note Receivable

Long-term note receivable represents a loan made by the County of Ogemaw Economic Development Corporation in the amount of \$50,000 due in monthly installments of \$450 including interest at the rate of 7% through December 1, 2014. The balance at September 30, 2007 was \$30,688.

O. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Capital Assets (Continued)

Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The County's infrastructure consists of roads, bridges, dams, and water and sewer lines. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Descriptions</u>	<u>Estimated Lives</u>
Buildings	40 - 60 years
Building Improvements	15 - 30 years
Water and Sewer Lines	50 years
Dams	50 years
Radio Towers	10 years
Vehicles	3 - 5 years
Office Equipment	5 - 7 years
Computer Equipment	3 - 7 years

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund statement. In general, payables and accrued liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements at the time they are incurred, to the extent that they will be paid from current, expendable, financial resources. However, bonds and other long-term obligations, compensated absences, claims and judgments, contractually required pension contributions and special termination benefits that are paid from governmental funds are recognized as liabilities in the fund financial statements only to the extent that they are due for payment during the current year.

Q. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made based on accumulated sick leave and the employee wage rates at year end taking into consideration limits specified in the County's termination policy. The County records a liability for sick leave earned at varying rates depending on County policy. The County records a liability for accumulated unused vacation time when earned for all employees with more than six months of service.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Compensated Absences (Continued)

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, the current portion of unpaid compensated absences is recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts, if any, are recorded in the account "Accrued Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the governmental fund financial statements. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Governmental Fund Balance Reserves

The County reserves those portions of governmental fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates the portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for future general fund legal expenses.

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the County, these revenues are charges for services for camping at the County Park, tax collections and title collection fees. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

U. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/ expenses to the funds that initially paid for them are not presented on the financial statements.

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended September 30, 2007.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Budgets and Budgetary Accounting

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

1. Prior to September 1, the departments submit to the Board of Commissioners a proposed departmental operating budget for the fiscal year commencing the following October 1. This operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the governmental center to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance .
4. All budget appropriations lapse at year-end. Budgetary amounts reported herein are as originally adopted, and as amended by the Board of Commissioners throughout the operating year.

The County adopts budgets for the General Fund and Special Revenue Funds.

The budgets of the County are prepared on the same basis of accounting as the financial statement presentation. The budgets were adopted at the activity level.

The legal level of control is at the activity level for the General Fund, and at fund expenditure totals for the Special Revenue Funds.

The County Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the County Board of Commissioners. The financial statements include budgetary amounts as amended.

X. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Y. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS

At year-end, the County's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$ 3,833,574	\$ 386,302	\$ 2,377,575	\$ 6,597,451	\$ 1,570,009
Investments	<u>1,110,031</u>	<u>0</u>	<u>0</u>	<u>1,110,031</u>	<u>0</u>
Total	<u>\$ 4,943,605</u>	<u>\$ 386,302</u>	<u>\$ 2,377,575</u>	<u>\$ 7,707,482</u>	<u>\$ 1,570,009</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Bank Deposits (Checking and Savings Accounts and Certificates of Deposit)	\$ 6,560,007	\$ 1,309,495
Investments in Securities, Municipal Investment Account Pooled Funds, Mutual Funds, Repurchase Agreement Securities, Commercial Paper, Federal Home Loan and Similar Vehicles	1,140,975	260,264
Petty Cash and Cash on Hand	<u>6,500</u>	<u>250</u>
Total	<u>\$ 7,707,482</u>	<u>\$ 1,570,009</u>

As of September 30, 2007, the County had the following investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Specific Identification Maturities</u>
Primary Government:		
Investment Pools	\$ 82,540	Daily
Money Markets	533,603	Daily
Repurchase Agreements - Public Funds	114,887	Daily
Commercial Paper	209,945	2 Months
Federal Home Loan	<u>200,000</u>	3 Days
	<u>\$ 1,140,975</u>	
Component Units:		
Money Markets	\$ 229	Daily
Commercial Paper	<u>260,035</u>	2 Months
	<u>\$ 260,264</u>	

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

In accordance with its investment policy, the County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's known cash requirements.

Credit Risk

State law authorizes investments in accordance with Act 196, PA 1997 and in investment pools as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a local government unit in Michigan. The County's investment pools and repurchase agreement sweep accounts are unrated. The County's and Road Commission's money markets and federal home loan funds are rated AAA. The commercial paper of the County and the Road Commission are rated A1+.

Custodial Credit Risk - Deposits - Primary Government

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of September 30, 2007, \$6,395,262 of the County's bank balance of \$7,024,577 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Deposits - Component Units

In the case of deposits, this is the risk that in the event of a bank failure, the component unit's deposits may not be returned to it. As of September 30, 2007, \$856,818 of the Road Commission's bank balance of \$1,160,411 was exposed to custodial credit risk and \$4,280 of the Public Transit's bank balance of \$191,777 was exposed to custodial credit risk because they were uninsured and uncollateralized.

Concentration of Credit Risk - Primary Government

The County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The County's investment policy requires that no more than 60% of the total investment portfolio can be invested in a single security type or with a single financial institution. The following are investments of the County that represent more than 5% of the County's total investments:

Ambassador Funds Money Market which represents 46% of the County's total investments.

National City Bank investment sweep account consisting of repurchase agreements of public funds which represents 9% of the County's total investments.

General Electric commercial paper held at Smith Barney which represents 18% of the County's total investments.

Federal Home Loan funds at Multi-Bank Securities, Inc. which represents 18% of the County's total investments.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk - Component Units

The Road Commission will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Road Commission's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The following are investments of the Road Commission that represent more than 5% of the Road Commission's total investments:

General Electric commercial paper held at Smith Barney which represents 99.9% of the County's total investments.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The County will minimize custodial credit risk, by; limiting investments to the types of securities approved in the County's investment policy which is in accordance with State law, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the County will do business.

At year end the County's investment in National City Bank's investment sweep account consisting of repurchase agreements of public funds was \$101,000. This investment was exposed to custodial credit risk because it was uninsured and held by the counterparty's trust department or agent, not in the County's name.

At year end the County's investment in First Bank's investment sweep account consisting of repurchase agreements of public funds was \$13,887. This investment was exposed to custodial credit risk because it was uninsured and held by the counterparty's trust department or agent, not in the County's name.

Foreign Currency Risk

The County is not authorized to invest in investments which have this type of risk.

Investments

The County Board has adopted an investment policy in accordance with Act 196, PA 1997 which authorizes the County to deposit and invest in the following:

- λ Accounts of federally insured banks, credit unions and savings and loan associations
- λ Bonds and other direct obligations of the United States or an agency or instrumentality of the United States
- λ United States government or federal agency obligation repurchase agreements
- λ Banker's acceptances of United States banks
- λ Commercial paper rated within the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

λ Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation

Michigan law requires that public funds may not be deposited in financial institutions that do not maintain an office in Michigan. The County's deposits and investments are in accordance with statutory authority.

The classification of cash and cash equivalents and investments on the balance sheet/statement of net assets is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	<u>Primary Government</u>		<u>Component Units</u>	
	Cash and		Cash and	
	Cash		Cash	
	<u>Equivalents</u>	<u>Investments</u>	<u>Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 6,597,451	\$ 1,110,031	\$ 1,570,009	\$ 0
Petty Cash	(6,500)	0	(250)	0
Certificate of deposit maturing in greater than 90 days	1,110,031	(1,110,031)	0	0
Money markets	(533,603)	533,603	(229)	229
Municipal investment account pooled funds	(82,540)	82,540	0	0
Repurchase agreement securities	(114,887)	114,887	0	0
Commercial paper	(209,945)	209,945	(260,035)	260,035
Federal home loan	<u>(200,000)</u>	<u>200,000</u>	<u>0</u>	<u>0</u>
GASB Statement No. 3	<u>\$ 6,560,007</u>	<u>\$ 1,140,975</u>	<u>\$ 1,309,495</u>	<u>\$ 260,264</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables as of September 30, 2007 were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Governmental Funds:		
General Fund	\$ 85,809	\$ 17,877
Revenue Sharing Reserve Fund	14,468	0
Jail Renovation Fund	<u>0</u>	<u>535,360</u>
Total Major Governmental Funds	100,277	553,237
Non-major Governmental Funds	30,232	56,581
Non-major Proprietary Funds	0	4,000
Internal Service Funds	2,300,383	1,816,302
Fiduciary Funds	<u>2,465</u>	<u>3,237</u>
	<u>\$ 2,433,357</u>	<u>\$ 2,433,357</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The amounts of interfund receivables and payables for individual funds as of September 30, 2007 are as follows:

<u>Fund</u> <u>Primary Government</u>	<u>Interfund</u> <u>Receivable</u>	<u>Fund</u> <u>Primary Government</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 10,778	Friend of the Court	\$ 10,778
General Fund	24,780	911 Service Fund	24,780
General Fund	3,000	EDC Fund	3,000
General Fund	4,000	County Park	4,000
General Fund	41,841	Tax Umbrella Fund	41,841
General Fund	1,410	Trust and Agency Fund	1,410
Revenue Sharing Reserve Fund	14,468	General Fund	14,468
Friend of the Court	944	General Fund	944
Friend of the Court	1,822	Trust and Agency Fund	1,822
Soldiers' and Sailors' Relief Fund	5	Trust and Agency Fund	5
IDTP Program Fund	5,023	Probate Child Care Fund	5,023
Drain Revolving Debt Service Fund	10,000	Flowage Lake Dam Fund	10,000
Stylus Lake Debt Service Fund	3,411	Tax Umbrella Fund	3,411
Flowage Lake Dam Bond	3,000	Flowage Lake Dam Fund	3,000
Flowage Lake Dam Bond	4,091	Tax Umbrella Fund	4,091
Tee Lake Assessment Fund	1,936	Tax Umbrella Fund	1,936
Tax Umbrella Fund	559,000	2005 Delinquent Tax Revolving Fund	559,000
Tax Umbrella Fund	1,206,023	2006 Delinquent Tax Revolving Fund	1,206,023
Tax Umbrella Fund	535,360	Jail Renovation Fund	535,360
Trust and Agency Fund	<u>2,465</u>	General Fund	<u>2,465</u>
Total	\$ <u>2,433,357</u>	Total	\$ <u>2,433,357</u>
<u>Due from (to) Component Unit</u>		<u>Due from (to) Primary Government</u>	
General Fund	\$ 61,669	Public Transit	\$ (20,309) *
Trust and Agency Fund	<u>(16)</u>	Public Transit	<u>16</u>
Total	\$ <u>61,653</u>	Total	\$ <u>(20,293)</u>

These balances result from the time lag between the dates that interfund goods and services are provided, transactions are recorded in the accounting system, and payments between funds are made.

