

### 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 Van Buren County	County Van Buren
Fiscal Year End September 30, 2007	Opinion Date May 7, 2008	Date Audit Report Submitted to State May 12, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

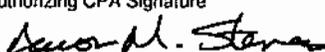
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

 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 checked="" type="checkbox"/>	Single Audit	
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number (517) 351-6836	
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State      Zip MI      48823
Authorizing CPA Signature 		Printed Name Aaron M. Stevens, CPA	
		License Number 1101024055	

**Van Buren County, Michigan**

**FINANCIAL STATEMENTS**

**September 30, 2007**

Van Buren County, Michigan

September 30, 2007

BOARD OF COMMISSIONERS

Christopher Randall	Chairperson
Donald Hanson	Vice-Chairperson
Thomas Erdmann	Commissioner
Susan Hammond	Commissioner
James Ray	Commissioner
Richard Freestone	Commissioner
Mike Toth	Commissioner

ADMINISTRATION AND OTHER ELECTED OFFICIALS

Douglas Cultra	Administrator
Karen Makay	Treasurer
Christine Leary	Clerk
Carole Motycka	Register of Deeds
Joe Parman	Drain Commissioner
Juris Kaps	Prosecuting Attorney
Dale Gribler	Sheriff

Van Buren County, Michigan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
of Van Buren County  
Paw Paw, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County, Michigan as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Van Buren County'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 Van Buren County Transit (blended component unit) which represents 8 percent and 42 percent of the assets and revenues, respectively, of the business-type activities, and the Van Buren County Road Commission (discretely presented component unit) which represents 57 percent and 54 percent of the assets and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Van Buren County Transit and the Van Buren County Road Commission, are based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County, 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 May 7, 2008 on our consideration of Van Buren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not required parts 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary 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.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 7, 2008

Van Buren County, Michigan

Management's Discussion and Analysis

September 30, 2007

The following is a discussion and analysis of Van Buren County's (the County's) financial performance and position, providing an overview of the activities for the year ended September 30, 2007. This analysis should be read in conjunction with the *Independent Auditors Report*, beginning on page i of this report, and with the County's financial statements, which follow this section.

Certain limited financial information is presented with respect to the Van Buren County Road Commission, the Van Buren County District Public Health Department, and the Van Buren County Transit. The reader should refer to the Road Commission's, Health Department's, and Transit's separately issued financial statements for more detailed information.

**FINANCIAL HIGHLIGHTS**

**Government-wide:**

- Total net assets as of September 30, 2007, were \$32,115,152 (excluding component units).
- Governmental activities net assets were \$21,670,781.
- Business-type activities net assets were \$10,444,371.
- Component Unit net assets were \$58,069,473.

**Fund Level:**

- At the close of the fiscal year, the County's governmental funds reported a total ending fund balance of \$11,631,458 with \$356,857 being reserved, designated, or otherwise earmarked for specific purposes.
- The General Fund realized \$920,138 more in revenues and other financing sources than anticipated for the fiscal year. General Fund operations also expended \$738,056 less than appropriated.
- Overall, the General Fund balance increased by \$1,092,556 to \$3,797,485 with \$3,502,485 undesignated or available for general purposes.

**Capital and Long-term Debt Activities:**

- The governmental activities of the primary government added \$406,145 in capital assets during the fiscal year.
- The business-type activities of the primary government issued \$3,000,000 of delinquent tax notes during the fiscal year.
- The total long-term debt for the primary government was \$7,021,813 with a net reduction of \$2,534,180 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual financial report of the County consists of the following components: 1) *Independent Auditors Report*; 2) *Management's Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and proprietary funds and other financial data.

**Government-wide Financial Statements (Reporting the County as a Whole)**

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the County as a whole, and about its activities. Their purpose is to assist in answering the question, is the County, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

Van Buren County, Michigan

Management's Discussion and Analysis

September 30, 2007

The Statement of Net Assets (page 1) presents all of the County's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the County's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the County's net assets changed during 2007. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- **Governmental Activities** - Most of the County's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the County's general government departments, law enforcement, the courts, the Board of Commissioner operations, and other countywide elected official operations are reported under these activities.
- **Business-type Activities** - These activities operate like private businesses. The County charges fees to recover the cost of the services provided. The Delinquent Tax Funds, Jail Commissary, and Public Transit are examples of these activities.
- **Discretely Presented Component Units** - Discretely Presented Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Five organizations are included as component units: the Van Buren County Road Commission, Van Buren/Cass County District Public Health Department, Drainage Districts, Department of Public Works, and the Economic Development Corporation.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 5 and 8 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the County's general capital assets such as buildings, land, cars, computer equipment, etc. These values are not included in the fund financial statements.