* The County's due from component unit balance includes audit adjustments for a deficit common cash balance held by the County and not accounted for in total by the Public Transit at September 30, 2007.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the fiscal year ended September 30, 2007, was as follows:

	Balance 10/01/06	Additions	Deletions	Balance 09/30/07
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 845,276	\$ 0	\$ 0	\$ 845,276
Capital Assets Being Depreciated:				
Land Improvements	1,346,377	0	0	1,346,377
Buildings	4,058,369	654,639	0	4,713,008
Machinery and Equipment	1,761,425	98,719	(11,767)	1,848,377
Vehicles and Boats	841,169	73,704	(104,100)	810,773
Infrastructure	<u>2,267,842</u>	<u>0</u>	<u>0</u>	<u>2,267,842</u>
Subtotal	<u>10,275,182</u>	<u>827,062</u>	<u>(115,867)</u>	<u>10,986,377</u>
Less Accumulated Depreciation for:				
Land Improvements	(154,568)	(26,927)	0	(181,495)
Buildings	(2,190,045)	(95,273)	0	(2,285,318)
Machinery and Equipment	(1,283,414)	(97,551)	11,767	(1,369,198)
Vehicles and Boats	(659,988)	(61,986)	104,100	(617,874)
Infrastructure	<u>(577,037)</u>	<u>(48,529)</u>	<u>0</u>	<u>(625,566)</u>
Subtotal	<u>(4,865,052)</u>	<u>(330,266)</u>	<u>115,867</u>	<u>(5,079,451)</u>
Capital Assets Being Depreciated	<u>5,410,130</u>	<u>496,796</u>	<u>0</u>	<u>5,906,926</u>
Governmental Activities Total Capital Assets - Net of Depreciation	<u>\$ 6,255,406</u>	<u>\$ 496,796</u>	<u>\$ 0</u>	<u>\$ 6,752,202</u>
	Balance 10/01/06	Additions	Deletions	Balance 09/30/07
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
Buildings	\$ 26,524	\$ 0	\$ 0	\$ 26,524
Machinery and Equipment	<u>6,808</u>	<u>0</u>	<u>0</u>	<u>6,808</u>
Subtotal	<u>33,332</u>	<u>0</u>	<u>0</u>	<u>33,332</u>
Less Accumulated Depreciation for:				
Buildings	(18,888)	(530)	0	(19,418)
Machinery and Equipment	<u>(6,808)</u>	<u>0</u>	<u>0</u>	<u>(6,808)</u>
Subtotal	<u>(25,696)</u>	<u>(530)</u>	<u>0</u>	<u>(26,226)</u>
Business-Type Activities Total Capital Assets - Net of Depreciation	<u>\$ 7,636</u>	<u>\$ (530)</u>	<u>\$ 0</u>	<u>\$ 7,106</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General Government:

Judicial:

Probate Court	\$ 3,510
District Court	7,969
Financial and Tax Administration	7,199
Other General Government	112,517

Public Safety:

Jail	38,194
Sheriff	38,515
Other Public Safety	60,816

Public Works:

Airport	55,371
Other Public Works	<u>6,175</u>

Total Governmental Activities \$ 330,266

Business-Type Activities

County Park \$ 530

Capital asset activity of the Road Commission for the current year is as follows:

	Balance 10/01/06	Additions	Deletions	Balance 09/30/07
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ <u>14,893,604</u>	\$ <u>962,316</u>	\$ <u>0</u>	\$ <u>15,855,920</u>
Capital Assets Being Depreciated:				
Buildings	1,299,930	0	0	1,299,930
Equipment - Road	4,567,250	346,163	(193,585)	4,719,828
Equipment - Shop	147,831	1,352	(4,199)	144,984
Equipment - Office	210,879	6,773	(16,275)	201,377
Equipment - Engineer's	3,251	0	0	3,251
Equipment - Yard	249,394	11,700	0	261,094
Infrastructure -- Bridges	1,801,719	6,856	0	1,808,575
Infrastructure -- Roads	<u>20,863,126</u>	<u>992,865</u>	<u>(558,488)</u>	<u>21,297,503</u>
Subtotal	<u>29,143,380</u>	<u>1,365,709</u>	<u>(772,547)</u>	<u>29,736,542</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance 10/1/2006	Additions	Deletions	Balance 9/30/2007
<u>Governmental Activities</u> (Continued)				
Less Accumulated Depreciation for:				
Buildings	\$ (445,164)	\$ (39,913)	\$ 0	\$ (485,077)
Equipment - Road	(3,508,184)	(436,062)	193,585	(3,750,661)
Equipment - Shop	(104,884)	(7,516)	4,199	(108,201)
Equipment - Office	(136,595)	(18,326)	16,275	(138,646)
Equipment - Engineer's	(3,081)	(40)	0	(3,121)
Equipment - Yard	(209,626)	(8,597)	0	(218,223)
Infrastructure -- Bridges	(530,299)	(42,095)	0	(572,394)
Infrastructure -- Roads	<u>(9,291,428)</u>	<u>(1,122,193)</u>	<u>558,488</u>	<u>(9,855,133)</u>
Subtotal	<u>(14,229,261)</u>	<u>(1,674,742)</u>	<u>772,547</u>	<u>(15,131,456)</u>
Capital Assets Being Depreciated	<u>14,914,119</u>	<u>(309,033)</u>	<u>0</u>	<u>14,605,086</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 29,807,723</u>	<u>\$ 653,283</u>	<u>\$ 0</u>	<u>\$ 30,461,006</u>

Depreciation expense was charged to programs of the Road Commission as follows:

<u>County</u>	
Direct Equipment Expense	\$ 436,063
Indirect Equipment Expense	50,662
Administrative Expense	23,729
Infrastructure	<u>1,164,288</u>
Total Depreciation Expense	<u>\$ 1,674,742</u>

Capital Asset activity of the Ogemaw County Public Transit for the current year is as follows:

	Balance 10/01/06	Additions	Deletions	Balance 09/30/07
<u>Business-Type Activities</u>				
Building	\$ 418,393	\$ 13,890	\$ 0	\$ 432,283
Vehicles	597,171	155,088	(128,280)	623,979
Equipment	79,824	0	0	79,824
Office Equipment	<u>71,579</u>	<u>0</u>	<u>0</u>	<u>71,579</u>
	1,166,967	168,978	(128,280)	1,207,665
Less accumulated depreciation	<u>(893,696)</u>	<u>(62,490)</u>	<u>128,280</u>	<u>(827,906)</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 273,271</u>	<u>\$ 106,488</u>	<u>\$ 0</u>	<u>\$ 379,759</u>

Depreciation expense was charged in full to the Public Transit function.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 5 - DEFERRED REVENUE

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

	Unavailable	Unearned	Total
Real and Personal Property Taxes	\$ 536,904	\$ 85	\$ 536,989
Mortgages Receivable	1,522,889	0	1,522,889
Administrative Billing Receivable	22,791	0	22,791
Notes Receivable	30,688	0	30,688
Special Assessments Receivable	0	177,304	177,304
Grants Receivable	59,312	17,131	76,443
Total	\$ 2,172,584	\$ 194,520	\$ 2,367,104

NOTE 6 - LONG-TERM LIABILITIES

Primary Government:

A. Bonds Payable

	Governmental	Business-Type
<p>\$1,400,000 West Branch Water System Bonds, dated April 1, 1993, due in annual installments through May 1, 2013, bearing interest at the rates of 3.2% to 5.6%, paid from the West Branch Township Water Bond Fund. The bond issue is funded by the Township of West Branch.</p>	\$ 420,000	\$ 0
<p>\$525,000 Ogemaw County Lake Level (Flowage Lake Dam) Bonds, dated October 1, 1996, due in annual installments through May 1, 2016, bearing interest at the rates of 5.6% to 7.0%. Said bonds were issued for the purpose of constructing a dam in West Branch Township. The bond issue is funded by the Ogemaw County Board of Public Works. Bonds are callable on or after May 1, 2004. Payments are made from the Flowage Lake Dam Bond Fund.</p>	250,000	0
Total Bonds Payable	670,000	0

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

B. Notes Payable

	<u>Governmental</u>	<u>Business-Type</u>
\$219,240 Note Payable to Ralph E. Jr. and Joanne F. Lee for improvements to the Stylus Lake Dam, due in annual installments through July 18, 2016, bearing interest at the rate of 4.79%. Said note is payable from the collection of special assessments against property and public corporations in the Stylus Lake Special Assessment District. Payments are made from the Stylus Lake Debt Service Fund.	\$ <u>197,316</u>	\$ <u>0</u>
Total Primary Government	\$ <u>867,316</u>	\$ <u>0</u>

Component Units

Governmental Activities:

C. Notes Payable

	<u>Governmental</u>	<u>Business-Type</u>
Road Commission - Michigan Transportation Fund Revenue Note Payable dated June 1, 2000 for the financing of construction additions and improvements to the facilities utilized for roadway operations, payable in annual installments of \$70,000 plus interest at the rate of 4.9% to 5.5%.	\$ <u>210,000</u>	\$ <u>0</u>

D. Compensated Absences Payable

The County has an accrued liability for accumulated vested vacation and sick leave benefits of its employees. As of September 30, 2007, the accumulated vested vacation and sick leave benefits of the employees of various County departments and its component units were as follows:

	<u>Current Liability 09/30/07</u>	<u>Long-Term Liability 09/30/07</u>	<u>Total Balance 09/30/07</u>
<u>Accrued Employee Benefits Payable</u>			
<u>Primary Government</u>			
Governmental Activities	\$ <u>51,504</u>	\$ <u>163,125</u>	\$ <u>214,629</u>
<u>Component Units</u>			
Road Commission	\$ 8,891	\$ 205,132	\$ 214,023
Public Transit	<u>0</u>	<u>8,501</u>	<u>8,501</u>
Total Component Units	\$ <u>8,891</u>	\$ <u>213,633</u>	\$ <u>222,524</u>

The employment policies for accumulation of vacation and sick leave benefits vary based on union membership and employee group.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

E. Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the County for the year ended September 30, 2007:

	<u>Balance</u> <u>09/30/06</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>09/30/07</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Primary Government:					
Bonds Payable	\$ 765,000	\$ 0	\$ (95,000)	\$ 670,000	\$ 95,000
Notes Payable	228,909	0	(31,593)	197,316	21,924
Compensated Absences	<u>231,941</u>	<u>0</u>	<u>(17,312) *</u>	<u>214,629</u>	<u>51,504</u>
Total Primary Government	<u>\$ 1,225,850</u>	<u>\$ 0</u>	<u>\$ (143,905)</u>	<u>\$ 1,081,945</u>	<u>\$ 168,428</u>
Component Units:					
Notes Payable	\$ 280,000	\$ 0	\$ (70,000)	\$ 210,000	\$ 70,000
Compensated Absences	<u>236,888</u>	<u>0</u>	<u>(22,865) *</u>	<u>214,023</u>	<u>8,891</u>
Total Component Units	<u>\$ 516,888</u>	<u>\$ 0</u>	<u>\$ (92,865)</u>	<u>\$ 424,023</u>	<u>\$ 78,891</u>
<u>Business-Type Activities</u>					
Component Units:					
Compensated Absences	<u>\$ 15,378</u>	<u>\$ 0</u>	<u>\$ (6,877) *</u>	<u>\$ 8,501</u>	<u>\$ 0</u>

*Represents net of additions and retirements for the year.

The interest expenditures on long-term obligations for the year were \$123,775.

The annual aggregate maturities for all debt outstanding (excluding compensated absences) as of September 30, 2007 are as follows:

Primary Government

Bonds Payable	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	\$ 95,000	\$ 38,050	\$ 0	\$ 0	\$ 133,050
2009	95,000	32,800	0	0	127,800
2010	95,000	27,480	0	0	122,480
2011	95,000	22,135	0	0	117,135
2012	95,000	16,764	0	0	111,764
2013 - 2016	<u>195,000</u>	<u>24,871</u>	<u>0</u>	<u>0</u>	<u>219,871</u>
Total	<u>\$ 670,000</u>	<u>\$ 162,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 832,100</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Notes Payable	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ 21,924	\$ 9,451	\$ 0	\$ 0	\$ 31,375
2009	21,924	8,401	0	0	30,325
2010	21,924	7,352	0	0	29,276
2011	21,924	6,302	0	0	28,226
2012	21,924	5,251	0	0	27,175
2013 - 2016	<u>87,696</u>	<u>10,501</u>	<u>0</u>	<u>0</u>	<u>98,197</u>
Total	\$ <u>197,316</u>	\$ <u>47,258</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>244,574</u>

Component Units

Notes Payable	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ 70,000	\$ 11,340	\$ 0	\$ 0	\$ 81,340
2009	70,000	7,630	0	0	77,630
2010	<u>70,000</u>	<u>3,850</u>	<u>0</u>	<u>0</u>	<u>73,850</u>
Total	\$ <u>210,000</u>	\$ <u>22,820</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>232,820</u>

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real property and tangible personal property located in the County. Property taxes become an enforceable lien on property as of December 1, 2006 for winter taxes and July 1, 2007 for summer taxes. Taxes are levied on December 1, 2006 and July 1, 2007 and are payable by February 28, 2007 and September 15, 2007, respectively. The cities and townships within the County bill and collect the property taxes for the County.

County taxes levied December 1, 2006, are collected in and are intended to finance 2007 operations. The taxable value of real and personal property for the December 1, 2006 levy was \$754,194,290. The 2006 operating tax rate is currently 2.0345 mills for operations, .0490 mills for veterans and .1783 mills for public transit.

County taxes levied July 1, 2007, are collected in and are intended to finance 2007 operations. The taxable value of real and personal property for the July 1, 2007 levy was \$794,770,158. The 2007 operating tax rate is currently 6.1035 mills for operations.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2007. County funds were used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon and investment earnings, are used to replenish County funds. This activity is recorded in the Delinquent Tax Revolving Funds, which are Internal Service Funds.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 8 - OPERATING LEASE

The County leases several copiers with Xerox Corporation under standard leasing agreements. Monthly payments are \$1,924. Rental expense for the year ended September 30, 2007 was \$27,402.

Minimum future rental payments under noncancelable leases for years after September 30, 2007 are as follows:

2008	\$	18,125	
2009		16,971	
2010		11,630	
2011		7,246	
2012		<u>333</u>	
	\$	<u>54,305</u>	

NOTE 9 - OPERATING TRANSFERS

During the year ended September 30, 2007, the following transfers were made:

Description	Operating Transfers In	Operating Transfers Out
Major Governmental Funds:		
General Fund	\$ 497,777	\$ 909,081
Revenue Sharing Reserve Fund	<u>0</u>	<u>397,594</u>
Total Major Funds	497,777	1,306,675
Non-major Governmental Funds	920,742	13,913
Non-major Proprietary Funds	4,000	0
Internal Service Funds	<u>423,755</u>	<u>525,686</u>
	<u>\$ 1,846,274</u>	<u>\$ 1,846,274</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 9 - OPERATING TRANSFERS (CONTINUED)

During the year ended September 30, 2007, the following individual fund transfers were made:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
General Fund	\$ 397,594	Revenue Sharing Reserve Fund	\$ 397,594
General Fund	9,000	Register of Deeds Automation Fund	9,000
General Fund	91,183	Tax Umbrella Fund	91,183
Friend of the Court	40,000	General Fund	40,000
911 Service Fund	386,473	General Fund	386,473
911 Service Fund	10,748	Tax Umbrella Fund	10,748
E911 Training Fund	4,913	911 Service Fund	4,913
County Law Library Fund	6,000	General Fund	6,000
Probate Child Care Fund	253,746	General Fund	253,746
Soldiers' and Sailors' Relief Fund	18,000	General Fund	18,000
Veterans Office	21,048	General Fund	21,048
IDTP Program	125,911	General Fund	125,911
Airport Fund	53,903	General Fund	53,903
Tax Umbrella Fund	212,912	2003 Delinquent Tax Revolving Fund	212,912
Tax Umbrella Fund	210,843	2004 Delinquent Tax Revolving Fund	210,843
County Park	<u>4,000</u>	General Fund	<u>4,000</u>
Total	<u>\$ 1,846,274</u>	Total	<u>\$ 1,846,274</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 - FUND BALANCES (DEFICITS)

The Jail Renovation Fund and IDTP Program had unreserved fund deficits of \$534,966 and \$3,110, respectively, at September 30, 2007.

NOTE 11 - EXCESS OF EXPENDITURES OVER APPROPRIATION IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the County's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the County for these budgetary funds were adopted at the activity level.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 11 - EXCESS OF EXPENDITURES OVER APPROPRIATION IN BUDGETARY FUNDS (CONTINUED)

During the year ended September 30, 2007, the County incurred expenditures which were in excess of the amounts appropriated as follows:

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund/Health and Welfare	\$ 253,382	\$ 261,271	\$ 7,889
General Fund/Capital Outlay	\$ 140,938	\$ 160,250	\$ 19,312
General Fund/Operating Transfers Out	\$ 870,167	\$ 909,081	\$ 38,914
Revenue Sharing Reserve Fund/ Operating Transfers Out	\$ 396,060	\$ 397,594	\$ 1,534

NOTE 12 - RETIREMENT SYSTEM - MERS OPERATED

The County has two defined benefit pension plans, one covering the primary government employees and Public Transit employees and one covering Road Commission employees.

The following is a summary of the two plans:

Primary Government and Public Transit

Plan Description

The County's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is affiliated with the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer, state-wide, public employee pension created under Public Act 135 of 1945, and now operating under Public Act 220 of 1996, and the MERS Plan Document as revised. Any municipality within the State may elect to become a participating member of MERS or elect to terminate participation by a majority vote of the municipality's governing body. Changes in benefit coverage are available to bargaining units after approval by a majority of the municipality's governing body. The MERS of Michigan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to MERS of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling 1-800-767-6377.

Funding Policy

The County is required to contribute at an actuarially determined rate. The current rate is 11.45% of annual covered payroll for General Members, 11.51% for Sheriff Members, 15.31% for Admin-Super Members and 34.28% for Command Officer Members. The contribution requirements of plan members are 5.5% for General Members, 5.5% for Sheriff Members and 8.34% for Command Officer Members. If a member leaves the employ of the County, or dies, without a retirement allowance or other benefit payable on his/her account, the members' accumulated contributions (with interest) are refunded with spousal consent to the member, if living, or to the members' surviving spouse or beneficiary. The contribution requirements are established and may be amended by the MERS Retirement Board.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 12 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Annual Pension Cost

For the year ended September 30, 2007, the County's annual pension cost of \$432,661 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 4.5% per year compounded annually, (c) additional projected salary increases of 0% to 8.4% per year, depending on age, attributable to merit, longevity and promotions, and (d) 2.5% per year cost-of-living adjustments. Both (a) and (b) include an inflation component. The County's net pension obligation has been fully funded at September 30, 2007.

The County adopted GASB 27 Accounting for Pensions by State and Local Governmental Employer. The following pension information is presented in accordance with GASB 27:

Actuarial Accrued Liability at December 31, 2006

Actuarial Valuation

Retirees and beneficiaries currently receiving benefits	\$ 7,055,878
Terminated employees (vested former members) not yet receiving benefits	960,523
Non-vested terminated employees (pending refunds of accumulated member contributions)	30,467
Current employees -	
Accumulated employee contributions including allocated investment income	1,896,639
Employer financed	<u>8,021,050</u>
 Total Actuarial Accrued Liability	 17,964,557
 Net assets available for benefits at actuarial value (Market value was \$16,477,189)	 <u>16,249,870</u>
 Unfunded Actuarial Accrued Liability	 <u>\$ 1,714,687</u>

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2005	\$ 467,097	100 %	\$ 0
September 30, 2006	\$ 367,916	100 %	\$ 0
September 30, 2007	\$ 432,661	100 %	\$ 0

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a) / c)</u>
12/31/04	\$ 14,902,855	\$ 16,354,496	\$ 1,451,641	91 %	\$ 3,493,795	42 %
12/31/05	\$ 15,932,074	\$ 17,707,113	\$ 1,775,039	90 %	\$ 3,811,474	47 %
12/31/06	\$ 16,249,870	\$ 17,964,557	\$ 1,714,687	90 %	\$ 3,438,846	50 %

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 12 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

Road Commission

Following are the Road Commission Retirement System disclosures as presented in the Road Commission's audit and its report dated January 15, 2008.

Plan Description

The Road Commission's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is affiliated with the Municipal Employees Retirement System (MERS) of Michigan, an agent multiple-employer, state-wide, public employee pension created under Public Act 135 of 1945, and now operating under Public Act 220 of 1996, and the MERS Plan Document as revised. Any municipality within the State may elect to become a participating member of MERS or elect to terminate participation by a majority vote of the municipality's governing body. Changes in benefit coverage are available to bargaining units after approval by a majority of the municipality's governing body. The MERS of Michigan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to MERS of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling 1-800-767-6377.

Funding Policy

The Road Commission is required to contribute at an actuarially determined rate. The current rate is 11.27% of annual covered payroll for General-Union Members and 24.55% for General-Non-Union Members. The contribution requirements of plan members are 3% of the first \$4,200 of annual compensation and 5% of the portions over \$4,200. If a member leaves the employ of the Road Commission, or dies, without a retirement allowance or other benefit payable on his/her account, the members' accumulated contributions (with interest) are refunded with spousal consent to the member, if living, or to the members' surviving spouse or beneficiary. The contribution requirements are established and may be amended by the MERS Retirement Board.

Annual Pension Cost

For the year ended September 30, 2007, the Road Commission's annual pension cost of \$188,476 was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 4.5% per year compounded annually, and (c) additional projected salary increases of 0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) 2.5% per year cost-of-living adjustments. Both (a) and (b) include an inflation component. The Road Commission's net pension obligation has been fully funded at September 30, 2007.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 12 - RETIREMENT SYSTEM - MERS OPERATED (CONTINUED)

The Road Commission adopted GASB 27 *Accounting for Pensions by State and Local Governmental Employer*. The following pension information is presented in accordance with GASB 27:

Actuarial Accrued Liability at December 31, 2006

Actuarial Valuation

Retirees and beneficiaries currently receiving benefits	\$ 3,390,537
Terminated employees (vested former members) not yet receiving benefits	147,618
Non-vested terminated employees (pending refunds of accumulated member contributions)	14,254
Current employees -	
Accumulated employee contributions including allocated investment income	788,726
Employer financed	<u>2,391,345</u>
 Total Actuarial Accrued Liability	 6,732,480
 Net assets available for benefits at actuarial value (Market value was \$4,710,986)	 <u>4,645,994</u>
 Unfunded Actuarial Accrued Liability	 <u>\$ 2,086,486</u>

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2005	\$ 173,050	100 %	\$ 0
September 30, 2006	\$ 130,636	100 %	\$ 0
September 30, 2007	\$ 188,476	100 %	\$ 0

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a) / c)</u>
12/31/04	\$ 4,312,536	\$ 6,478,996	\$ 2,166,460	67 %	\$ 1,226,070	177 %
12/31/05	\$ 4,412,720	\$ 6,709,821	\$ 2,297,101	66 %	\$ 1,258,094	183 %
12/31/06	\$ 4,645,994	\$ 6,732,480	\$ 2,086,486	69 %	\$ 1,224,494	170 %

NOTE 13 - DEFERRED COMPENSATION PLAN

The County and the Road Commission, a component unit, offers to their employees deferred compensation plans created in accordance with the Internal Revenue Code (IRC) Section 457. The assets of the plans are held in trust, in a custodial account as described in IRC Section 457 (g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof, for the exclusive benefit of the participants, holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The administrators are agents of the County for the purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the County's financial statements.

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2007

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits, the County provides post-employment benefit options for health care to eligible retirees and their dependents. The benefits are provided in accordance with collective bargaining agreements under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility is 10 years or more of service. The County funds the benefits on a pay-as-you-go basis. The County makes monthly payments directly to retirees. During 2007, expenses of \$32,329 were recognized for these post-employment benefits. There are 27 participants currently eligible.