Van Buren County, Michigan

Management's Discussion and Analysis

September 30, 2007

**Fund Financial Statements (Reporting the County's Major Funds)**

The fund financial statements, which begin on page 3, provide information on the County's significant (major) funds, and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the Child Care Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations; these include the internal services funds as well as enterprise funds such as the Jail Commissary and Delinquent Tax Funds.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds and where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for Van Buren County include the General Fund, the Housing Program Income Fund, the Workforce Development Fund, the Revenue Sharing Reserve Fund, the Delinquent Tax Revolving Fund, the 2006 Delinquent Tax Revolving Fund, and the Delinquent Tax Forfeitures Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The County includes detailed information on its nonmajor funds in the other supplementary information section of this report.

The County's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).
- **Proprietary Funds** - Services for which the County charges customers (whether outside the County structure or a County department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. *Internal Service funds* report activities that provide supplies or service to the County's other operations. Internal Service funds are reported as governmental activities on the government-wide statements.
- **Fiduciary Funds** - The County acts as a trustee or fiduciary in certain instances. The County's fiduciary activities are reported in a separate statement on page 17. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 21 of this report.

Van Buren County, Michigan  
Management's Discussion and Analysis  
September 30, 2007

**Required Supplementary Information**

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedules for the General Fund and the major special revenue funds.

**Other Supplementary Information**

Other Supplementary Information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

As previously stated, Van Buren County's combined net assets were \$32,115,152 at the end of this fiscal year's operations. The net assets of the governmental activities were \$21,670,781; the business type activities were \$10,444,371.

**Net Assets as of September 30, 2007 and 2006**

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>	<u>Business- Type Activities 2007</u>	<u>Business- Type Activities 2006</u>	<u>Total Primary Government 2007</u>	<u>Total Primary Government 2006</u>
Current and Other Assets	\$ 15,781,213	\$ 10,397,233	\$ 13,332,028	\$ 13,211,095	\$ 29,113,241	\$ 23,608,328
Capital Assets	<u>11,214,284</u>	<u>11,607,696</u>	<u>392,883</u>	<u>545,281</u>	<u>11,607,167</u>	<u>12,152,977</u>
<b>Total Assets</b>	<b><u>\$ 26,995,497</u></b>	<b><u>\$ 22,004,929</u></b>	<b><u>\$ 13,724,911</u></b>	<b><u>\$ 13,756,376</u></b>	<b><u>\$ 40,720,408</u></b>	<b><u>\$ 35,761,305</u></b>
Current Liabilities	\$ 2,552,035	\$ 1,141,315	\$ 268,604	\$ 27,685	\$ 2,820,639	\$ 1,169,000
Noncurrent Liabilities	<u>2,772,681</u>	<u>4,888,597</u>	<u>3,011,936</u>	<u>4,992,396</u>	<u>5,784,617</u>	<u>9,880,993</u>
<b>Total Liabilities</b>	<b><u>\$ 5,324,716</u></b>	<b><u>\$ 6,029,912</u></b>	<b><u>\$ 3,280,540</u></b>	<b><u>\$ 5,020,081</u></b>	<b><u>\$ 8,605,256</u></b>	<b><u>\$ 11,049,993</u></b>
<b>Net Assets</b>						
Invested in Capital Assets (Net of related debt)	\$ 8,469,284	\$ 7,747,696	\$ 392,883	\$ 545,281	\$ 8,862,167	\$ 8,292,977
Restricted	6,844,455	6,200,834	-	-	6,844,455	6,200,834
Unrestricted	<u>6,357,042</u>	<u>2,026,487</u>	<u>10,051,488</u>	<u>8,191,014</u>	<u>16,408,530</u>	<u>10,217,501</u>
<b>Total Net Assets</b>	<b><u>\$ 21,670,781</u></b>	<b><u>\$ 15,975,017</u></b>	<b><u>\$ 10,444,371</u></b>	<b><u>\$ 8,736,295</u></b>	<b><u>\$ 32,115,152</u></b>	<b><u>\$ 24,711,312</u></b>