NOTE 15 - RISK MANAGEMENT

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The County has purchased commercial insurance for medical benefits claims, general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents) and workers compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past 3 years.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County estimates that claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the County. The General Fund fund balance has been reserved in the amount of \$23,097 pending resolution of various lawsuits.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Property Taxes	\$ 4,677,724	\$ 4,677,724	\$ 4,688,531	\$ 10,807
Federal Grants and Revenue	260,039	260,039	180,650	(79,389)
State Grants and Revenue	851,214	867,958	842,436	(25,522)
Licenses and Permits	220,000	220,000	220,603	603
Charges for Services	1,532,178	1,532,178	1,591,789	59,611
Fines and Forfeits	29,000	29,000	29,201	201
Interest and Rentals	137,600	137,600	140,940	3,340
Other Revenue	39,645	39,605	35,790	(3,815)
Total Revenue	<u>7,747,400</u>	<u>7,764,104</u>	<u>7,729,940</u>	<u>(34,164)</u>
<u>Expenditures</u>				
Current:				
General Government:				
Legislative and Executive	133,722	135,422	133,953	1,469
Judicial	1,461,486	1,496,636	1,448,499	48,137
Financial and Tax Administration	738,750	740,300	718,432	21,868
Other General Government	1,483,417	1,479,414	1,357,961	121,453
Public Safety	3,411,475	3,646,504	3,355,210	291,294
Public Works	69,774	69,774	69,752	22
Health and Welfare	253,382	253,382	261,271	(7,889)
Community and Economic Development	30,073	30,573	30,111	462
Capital Outlay	124,194	140,938	160,250	(19,312)
Total Expenditures	<u>7,706,273</u>	<u>7,992,943</u>	<u>7,535,439</u>	<u>457,504</u>
Excess of Revenue Over (Under) Expenditures	<u>41,127</u>	<u>(228,839)</u>	<u>194,501</u>	<u>423,340</u>
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	9,600	9,600	16,938	7,338
Operating Transfers In	406,594	406,594	497,777	91,183
Operating Transfers Out	(892,399)	(870,167)	(909,081)	(38,914)
Total Other Financing Sources (Uses)	<u>(476,205)</u>	<u>(453,973)</u>	<u>(394,366)</u>	<u>59,607</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(435,078)	(682,812)	(199,865)	482,947
Fund Balances - Beginning of Year	<u>889,307</u>	<u>889,307</u>	<u>889,307</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 454,229</u>	<u>\$ 206,495</u>	<u>\$ 689,442</u>	<u>\$ 482,947</u>

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HOUSING COMMISSION FUND - SPECIAL REVENUE FUND
For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Federal Grants and Revenue	\$ 220,326	\$ 220,326	\$ 150,341	\$ (69,985)
Interest and Rentals	7,000	7,000	1,334	(5,666)
Other Revenue	<u>64,750</u>	<u>156,950</u>	<u>113,804</u>	<u>(43,146)</u>
Total Revenue	292,076	384,276	265,479	(118,797)
<u>Expenditures</u>				
Current:				
Community and Economic Development	<u>290,076</u>	<u>383,551</u>	<u>274,260</u>	<u>109,291</u>
Excess of Revenue Over (Under) Expenditures	2,000	725	(8,781)	(9,506)
Fund Balances - Beginning of Year	<u>20,198</u>	<u>20,198</u>	<u>20,198</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 22,198</u>	<u>\$ 20,923</u>	<u>\$ 11,417</u>	<u>\$ (9,506)</u>

COUNTY OF OGEMAW
West Branch, Michigan

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REVENUE SHARING RESERVE FUND - SPECIAL REVENUE FUND
For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenue</u>				
Property Taxes	\$ 1,344,917	\$ 1,344,917	\$ 1,347,356	\$ 2,439
Interest and Rentals	<u>72,000</u>	<u>72,000</u>	<u>76,783</u>	<u>4,783</u>
Total Revenue	1,416,917	1,416,917	1,424,139	7,222
<u>Expenditures</u>				
Current:				
Other General Government	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	1,416,917	1,416,917	1,424,139	7,222
<u>Other Financing Uses</u>				
Operating Transfers Out	<u>(396,060)</u>	<u>(396,060)</u>	<u>(397,594)</u>	<u>(1,534)</u>
Excess of Revenue Over (Under) Expenditures and Other Uses	1,020,857	1,020,857	1,026,545	5,688
Fund Balances - Beginning of Year	<u>1,827,481</u>	<u>1,827,481</u>	<u>1,827,481</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 2,848,338</u>	<u>\$ 2,848,338</u>	<u>\$ 2,854,026</u>	<u>\$ 5,688</u>

OTHER INFORMATION

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2007

	Friend of the Court	Marriage Counseling Fund	Register of Deeds Automation Fund	911 Service Fund	E911 Training Fund	DARE Contributions Fund	Drug Forfeiture Fund	Correction Training Fund	County Law Library Fund
<u>ASSETS</u>									
Cash and Cash Equivalents	\$ 103,565	\$ 10,846	\$ 38,028	\$ 0	\$ 9,037	\$ 6,385	\$ 3,980	\$ 15,531	\$ 4,013
Investments	0	0	0	0	0	0	0	0	0
Receivables:									
Special Assessments	0	0	0	0	0	0	0	0	0
Accounts, Net	3,707	3	0	9,926	0	0	0	2,426	0
Notes Receivable	0	0	0	0	0	0	0	0	0
Due from Local Units	0	0	0	0	0	0	0	0	0
Due from State	25,319	0	0	28,421	0	0	0	0	0
Due from Other Funds	2,766	0	0	0	0	0	0	0	0
Prepaid Expenses	0	0	0	0	0	0	0	0	0
Noncurrent Assets:									
Long-Term Notes Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 135,357</u>	<u>\$ 10,849</u>	<u>\$ 38,028</u>	<u>\$ 38,347</u>	<u>\$ 9,037</u>	<u>\$ 6,385</u>	<u>\$ 3,980</u>	<u>\$ 17,957</u>	<u>\$ 4,013</u>
<u>LIABILITIES AND FUND EQUITY</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 1,314	\$ 0	\$ 212	\$ 3,788	\$ 0	\$ 0	\$ 0	\$ 252	\$ 50
Due to Other Funds	10,778	0	0	24,780	0	0	0	0	0
Due to Other Agencies and Individuals	0	0	0	0	0	0	0	0	0
Deferred Revenue	<u>10,964</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>23,056</u>	<u>0</u>	<u>212</u>	<u>28,568</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>252</u>	<u>50</u>
<u>Fund Equity</u>									
Fund Balances (Deficit):									
Reserved For:									
Debt Service	0	0	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0	0	0
Unreserved:									
Undesignated, Reported In:									
Special Revenue Funds	<u>112,301</u>	<u>10,849</u>	<u>37,816</u>	<u>9,779</u>	<u>9,037</u>	<u>6,385</u>	<u>3,980</u>	<u>17,705</u>	<u>3,963</u>
Total Fund Equity	<u>112,301</u>	<u>10,849</u>	<u>37,816</u>	<u>9,779</u>	<u>9,037</u>	<u>6,385</u>	<u>3,980</u>	<u>17,705</u>	<u>3,963</u>
Total Liabilities and Fund Equity	<u>\$ 135,357</u>	<u>\$ 10,849</u>	<u>\$ 38,028</u>	<u>\$ 38,347</u>	<u>\$ 9,037</u>	<u>\$ 6,385</u>	<u>\$ 3,980</u>	<u>\$ 17,957</u>	<u>\$ 4,013</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2007

	<u>EDC Fund</u>	<u>Department of Human Services</u>	<u>Probate Child Care Fund</u>	<u>Soldiers' and Sailors' Relief Fund</u>	<u>Veterans Trust Fund</u>	<u>Veterans Office</u>	<u>IDTP Program</u>	<u>Commissary Fund</u>	<u>Airport Fund</u>
<u>ASSETS</u>									
Cash and Cash Equivalents	\$ 57,193	\$ 489	\$ 63,271	\$ 4,731	\$ 1,273	\$ 431	\$ 3,260	\$ 5,454	\$ 107,679
Investments	0	0	0	0	0	0	0	0	10,031
Receivables:									
Special Assessments	0	0	0	0	0	0	0	0	0
Accounts, Net	0	0	5,657	0	0	0	0	723	0
Notes Receivable	3,649	0	0	0	0	0	0	0	0
Due from Local Units	0	0	0	0	0	0	0	0	23,099
Due from State	0	0	70,356	0	0	0	0	0	3
Due from Other Funds	0	0	0	0	0	5	5,023	0	0
Prepaid Expenses	0	0	0	0	0	0	0	0	1,590
Noncurrent Assets:									
Long-Term Notes Receivable	<u>27,039</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 87,881</u>	<u>\$ 489</u>	<u>\$ 139,284</u>	<u>\$ 4,731</u>	<u>\$ 1,273</u>	<u>\$ 436</u>	<u>\$ 8,283</u>	<u>\$ 6,177</u>	<u>\$ 142,402</u>
<u>LIABILITIES AND FUND EQUITY</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 0	\$ 0	\$ 98,810	\$ 0	\$ 0	\$ 431	\$ 6,370	\$ 579	\$ 0
Due to Other Funds	3,000	0	5,023	0	0	0	0	0	0
Due to Other Agencies and Individuals	0	0	0	0	0	0	0	0	0
Deferred Revenue	<u>30,688</u>	<u>0</u>	<u>35,451</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,023</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>33,688</u>	<u>0</u>	<u>139,284</u>	<u>0</u>	<u>0</u>	<u>431</u>	<u>11,393</u>	<u>579</u>	<u>0</u>
<u>Fund Equity</u>									
Fund Balances (Deficit):									
Reserved For:									
Debt Service	0	0	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0	0	0
Unreserved:									
Undesignated, Reported In:									
Special Revenue Funds	<u>54,193</u>	<u>489</u>	<u>0</u>	<u>4,731</u>	<u>1,273</u>	<u>5</u>	<u>(3,110)</u>	<u>5,598</u>	<u>142,402</u>
Total Fund Equity	<u>54,193</u>	<u>489</u>	<u>0</u>	<u>4,731</u>	<u>1,273</u>	<u>5</u>	<u>(3,110)</u>	<u>5,598</u>	<u>142,402</u>
Total Liabilities and Fund Equity	<u>\$ 87,881</u>	<u>\$ 489</u>	<u>\$ 139,284</u>	<u>\$ 4,731</u>	<u>\$ 1,273</u>	<u>\$ 436</u>	<u>\$ 8,283</u>	<u>\$ 6,177</u>	<u>\$ 142,402</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2007

	<u>West Branch Township Water Bond</u>	<u>Stylus Lake Debt Service Fund</u>	<u>Flowage Lake Dam Bond</u>	<u>Flowage Lake Dam Fund</u>	<u>Drain Revolving Fund</u>	<u>Ausable Lake Assessment</u>	<u>Stylus Lake Assessment</u>	<u>Tee Lake Assessment</u>	<u>Total Other Governmental Funds</u>
<u>ASSETS</u>									
Cash and Cash Equivalents	\$ 0	\$ 27,861	\$ 95,401	\$ 13,193	\$ 3,000	\$ 10,455	\$ 84,170	\$ 14,906	\$ 684,152
Investments	0	0	0	0	0	0	0	0	10,031
Receivables:									
Special Assessments	0	177,246	0	0	0	0	0	0	177,246
Accounts, Net	0	0	0	0	0	0	0	0	22,442
Notes Receivable	0	0	0	0	0	0	0	0	3,649
Due from Local Units	0	0	0	0	0	0	0	0	23,099
Due from State	0	0	0	0	0	0	0	0	124,099
Due from Other Funds	0	3,411	7,091	0	10,000	0	0	1,936	30,232
Prepaid Expenses	0	0	0	0	0	0	0	0	1,590
Noncurrent Assets:									
Long-Term Notes Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,039</u>
Total Assets	<u>\$ 0</u>	<u>\$ 208,518</u>	<u>\$ 102,492</u>	<u>\$ 13,193</u>	<u>\$ 13,000</u>	<u>\$ 10,455</u>	<u>\$ 84,170</u>	<u>\$ 16,842</u>	<u>\$ 1,103,579</u>
<u>LIABILITIES AND FUND EQUITY</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,806
Due to Other Funds	0	0	0	13,000	0	0	0	0	56,581
Due to Other Agencies and Individuals	0	0	0	0	0	0	0	4,422	4,422
Deferred Revenue	<u>0</u>	<u>177,246</u>	<u>0</u>	<u>58</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>259,430</u>
Total Liabilities	<u>0</u>	<u>177,246</u>	<u>0</u>	<u>13,058</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,422</u>	<u>432,239</u>
<u>Fund Equity</u>									
Fund Balances (Deficit):									
Reserved For:									
Debt Service	0	31,272	102,492	0	0	0	0	0	133,764
Capital Projects	0	0	0	135	13,000	10,455	84,170	12,420	120,180
Unreserved:									
Undesignated, Reported In:									
Special Revenue Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>417,396</u>
Total Fund Equity	<u>0</u>	<u>31,272</u>	<u>102,492</u>	<u>135</u>	<u>13,000</u>	<u>10,455</u>	<u>84,170</u>	<u>12,420</u>	<u>671,340</u>
Total Liabilities and Fund Equity	<u>\$ 0</u>	<u>\$ 208,518</u>	<u>\$ 102,492</u>	<u>\$ 13,193</u>	<u>\$ 13,000</u>	<u>\$ 10,455</u>	<u>\$ 84,170</u>	<u>\$ 16,842</u>	<u>\$ 1,103,579</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	Friend of the Court	Marriage Counseling Fund	Register of Deeds Automation Fund	911 Service Fund	E911 Training Fund	DARE Contributions Fund	Drug Forfeiture Fund	Correction Training Fund	County Law Library Fund
Revenue									
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Grants and Revenue	195,141	0	0	0	0	0	0	0	0
State Grants and Revenue	11,319	0	0	111,675	6,623	0	0	6,677	0
Contributions from Local Units	0	0	0	0	0	0	0	0	0
Charges for Services	36,838	9,465	35,810	0	0	195	0	6,063	0
Fines and Forfeits	0	0	0	0	0	0	0	0	3,500
Interest and Rentals	0	0	2,700	0	0	0	0	0	0
Other Revenue	0	0	0	128,970	0	0	0	0	0
Total Revenue	<u>243,298</u>	<u>9,465</u>	<u>38,510</u>	<u>240,645</u>	<u>6,623</u>	<u>195</u>	<u>0</u>	<u>12,740</u>	<u>3,500</u>
Expenditures									
Current:									
General Government:									
Judicial	260,075	3,884	0	0	0	0	0	0	5,858
Other General Government	0	0	35,555	0	0	0	0	0	0
Public Safety	0	0	0	589,123	2,499	0	3,029	7,676	0
Public Works	0	0	0	0	0	0	0	0	0
Health and Welfare	0	0	0	0	0	0	0	0	0
Community and Economic Development	0	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	120,961	0	0	0	0	0
Debt Service:									
Principal	0	0	0	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0
Total Expenditures	<u>260,075</u>	<u>3,884</u>	<u>35,555</u>	<u>710,084</u>	<u>2,499</u>	<u>0</u>	<u>3,029</u>	<u>7,676</u>	<u>5,858</u>
Excess of Revenue Over (Under) Expenditures	<u>(16,777)</u>	<u>5,581</u>	<u>2,955</u>	<u>(469,439)</u>	<u>4,124</u>	<u>195</u>	<u>(3,029)</u>	<u>5,064</u>	<u>(2,358)</u>
Other Financing Sources (Uses)									
Operating Transfers In	40,000	0	0	397,221	4,913	0	0	0	6,000
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(9,000)</u>	<u>(4,913)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>0</u>	<u>(9,000)</u>	<u>392,308</u>	<u>4,913</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,000</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	23,223	5,581	(6,045)	(77,131)	9,037	195	(3,029)	5,064	3,642
Fund Balances - Beginning of Year	<u>89,078</u>	<u>5,268</u>	<u>43,861</u>	<u>86,910</u>	<u>0</u>	<u>6,190</u>	<u>7,009</u>	<u>12,641</u>	<u>321</u>
Fund Balances (Deficit) - End of Year	<u>\$ 112,301</u>	<u>\$ 10,849</u>	<u>\$ 37,816</u>	<u>\$ 9,779</u>	<u>\$ 9,037</u>	<u>\$ 6,385</u>	<u>\$ 3,980</u>	<u>\$ 17,705</u>	<u>\$ 3,963</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	EDC Fund	Department of Human Services	Probate Child Care Fund	Soldiers' and Sailors' Relief Fund	Veterans Trust Fund	Veterans Office	IDTP Program	Commissary Fund	Airport Fund
Revenue									
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,839	\$ 0	\$ 0	\$ 0
Federal Grants and Revenue	0	0	18,599	0	0	0	24,999	0	31,022
State Grants and Revenue	0	0	340,820	0	543	0	66,347	0	6,786
Contributions from Local Units	21,243	0	14,562	0	0	0	0	0	39,723
Charges for Services	0	0	23,910	0	0	0	0	0	0
Fines and Forfeits	0	0	0	0	0	0	0	0	0
Interest and Rentals	618	0	0	0	0	875	0	0	24,208
Other Revenue	7,440	0	58,127	0	0	0	0	26,752	3,082
Total Revenue	<u>29,301</u>	<u>0</u>	<u>456,018</u>	<u>0</u>	<u>543</u>	<u>37,714</u>	<u>91,346</u>	<u>26,752</u>	<u>104,821</u>
Expenditures									
Current:									
General Government:									
Judicial	0	0	0	0	0	0	0	0	0
Other General Government	0	0	0	0	0	0	0	22,659	0
Public Safety	0	0	0	0	0	0	0	0	0
Public Works	0	0	0	0	0	0	0	0	106,806
Health and Welfare	0	0	843,699	14,876	0	72,353	255,699	0	0
Community and Economic Development	18,158	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	19,766	0
Debt Service:									
Principal	0	0	0	0	0	0	0	0	9,669
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	131
Total Expenditures	<u>18,158</u>	<u>0</u>	<u>843,699</u>	<u>14,876</u>	<u>0</u>	<u>72,353</u>	<u>255,699</u>	<u>42,425</u>	<u>116,606</u>
Excess of Revenue Over (Under) Expenditures	<u>11,143</u>	<u>0</u>	<u>(387,681)</u>	<u>(14,876)</u>	<u>543</u>	<u>(34,639)</u>	<u>(164,353)</u>	<u>(15,673)</u>	<u>(11,785)</u>
Other Financing Sources (Uses)									
Operating Transfers In	0	0	253,746	18,000	0	21,048	125,911	0	53,903
Operating Transfers Out	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>253,746</u>	<u>18,000</u>	<u>0</u>	<u>21,048</u>	<u>125,911</u>	<u>0</u>	<u>53,903</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	11,143	0	(133,935)	3,124	543	(13,591)	(38,442)	(15,673)	42,118
Fund Balances - Beginning of Year	<u>43,050</u>	<u>489</u>	<u>133,935</u>	<u>1,607</u>	<u>730</u>	<u>13,596</u>	<u>35,332</u>	<u>21,271</u>	<u>100,284</u>
Fund Balances (Deficit) - End of Year	<u>\$ 54,193</u>	<u>\$ 489</u>	<u>\$ 0</u>	<u>\$ 4,731</u>	<u>\$ 1,273</u>	<u>\$ 5</u>	<u>\$ (3,110)</u>	<u>\$ 5,598</u>	<u>\$ 142,402</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	West Branch Township Water Bond	Stylus Lake Debt Service Fund	Flowage Lake Dam Bond	Flowage Lake Dam Fund	Drain Revolving Fund	Ausable Lake Assessment	Stylus Lake Assessment	Tee Lake Assessment	Total Other Governmental Funds
Revenue									
Property Taxes	\$ 0	\$ 35,755	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,427	\$ 76,021
Federal Grants and Revenue	0	0	0	0	0	0	0	0	269,761
State Grants and Revenue	0	0	0	0	0	0	0	0	550,790
Contributions from Local Units	97,730	0	30,957	0	0	0	0	0	204,215
Charges for Services	0	0	0	0	0	0	0	0	112,281
Fines and Forfeits	0	0	0	0	0	0	0	0	3,500
Interest and Rentals	0	12,041	858	501	0	611	8,064	1,240	51,716
Other Revenue	0	0	0	0	0	0	0	0	224,371
Total Revenue	<u>97,730</u>	<u>47,796</u>	<u>31,815</u>	<u>501</u>	<u>0</u>	<u>611</u>	<u>8,064</u>	<u>4,667</u>	<u>1,492,655</u>
Expenditures									
Current:									
General Government:									
Judicial	0	0	0	0	0	0	0	0	269,817
Other General Government	0	0	0	0	0	0	0	0	58,214
Public Safety	0	0	0	0	0	0	0	0	602,327
Public Works	0	0	0	2,016	0	240	7,517	0	116,579
Health and Welfare	0	0	0	0	0	0	0	0	1,186,627
Community and Economic Development	0	0	0	0	0	0	0	0	18,158
Capital Outlay	0	0	0	0	0	0	0	0	140,727
Debt Service:									
Principal	70,000	21,924	25,000	0	0	0	0	0	126,593
Interest and Fiscal Charges	27,730	10,502	16,500	0	0	0	0	0	54,863
Total Expenditures	<u>97,730</u>	<u>32,426</u>	<u>41,500</u>	<u>2,016</u>	<u>0</u>	<u>240</u>	<u>7,517</u>	<u>0</u>	<u>2,573,905</u>
Excess of Revenue Over (Under) Expenditures	<u>0</u>	<u>15,370</u>	<u>(9,685)</u>	<u>(1,515)</u>	<u>0</u>	<u>371</u>	<u>547</u>	<u>4,667</u>	<u>(1,081,250)</u>
Other Financing Sources (Uses)									
Operating Transfers In	0	0	0	0	0	0	0	0	920,742
Operating Transfers Out	0	0	0	0	0	0	0	0	(13,913)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>906,829</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	0	15,370	(9,685)	(1,515)	0	371	547	4,667	(174,421)
Fund Balances - Beginning of Year	<u>0</u>	<u>15,902</u>	<u>112,177</u>	<u>1,650</u>	<u>13,000</u>	<u>10,084</u>	<u>83,623</u>	<u>7,753</u>	<u>845,761</u>
Fund Balances (Deficit) - End of Year	<u>\$ 0</u>	<u>\$ 31,272</u>	<u>\$ 102,492</u>	<u>\$ 135</u>	<u>\$ 13,000</u>	<u>\$ 10,455</u>	<u>\$ 84,170</u>	<u>\$ 12,420</u>	<u>\$ 671,340</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF NET ASSETS
 OTHER ENTERPRISE FUNDS
September 30, 2007