Van Buren County, Michigan  
Management's Discussion and Analysis

September 30, 2007

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's primary government net assets changed during the fiscal year:

**Changes in Net Assets for the Fiscal Year Ending September 30, 2007 and 2006**

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>	<u>Business Type Activities 2007</u>	<u>Business Type Activities 2006</u>	<u>Total 2007</u>	<u>Total 2006</u>
<b>Revenues</b>						
Charges for Services	\$ 5,931,512	\$ 3,586,989	\$ 845,590	\$ 1,722,320	\$ 6,777,102	\$ 5,309,309
Grants and Contributions	15,587,511	10,187,724	519,469	488,516	16,106,980	10,676,240
General Revenues						
Property Taxes	18,726,469	12,944,727	1,604,554	-	20,331,023	12,944,727
Investment Earnings	489,190	259,979	287,704	155,378	776,894	415,357
Miscellaneous	<u>85,130</u>	<u>685,297</u>	<u>3,583</u>	<u>-</u>	<u>88,713</u>	<u>685,297</u>
<b>Total Revenues</b>	<b>40,819,812</b>	<b>27,664,716</b>	<b>3,260,900</b>	<b>2,366,214</b>	<b>44,080,712</b>	<b>30,030,930</b>
<b>Expenses</b>						
General Government	10,834,564	8,133,747	-	-	10,834,564	8,133,747
Public Safety	8,339,031	5,970,815	-	-	8,339,031	5,970,815
Public Works	6,672	57,696	-	-	6,672	57,696
Health and Welfare	6,722,688	5,132,255	-	-	6,722,688	5,132,255
Community and Econ. Dev.	8,966,506	5,882,838	-	-	8,966,506	5,882,838
Interest on Long Term Debt	171,586	74,667	-	76,068	171,586	150,735
Other	<u>83,000</u>	<u>278,647</u>	<u>1,552,824</u>	<u>1,140,026</u>	<u>1,635,824</u>	<u>1,418,673</u>
<b>Total Expenses</b>	<b><u>35,124,047</u></b>	<b><u>25,530,665</u></b>	<b><u>1,552,824</u></b>	<b><u>1,216,094</u></b>	<b><u>36,676,871</u></b>	<b><u>26,746,759</u></b>
<b>Increase (decrease) in Net Assets</b>	<b>5,695,765</b>	<b>2,134,051</b>	<b>1,708,076</b>	<b>1,150,120</b>	<b>7,403,841</b>	<b>3,284,171</b>
Restated Net Assets - Beginning	<u>15,975,017</u>	<u>13,840,966</u>	<u>8,736,295</u>	<u>7,586,175</u>	<u>24,711,312</u>	<u>21,427,141</u>
<b>Net Assets - Ending</b>	<b><u>\$21,670,782</u></b>	<b><u>\$15,975,017</u></b>	<b><u>\$10,444,371</u></b>	<b><u>\$ 8,736,295</u></b>	<b><u>\$ 32,115,153</u></b>	<b><u>\$ 24,711,312</u></b>

**Governmental Activities:**

The result of 2007 governmental activity was an increase of \$5,695,765 to lift net assets to \$21,670,782. Of the total governmental activities' net assets, \$8,469,284 is invested in capital assets less related debt, \$6,844,455 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the County government. The balance of \$6,357,042 is listed as unrestricted, having no legal commitment.

**Revenues:**

The three largest revenue categories for governmental activities were property taxes at 46%, grants and contributions at 38%, and charges for services at 15%. The County levied property tax millages for revenue in 2007, including levies for general government operations at 5.9927 mills (combined winter and summer), which is not assigned to any particular activity, ambulance services at .9475 mills, public safety at .5392 mills, public transit at .2500 mills, and roads at .9802 mills.

**Expenses:**

General government is the largest governmental activity, expending 30% of total governmental activities expenses and includes offices such as Circuit Court, District Court, Probate/Juvenile Court, Prosecuting Attorney, Board of Commissioners, Treasurer, Clerk, Register of Deeds, Elections and MSU Extension. Community and Economic Development is the second largest area, expending 26%. Community and Economic Development includes the expenses of the Housing and Land Preservation activities.