	County Park	Tax Reversion Fund	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 19,447	\$ 366,855	\$ 386,302
Noncurrent Assets:			
Capital Assets, Net	7,106	0	7,106
Total Assets	26,553	366,855	393,408
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	120	0	120
Due to Other Funds	4,000	0	4,000
Total Liabilities	4,120	0	4,120
<u>Net Assets</u>			
Invested In Capital Assets, Net of Related Debt	7,106	0	7,106
Unrestricted	15,327	366,855	382,182
Total Net Assets	\$ 22,433	\$ 366,855	\$ 389,288

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
 OTHER ENTERPRISE FUNDS
For the Year Ended September 30, 2007

	County Park	Tax Reversion Fund	Total
<u>Operating Revenue</u>			
Charges For Services	\$ 0	\$ 330,018	\$ 330,018
User Fees	<u>15,948</u>	<u>0</u>	<u>15,948</u>
Total Operating Revenue	<u>15,948</u>	<u>330,018</u>	<u>345,966</u>
 <u>Operating Expenses</u>			
Salaries and Wages	1,160	0	1,160
Payroll Taxes and Employee Benefits	89	0	89
Advertising	0	1,541	1,541
Contractual Services	2,000	47,727	49,727
Depreciation	530	0	530
Gasoline and Oil	181	0	181
Operating Supplies	1,471	1,631	3,102
Professional Fees and Services	4,000	0	4,000
Property Taxes	713	0	713
Repair and Maintenance	690	0	690
Travel and Training	282	0	282
Utilities	5,375	0	5,375
Other	<u>3,979</u>	<u>0</u>	<u>3,979</u>
Total Operating Expenses	<u>20,470</u>	<u>50,899</u>	<u>71,369</u>
Income (Loss) Before Operating Transfers	(4,522)	279,119	274,597
Operating Transfers In	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Change in Net Assets	(522)	279,119	278,597
Net Assets - Beginning of Year	<u>22,955</u>	<u>87,736</u>	<u>110,691</u>
Net Assets - End of Year	<u>\$ 22,433</u>	<u>\$ 366,855</u>	<u>\$ 389,288</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
For the Year Ended September 30, 2007

	County Park	Tax Reversion Fund	Total
<u>Cash Flows From Operating Activities</u>			
Receipts from Customers and Taxpayers	\$ 15,948	\$ 330,018	\$ 345,966
Payments to Suppliers for Goods and Services	(21,963)	(57,613)	(79,576)
Payments to Employees for Services	(1,249)	0	(1,249)
Net Cash Provided (Used) by Operating Activities	(7,264)	272,405	265,141
<u>Cash Flows From Non-Capital Financing Activities</u>			
Operating Subsidies and Transfers From (To) Other Funds	8,000	0	8,000
Net Increase in Cash and Cash Equivalents	736	272,405	273,141
Cash and Cash Equivalents at Beginning of Year	18,711	94,450	113,161
Cash and Cash Equivalents at End of Year	\$ 19,447	\$ 366,855	\$ 386,302
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ (4,522)	\$ 279,119	\$ 274,597
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	530	0	530
Change in Assets and Liabilities:			
Accounts and Other Payables	(3,272)	(6,714)	(9,986)
Net Cash Provided (Used) by Operating Activities	\$ (7,264)	\$ 272,405	\$ 265,141

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2007

	<u>Umbrella</u>	<u>Administration</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>
Assets							
Cash and Cash Equivalents	\$ 17,121	\$ 3,467	\$ 0	\$ 0	\$ 624,548	\$ 238,876	\$ 884,012
Investments	500,000	0	0	0	0	0	500,000
Receivables:							
Delinquent Taxes	134,007	0	0	0	169,355	1,065,804	1,369,166
Accounts, Net	735	0	0	0	1,431	0	2,166
Due from Other Funds	<u>2,300,383</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,300,383</u>
Total Assets	<u>2,952,246</u>	<u>3,467</u>	<u>0</u>	<u>0</u>	<u>795,334</u>	<u>1,304,680</u>	<u>5,055,727</u>
Liabilities							
Current Liabilities:							
Accounts Payable	210	0	0	0	0	0	210
Due to Other Funds	51,279	0	0	0	559,000	1,206,023	1,816,302
Due to State	270	0	0	0	0	0	270
Due to Other Agencies and Individuals	<u>175</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,225</u>	<u>0</u>	<u>1,400</u>
Total Liabilities	<u>51,934</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>560,225</u>	<u>1,206,023</u>	<u>1,818,182</u>
Net Assets							
Unrestricted	<u>\$ 2,900,312</u>	<u>\$ 3,467</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 235,109</u>	<u>\$ 98,657</u>	<u>\$ 3,237,545</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2007

	<u>Umbrella</u>	<u>Administration</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>
<u>Operating Revenue</u>							
Tax Collection Fees	\$ 5,170	\$ 0	\$ 0	\$ 0	\$ 33,596	\$ 51,015	\$ 89,781
Interest and Penalties on Taxes	<u>40,644</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>105,228</u>	<u>47,642</u>	<u>193,514</u>
Total Operating Revenue	<u>45,814</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>138,824</u>	<u>98,657</u>	<u>283,295</u>
<u>Operating Expenses</u>							
Professional Fees and Services	4,107	0	0	0	0	0	4,107
Other	<u>3,671</u>	<u>14,514</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,185</u>
Total Operating Expenses	<u>7,778</u>	<u>14,514</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,292</u>
Operating Income (Loss)	38,036	(14,514)	0	0	138,824	98,657	261,003
<u>Nonoperating Revenue</u>							
Interest and Investment Earnings	<u>54,336</u>	<u>240</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>54,576</u>
Income (Loss) Before Operating Transfers	<u>92,372</u>	<u>(14,274)</u>	<u>0</u>	<u>0</u>	<u>138,824</u>	<u>98,657</u>	<u>315,579</u>
Operating Transfers In	423,755	0	0	0	0	0	423,755
Operating Transfers Out	<u>(101,931)</u>	<u>0</u>	<u>(212,912)</u>	<u>(210,843)</u>	<u>0</u>	<u>0</u>	<u>(525,686)</u>
Net Operating Transfers	<u>321,824</u>	<u>0</u>	<u>(212,912)</u>	<u>(210,843)</u>	<u>0</u>	<u>0</u>	<u>(101,931)</u>
Change in Net Assets	414,196	(14,274)	(212,912)	(210,843)	138,824	98,657	213,648
Net Assets - Beginning of Year	<u>2,486,116</u>	<u>17,741</u>	<u>212,912</u>	<u>210,843</u>	<u>96,285</u>	<u>0</u>	<u>3,023,897</u>
Net Assets - End of Year	<u>\$ 2,900,312</u>	<u>\$ 3,467</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 235,109</u>	<u>\$ 98,657</u>	<u>\$ 3,237,545</u>

COUNTY OF OGEMAW
West Branch, Michigan

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2007

	<u>Umbrella</u>	<u>Administration</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>
<u>Cash Flows From Operating Activities</u>							
Receipts from Customers and Taxpayers	\$ 46,138	\$ 0	\$ 0	\$ 850	\$ 138,618	\$ 98,657	\$ 284,263
Payments to Suppliers for Goods and Services	(7,393)	(14,802)	0	0	0	0	(22,195)
Delinquent Taxes Collected (Purchased)	(55,588)	0	27,586	144,576	852,599	(1,065,804)	(96,631)
Net Cash Provided (Used) by Operating Activities	<u>(16,843)</u>	<u>(14,802)</u>	<u>27,586</u>	<u>145,426</u>	<u>991,217</u>	<u>(967,147)</u>	<u>165,437</u>
<u>Cash Flows From Non-Capital Financing Activities</u>							
Operating Subsidies and Transfers From (To) Other Funds	<u>(1,039,121)</u>	<u>0</u>	<u>(212,912)</u>	<u>(210,843)</u>	<u>(371,000)</u>	<u>1,206,023</u>	<u>(627,853)</u>
<u>Cash Flows From Investing Activities</u>							
Interest Earned	54,336	240	0	0	0	0	54,576
Purchase of Investment Securities	(500,000)	0	0	0	0	0	(500,000)
Net Cash Provided (Used) by Investing Activities	<u>(445,664)</u>	<u>240</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(445,424)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,501,628)	(14,562)	(185,326)	(65,417)	620,217	238,876	(907,840)
Cash and Cash Equivalents at Beginning of Year	<u>1,518,749</u>	<u>18,029</u>	<u>185,326</u>	<u>65,417</u>	<u>4,331</u>	<u>0</u>	<u>1,791,852</u>
Cash and Cash Equivalents at End of Year	<u>\$ 17,121</u>	<u>\$ 3,467</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 624,548</u>	<u>\$ 238,876</u>	<u>\$ 884,012</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>							
Operating Income (Loss)	\$ 38,036	\$ (14,514)	\$ 0	\$ 0	\$ 138,824	\$ 98,657	\$ 261,003
Change in Assets and Liabilities:							
Receivables	(55,534)	0	27,586	145,446	851,168	(1,065,804)	(97,138)
Accounts and Other Payables	655	(288)	0	(20)	1,225	0	1,572
Net Cash Provided (Used) by Operating Activities	<u>\$ (16,843)</u>	<u>\$ (14,802)</u>	<u>\$ 27,586</u>	<u>\$ 145,426</u>	<u>\$ 991,217</u>	<u>\$ (967,147)</u>	<u>\$ 165,437</u>

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF INDEBTEDNESS
September 30, 2007

\$219,240 NOTE PAYABLE FOR STYLUS LAKE DAM IMPROVEMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 21,924	\$ 9,451	\$ 31,375
2009	21,924	8,401	30,325
2010	21,924	7,352	29,276
2011	21,924	6,302	28,226
2012	21,924	5,251	27,175
2013	21,924	4,201	26,125
2014	21,924	3,150	25,074
2015	21,924	2,100	24,024
2016	<u>21,924</u>	<u>1,050</u>	<u>22,974</u>
	<u>\$ 197,316</u>	<u>\$ 47,258</u>	<u>\$ 244,574</u>

\$1,400,000 WEST BRANCH WATER SYSTEM BONDS

<u>Fiscal Year</u>	<u>November 1 Interest</u>	<u>May 1 Principal</u>	<u>May 1 Interest</u>	<u>Total</u>
2008	\$ 11,725	\$ 70,000	\$ 11,725	\$ 93,450
2009	9,800	70,000	9,800	89,600
2010	7,840	70,000	7,840	85,680
2011	5,880	70,000	5,880	81,760
2012	3,920	70,000	3,920	77,840
2013	<u>1,960</u>	<u>70,000</u>	<u>1,960</u>	<u>73,920</u>
	<u>\$ 41,125</u>	<u>\$ 420,000</u>	<u>\$ 41,125</u>	<u>\$ 502,250</u>

\$525,000 OGEMAW LAKE LEVEL (FLOWAGE LAKE DAM) BONDS

<u>Fiscal Year</u>	<u>November 1 Interest</u>	<u>May 1 Principal</u>	<u>May 1 Interest</u>	<u>Total</u>
2008	\$ 7,300	\$ 25,000	\$ 7,300	\$ 39,600
2009	6,600	25,000	6,600	38,200
2010	5,900	25,000	5,900	36,800
2011	5,187	25,000	5,188	35,375
2012	4,462	25,000	4,462	33,924
2013	3,731	25,000	3,732	32,463
2014	2,994	25,000	2,994	30,988
2015	2,250	25,000	2,250	29,500
2016	<u>1,500</u>	<u>50,000</u>	<u>1,500</u>	<u>53,000</u>
	<u>\$ 39,924</u>	<u>\$ 250,000</u>	<u>\$ 39,926</u>	<u>\$ 329,850</u>

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF INDEBTEDNESS
September 30, 2007

ROAD COMMISSION MICHIGAN TRANSPORTATION FUND REVENUE NOTE PAYABLE

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 70,000	\$ 11,340	\$ 81,340
2009	70,000	7,630	77,630
2010	<u>70,000</u>	<u>3,850</u>	<u>73,850</u>
	<u>\$ 210,000</u>	<u>\$ 22,820</u>	<u>\$ 232,820</u>



Stephenson, Gracik & Co., P.C.

Certified Public Accountants & Consultants

January 19, 2008

Alan J. Stephenson, CPA
Gerald D. Gracik Jr., CPA
James J. Gracik, CPA
Donald W. Brannan, CPA
Kyle E. Troyer, CPA

Herman A. Bertuleit

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

Board of Commissioners
County of Ogemaw
West Branch, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw, West Branch, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the County of Ogemaw's basic financial statements and have issued our report thereon dated January 19, 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 County of Ogemaw's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Ogemaw's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Ogemaw's internal control over financial reporting.

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

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

Financial Statement Preparation

The County of Ogemaw prepares various financial information throughout the year to assess operations and the financial condition of the County. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the County relies on our firm to assist in preparing the annual financial report in accordance with Generally Accepted Accounting Principles.

The County of Ogemaw has individuals on staff to review that the financial report is accurate and the financial information reflects the recording of the proposed entries, however, not to review and determine that the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles. As a result, the County is considered to have a significant control deficiency, since reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles and the County would not be in a position to detect the errors or omissions.

Stephenson, Gracik & Co., P.C.

Board of Commissioners
County of Ogemaw
January 19, 2008

Deficit Fund Balances

The County of Ogemaw's Jail Renovation Fund and IDTP Program Fund have deficit fund balances at September 30, 2007. Deficit elimination plans need to be filed with the Michigan Department of Treasury as soon as possible.

General Ledger

The Housing Fund grant reports were prepared using subsidiary records maintained by the Housing Director which did not match back in detail to the general ledger activity. We recommend that the Housing Director compare her subsidiary ledgers to the general ledger on a monthly basis for accuracy and give the County Clerk adjustments as necessary. We also recommend that the Director should complete her grant reports from the general ledger.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Ogemaw'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described below.

Cash Management

Grant monies in the Housing Fund are not being spent within thirty days of receiving the monies in accordance with grant agreements. Therefore, we recommend that the Housing Director draw down only the monies she expects to spend within thirty days.

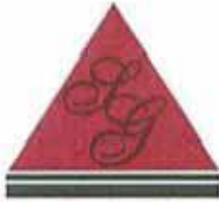
Grant Reporting

The September 2007 grant reimbursement request for the CDBG program included costs for a project that was also reimbursed through the Housing Preservation Grant program. However, the County failed to request eligible costs on prior period grant requests; therefore, in total the monies requested were in compliance with the grant budget. We recommend that grant requests be prepared from subsidiary ledgers that are reconciled to the general ledger to avoid future over (under) requesting of eligible expenditures.

We noted certain matters that we have reported to management of the County of Ogemaw in a separate letter dated January 19, 2008.

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

Stephenson, Gracik & Co., P.C.



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January 19, 2008

Board of Commissioners
County of Ogemaw
West Branch, Michigan

Dear Board Members:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw for the year ended September 30, 2007, and have issued our report thereon dated January 19, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated July 11, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

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

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

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Ogemaw are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the County of Ogemaw during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Stephenson, Gracik & Co., P.C.

Board of Commissioners
County of Ogemaw
January 19, 2008
Page 2

Accounting Estimates

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

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the County of Ogemaw's financial reporting process (that is, cause future financial statements to be materially misstated). The audit adjustments, which include material misstatements detected as a result of audit procedures, were provided to and corrected by management.

Disagreements with Management

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

Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

Additional Information

As a result of our study and evaluation of the internal controls and compliance as described in the third and fourth paragraphs, certain matters came to our attention upon which we would like to comment and offer the following recommendations.

Deficit Fund Balances

The County of Ogemaw's Jail Renovation Fund and IDTP Program Fund have deficit fund balances at September 30, 2007. Deficit elimination plans need to be filed with the Michigan Department of Treasury as soon as possible.

Stephenson, Gracik & Co., P.C.

Board of Commissioners
County of Ogemaw
January 19, 2008
Page 3

Financial Statement Preparation

The County of Ogemaw prepares various financial information throughout the year to assess operations and the financial condition of the County. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the County relies on our firm to assist in preparing the annual financial report in accordance with Generally Accepted Accounting Principles.

The County of Ogemaw has individuals on staff to review that the financial report is accurate and the financial information reflects the recording of the proposed entries, however, not to review and determine that the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles. As a result, the County is considered to have a significant control deficiency, since reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles and the County would not be in a position to detect the errors or omissions.

Inmate Trust Account

We noted that the Inmate Trust Fund has a cash balance that is significantly higher than what is due to the inmates per the subsidiary records. This balance appears to be related to County booking and other processing fees not transferred to the General Fund. We recommend that the amounts to the inmates be verified and any excess cash balance be transferred to the General Fund and that the inmate balances due be reconciled back to the cash balance on a monthly basis.

General Ledger

The Housing Fund grant reports were prepared using subsidiary records maintained by the Housing Director which did not match back in detail to the general ledger activity. We recommend that the Housing Director compare her subsidiary ledgers to the general ledger on a monthly basis for accuracy and give the County Clerk adjustments as necessary. We also recommend that the Director should complete her grant reports from the general ledger.

Cash Management

Grant monies in the Housing Fund are not being spent within thirty days of receiving the monies in accordance with grant agreements. Therefore, we recommend that the Housing Director draw down only the monies she expects to spend within thirty days.

Grant Reporting

The September 2007 grant reimbursement request for the CDBG program included costs for a project that was also reimbursed through the Housing Preservation Grant program. However, the County failed to request eligible costs on prior period grant requests; therefore, in total the monies requested were in compliance with the grant budget. We recommend that grant requests be prepared from subsidiary ledgers that are reconciled to the general ledger to avoid future over (under) requesting of eligible expenditures.

Procurement Procedures

As a result of compliance tests performed on the procurement process of the County Housing Fund grants, it was determined that there was no documentation, of who was present at bid openings for Housing Fund projects that are required to be bid out. We recommend that a sign-in sheet be prepared to support the individuals present at all bid openings.

Budget Control

We noted that the County's General Fund and Revenue Sharing Reserve Fund included expenditures in some functions that exceeded appropriated amounts. We recommend that the Board continue to amend the budgets for all funds periodically as needed and take into consideration recurring year end audit adjustments.

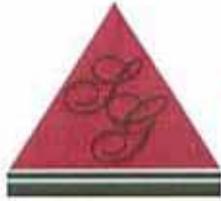
We wish to express our appreciation for the cooperation and courtesies extended our staff by management and employees of County of Ogemaw.

Stephenson, Gracik & Co., P.C.

Board of Commissioners
County of Ogemaw
January 19, 2008
Page 4

This information is intended solely for the use of management, the Board of Commissioners, others within the entity, the Michigan Department of Treasury, 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.

Stephenson, Gracik & Co., P.C.



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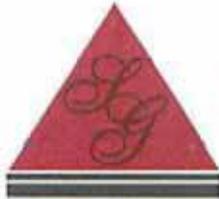
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COUNTY OF OGEMAW
WEST BRANCH, MICHIGAN

SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 2007

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January 19, 2008

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

Board of Commissioners
County of Ogemaw
West Branch, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw, West Branch, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the County of Ogemaw's basic financial statements and have issued our report thereon dated January 19, 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 County of Ogemaw's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Ogemaw's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Ogemaw's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Ogemaw's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Ogemaw's financial statements that is more than inconsequential will not be prevented or detected by the County of Ogemaw's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-1, and 07-2 to be significant deficiencies in internal control over financial reporting.

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

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

Stephenson, Gracik & Co., P.C.

Board of Commissioners
County of Ogemaw
January 19, 2008

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Ogemaw'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and are described as items 07-3 and 07-4 in the accompanying schedule of findings and questioned costs.

We noted certain matters that we have reported to management of the County of Ogemaw in a separate letter dated January 19, 2008.

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

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

Stephenson, Gracik & Co., P.C.



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January 19, 2008

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

Board of Commissioners
County of Ogemaw
West Branch, Michigan

Compliance

We have audited the compliance of the County of Ogemaw 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 September 30, 2007. The County of Ogemaw'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 County of Ogemaw's management. Our responsibility is to express an opinion on the County of Ogemaw's compliance based on our audit.

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

As described in items 07-3 and 07-4 in the accompanying schedule of findings and questions costs, the County of Ogemaw did not comply with requirements regarding cash management and grant reporting that are applicable to its Community Development Block Grant. Compliance with such requirements is necessary, in our opinion, for the County of Ogemaw to comply with the requirements applicable to that program.

In our opinion, except for the noncompliances described in the preceding paragraph, the County of Ogemaw 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 September 30, 2007.

Internal Control Over Compliance

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

Stephenson, Gracik & Co., P.C.

Board of Commissioners
County of Ogemaw
January 19, 2008

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

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-3 and 07-4 to be significant deficiencies.

A material weakness is a significant deficiency, or a 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. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 07-3 and 07-4 to be material weaknesses.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ogemaw as of and for the year ended September 30, 2007, and have issued our report thereon dated January 19, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County of Ogemaw's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Stephenson, Gracik & Co., P.C.

COUNTY OF OGEMAW
West Branch, Michigan

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2007

There were no findings or questioned costs for the year ended September 30, 2006.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007

Summary of Auditor's Results

- (1) The auditors' report expresses unqualified opinions on the financial statements of the County of Ogemaw.
- (2) Two material weaknesses relating to the audit of the financial statements are reported in the 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) Two instances of noncompliance material to the financial statements of the County of Ogemaw, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (4) One significant deficiencies is disclosed regarding internal control over major federal award programs compliance in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
- (5) The auditors' report on compliance for the major federal award programs for the County of Ogemaw expresses a qualified opinion.
- (6) The auditors' report disclosed one finding relative to the major federal award programs of the County of Ogemaw.
- (7) The programs tested as major programs included:

<u>Program</u>	<u>CFDA #</u>
Child Support Enforcement	93.563
Community Development Block Grant	14.228

- (8) The threshold for distinguishing Type A and B programs was \$300,000.
- (9) The County of Ogemaw was determined not to be a low risk auditee.

Findings - Financial Statements Audit

07-01 Financial Statement Preparation

The County of Ogemaw prepares various financial information throughout the year to assess operations and the financial condition of the County. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the County relies on our firm to assist in preparing the annual financial report in accordance with Generally Accepted Accounting Principles.

The County of Ogemaw has individuals on staff to review that the financial report is accurate and the financial information reflects the recording of the proposed entries, however, not to review and determine that the financial report is a complete presentation in accordance with Generally Accepted Accounting principles. As a result, the County is considered to have a significant control deficiency, since reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles and the County would not be in a position to detect the errors or omissions.

Criteria: Accounting principles require personnel of the County of Ogemaw have the knowledge to review and determine the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007

Findings - Financial Statements Audit (Continued)

07-01 Financial Statement Preparation (Continued)

Condition: The County of Ogemaw's personnel prepare various financial information throughout the year to assess operations and the financial condition of the County. However, prior to the closing of the year end, various entries material to the financial statements were proposed by our firm. Also, the County relies on our firm to assist in preparing the annual financial report in accordance with Generally Accepted Accounting Principles.

Questioned Costs: None.

Cause: The County of Ogemaw has individuals on staff to review the financial report to ensure it is accurate, and the financial information reflects the recording of the proposed entries. However, the individuals do not review and determine that the financial report is a complete presentation in accordance with Generally Accepted Accounting Principles.

Effect: As a result, the County is considered to have a significant control deficiency, since reporting errors or omissions could occur in the preparation of the annual financial report that would be departures from Generally Accepted Accounting Principles and the County would not be in a position to detect the errors or omissions.

Recommendation: The County should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

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

07-2 General Ledger

Criteria: Accounting and internal control principles require general ledger activity be reconciled to subsidiary ledgers on a monthly basis, and any adjustments be posted monthly.

Condition: During our fieldwork, we noted that the Housing Director was not reconciling the subsidiary records used for grant reporting back to the general ledger.

Questioned Costs: None.

Cause: There were no procedures in place requiring the subsidiary housing ledgers be reconciled to the general ledger.

Effect: Grant reports do not agree with the general ledger detail and expense classification.

Recommendation: Grant reports should be prepared using the general ledger activity and subsidiary grant records should be reconciled back to the County's general ledger.

Management Response: Effective March 1, 2008 the housing subsidiary ledgers will be reconciled on a monthly basis with the Deputy Clerk at the Clerk's office.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007

Findings - Financial Statements Audit (Continued)

07-3 Cash Management – Housing Preservation Grant

Criteria: The Housing Preservation Grant (HPG) requires all monies less than \$10,000 drawn down be disbursed within thirty calendar days from the date of the Treasury check. All monies over \$10,000 drawn down need to be disbursed within seven calendar days from the date of the Treasury check.

Condition: During our fieldwork, we noted that the HPG grant monies were not being spent within the appropriate time in accordance with the grant agreement.

Questioned Costs: None.

Cause: Monies were being requested as they were obligated and then not being spent timely in accordance with the grant requirements.

Effect: Monies drawn down for the Housing Preservation Grant were not spent timely in accordance with the grant cash management requirements.

Recommendation: The Housing Director should draw down only the monies she expects to spend within the appropriate time requirements of the grant.

Management Response: Future HPG monies will be drawn down and spent within the appropriate time frame in accordance with the HPG grant agreement.

Findings and Questioned Costs – Major Federal Award Programs Audit

07-4 Grant Reporting – Community Development Block Grant

Criteria: Grant requests must include only those costs that are eligible for reimbursement.

Condition: The September 2007 grant reimbursement request for the CDBG program included costs for a project that was also reimbursed through the Housing Preservation Program.

Questioned Costs: None.

Cause: The Housing Director did not report the proper amounts from the subsidiary ledger on grant requests.

Effect: Project amounts were over reported to MSHDA for the CDBG grant. However, the County failed to request eligible costs on prior grant requests; therefore, in total the monies requested were in compliance with the grant budget.

Recommendation: We recommend that grant requests be prepared from subsidiary ledgers that are reconciled to the general ledger to avoid future over (under) requesting of eligible expenditures.

Management Response: Future CDBG grant requests will be prepared from the Housing grant subsidiary ledgers that are reconciled to the general ledger.

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2007

Federal Grantor or Pass Through Grantor Program Title/Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/01/06	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at 9/30/07	Adjustments
<u>U.S. Department of Agriculture</u>								
Passed through the Farmers Home Administration:								
Rural Housing Preservation Grant:								
2005	10.433	\$ 29,927	\$ 11,281	\$ 2,957	\$ 18,646	\$ 21,603	\$ 0	\$ 0
2006		17,342	0	0	13,061	17,342	(4,281)	0
		<u>47,269</u>	<u>11,281</u>	<u>2,957</u>	<u>31,707</u>	<u>38,945</u>	<u>(4,281)</u>	<u>0</u>
Schools and Roads Grants to States	10.665	59,439	0	0	59,439	59,439	0	0
Total U.S. Department of Agriculture		<u>106,708</u>	<u>11,281</u>	<u>2,957</u>	<u>91,146</u>	<u>98,384</u>	<u>(4,281)</u>	<u>0</u>
<u>U.S. Department of Housing and Urban Development</u>								
Passed through Michigan State Housing Development Authority:								
CDBG Homeowner Rehab								
MSC-2006-0324-H0A	14.228	175,000	26,103	26,103	114,850	119,631	21,322	0
<u>U.S. Department of Interior</u>								
Payments in Lieu of Taxes on Federal Land								
Payments in Lieu of Taxes on Federal Land	15.226	2,216	0	0	2,216	2,216	0	0
		622	0	0	622	622	0	0
		<u>2,838</u>	<u>0</u>	<u>0</u>	<u>2,838</u>	<u>2,838</u>	<u>0</u>	<u>0</u>
<u>U.S. Department of Transportation</u>								
Passed through Michigan State Police:								
Highway Safety Enforcement Grant:								
PT-06-31	20.600	17,413	8,108	7,612	0	7,612	0	0
PT-07-12		18,232	0	0	11,420	7,369	4,051	0
		<u>35,645</u>	<u>8,108</u>	<u>7,612</u>	<u>11,420</u>	<u>14,981</u>	<u>4,051</u>	<u>0</u>
<u>U.S. Department of Justice</u>								
Training Grant								
2006-DD-BX-0009	16.579	98,723	0	20,179	45,156	56,393	8,942	0
Passed through Michigan Department of Human Services:								
Juvenile Accountability Incentive Block Grant:								
JABGN-06-65001	16.523	14,073	5,577	0	8,496	8,496	0	0
JABGN-07-65001		17,037	0	0	10,103	9,208	895	0
		<u>31,110</u>	<u>5,577</u>	<u>0</u>	<u>18,599</u>	<u>17,704</u>	<u>895</u>	<u>0</u>
Total U.S. Department of Justice		<u>129,833</u>	<u>5,577</u>	<u>20,179</u>	<u>63,755</u>	<u>74,097</u>	<u>9,837</u>	<u>0</u>

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2007

Federal Grantor or Pass Through Grantor Program Title/Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/1/06	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at 9/30/07	Adjustments
<u>U.S. Department of Health and Human Services</u>								
Passed through Michigan Department of Human Services:								
Intense Community Service DEL-06-65001	93.556	\$ 12,999	\$ 0	\$ 0	\$ 12,999	\$ 12,999	\$ 0	\$ 0
Temporary Assistance for Needy Families:								
Passed through Michigan Works! Region 7B Consortium:								
Non-custodial Parent Program:								
2006	93.558	36,000	14,872	416	0	416	0	0
2007		20,130	0	0	8,743	7,472	1,271	0
		<u>56,130</u>	<u>14,872</u>	<u>416</u>	<u>8,743</u>	<u>7,888</u>	<u>1,271</u>	<u>0</u>
Passed through Michigan Department of Human Services:								
Intense Community Service								
DEL-06-65001		12,000	0	0	12,000	12,000	0	0
Total Temporary Assistance for Needy Families		<u>68,130</u>	<u>14,872</u>	<u>416</u>	<u>20,743</u>	<u>19,888</u>	<u>1,271</u>	<u>0</u>
Child Support Enforcement:								
Passed through Michigan Department of Human Services:								
Prosecuting Attorney CS-PA06-65002	93.563	36,891	36,891	3,847	0	3,847	0	0
Prosecuting Attorney CS-PA07-65002		48,412	0	0	48,412	44,657	3,755	0
Friend of the Court Title IV D CS/FOC-06-65001		29,188	29,188	3,158	0	3,158	0	0
Friend of the Court Title IV D CS/FOC-06-65001		97,411	97,411	10,359	0	10,359	0	0
Friend of the Court Title IV D CS/FOC-07-65001		129,198	0	0	129,198	103,879	25,319	0
Friend of the Court Title IV D CS/FOC-07-65001		49,531	0	0	49,531	41,319	8,212	0
Medical Support CS/MED-07-65001		8,222	0	0	8,222	8,222	0	0
Performance Incentive Payments		49,167	0	0	49,167	49,167	0	0
Total Child Support Enforcement		<u>448,020</u>	<u>163,490</u>	<u>17,364</u>	<u>284,530</u>	<u>264,608</u>	<u>37,286</u>	<u>0</u>
Total U.S. Department of Health and Human Services		<u>529,149</u>	<u>178,362</u>	<u>17,780</u>	<u>318,272</u>	<u>297,495</u>	<u>38,557</u>	<u>0</u>

COUNTY OF OGEMAW
West Branch, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2007

Federal Grantor or Pass Through Grantor Program Title/Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at 10/1/06	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue at 9/30/07	Adjustments
<u>U.S. Department of Homeland Security</u>								
Passed through the Michigan Department of Natural Resources:								
Boating Safety Financial Assistance	97.012	\$ 14,194	\$ 0	\$ 0	\$ 14,194	\$ 14,194	\$ 0	\$ 0
Passed through the Michigan State Police:								
2006 Emergency Management Performance Grant	97.042	10,464	10,464	3,025	0	0	0	(3,025)
2007 Emergency Management Performance Grant		10,591	0	0	10,591	2,655	7,936	0
		<u>21,055</u>	<u>10,464</u>	<u>3,025</u>	<u>10,591</u>	<u>2,655</u>	<u>7,936</u>	<u>(3,025)</u>
Total U.S. Department of Homeland Security		<u>35,249</u>	<u>10,464</u>	<u>3,025</u>	<u>24,785</u>	<u>16,849</u>	<u>7,936</u>	<u>(3,025)</u>
Total Federal Awards		<u>\$ 1,014,422</u>	<u>\$ 239,895</u>	<u>\$ 77,656</u>	<u>\$ 627,066</u>	<u>\$ 624,275</u>	<u>\$ 77,422</u>	<u>\$ (3,025)</u>

COUNTY OF OGEMAW
West Branch, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2007

1. Reconciliation to Financial statements :

Federal revenue presented in the financial statements	\$ 600,752
Accounts receivable for the year ended September 30, 2007 not received within 60 days of year-end and deferred in the financial statements :	
Prosecuting Attorney CS-PA07-65002	3,755
Friend of the Court Title IV D CS/FOC-07-65001	15,084
Additional monies received for prior year grant expenses:	
Prosecuting Attorney CS-PA06-65002	(125)
CDBG Homeowner Rehab MSC-2006-0324-H0A	(3,784)
Accounts receivable for the year ended September 30, 2006 received after 60 days of year-end and recognized as federal revenue in the current year financial statements:	
Prosecuting Attorney CS-PA06-65002	(3,722)
Friend of the Court Title IV D CS/FOC-06-65001	(13,517)
2006 Non-custodial Parent Program	(416)
Federal Schools and Roads grants recorded as Due to Other Units in the Trust and Agency Fund	59,439
Department of Interior Payment in Lieu of Taxes recorded as Due to Other Units in the Trust and Agency Fund	622
Federal revenues not falling under scope of this single audit:	
Airport Fund	<u>(31,022)</u>
Federal revenue on the Schedule of Expenditures of Federal Awards	<u>\$ 627,066</u>

The federal revenues reported in the fund financial statements are net of the adjustments on the Schedule of Expenditures of Federal Awards.

The federal revenues reported in the Airport Fund fall under the Single Audit Scope of the Michigan Department of Transportation and, therefore, are not shown in the Schedules of Expenditures of Federal Awards. The federal revenues of the Public Transit were reported in the Schedule of Expenditures of Federal Awards of that entity, issued separately from this report.

2. The 2006 Emergency Management Performance Grant accounts receivable of \$3,025 was never received.
3. The Schedule of Expenditures of Federal Awards is a summary of the cash activity of the County's federal awards and does not present transactions that would be included in financial statements of the County presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.
4. The threshold for distinguishing Type A and B programs was \$300,000.