Van Buren County, Michigan  
 Management's Discussion and Analysis  
 September 30, 2007

**Business-type Activities:**

Net assets of business-type activities increased by \$1,078,076 during 2007.

Of the total business-type activities net assets, \$10,051,488 is reported as unrestricted. However, it is important to note that although reported as unrestricted, many of these assets are anticipated to be designated through Board of Commissioners action to be spent on General Fund activities and self-funding of delinquent tax payments in future years.

**FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS**

As the County completed 2007, its governmental funds reported *combined* fund balances of \$11,631,458 a net increase of \$3,830,897. The net changes are summarized in the following chart:

	General Fund	Housing Program Income	Workforce Development Board	Revenue Sharing Reserve	Nonmajor Governmental Funds
<b>Fund Balance 9/30/06</b>	\$ 2,704,929	\$ 6,718	\$ -	\$2,832,259	\$2,256,655
<b>Fund Balance 9/30/07</b>	\$ 3,797,485	\$ 30,526	\$ -	\$4,692,974	\$3,110,473
<b>Net Change</b>	\$ 1,092,556	\$ 23,808	\$ -0-	\$1,860,715	\$ 853,818

**General Fund:**

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement or Board policy, all County revenues and expenditures are recorded in the General Fund. As of September 30, 2007 the General Fund reported a fund balance of \$3,797,485. Of the total fund balance, \$295,000 is reserved, designated or earmarked for specific purposes.

**General Fund Budgetary Highlights:**

Van Buren County's budget is a dynamic document. Although adopted prior to the start of the year, the budget is frequently amended during the course of the year to reflect changing operational demands.

Actual General Fund revenue and other financing sources totaled \$20,396,738; \$920,138 above the final amended budget. There were some wide variations in individual revenue accounts reflecting the tightening national and local economy. Significantly, property tax revenue was \$685,852 greater than budgeted amounts.

The County's General Fund total expenditures and other financing uses budget was increased by \$629,173 (just slightly more than 3% above the original budget) during 2007.

Actual County expenditures for 2007 were \$738,056 below budget. This is due to several reasons including:

- Management and Sheriff's Department Unions failed to agree on a new collective bargaining agreement which resulted in a savings to the budget of approximately \$100,000. This should be considered only temporary and will be expended in the next fiscal year
- Overall, Public Safety was approximately \$255,000 under budget
- The Child Care Fund expenditures were less than expended and as a result, their appropriation requirement was \$120,000 less than anticipated.

Van Buren County, Michigan  
Management's Discussion and Analysis

September 30, 2007

**Housing Program Income Fund:**

The Fund Balance increased from \$42,623 to \$71,483 which resulted from a mortgage pay off at the end of the fiscal year and we were unable to loan the monies to another eligible candidate. This fund is designed to loan monies as soon as new monies become available.

**Workforce Development Board Fund:**

Van Buren County is the fiduciary for the Workforce Development Board. The monies are received into the County and then with proper documentation, the funds are released to the Tri-county Program. The County should not retain a fund balance due to the fact all monies should be expended for program eligible costs.

**Revenue Sharing Reserve Fund:**

It is the policy of the County Board of Commissioners that the County dependence upon State Shared Revenue should be gradually decreased each year. In the 2006-2007, the appropriate was decreased from \$1,500,000 to \$1,200,000 while in the 2007-2008 the amount has been reduced to \$900,000. As you will notice, the Fund Balanced contained in this audit shows the cash position is \$4,692,974.

**CAPITAL ASSETS ADMINISTRATION**

Capital Assets - At the end of Fiscal Year 2007, the County had invested \$24,317,687 for the primary government and \$14,204,478 for the component units (excluding the Community Health Agency, Road Commission, and Community Mental Health Services, see separately issued financial statements), net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$17,281,830 for the primary government. Depreciation charges for the fiscal year totaled \$1,610,474 for the primary government and \$521,726 for the component units.

	Governmental Activities	Business- type Activities	Total
<b>Land</b>	\$ 1,590,706	\$ -	\$ 1,590,706
<b>Land improvements, net</b>	83,943	71,729	155,672
<b>Buildings, net</b>	8,394,645	96,581	8,491,226
<b>Equipment, net</b>	1,144,990	33,164	1,178,154
<b>Vehicles, net</b>	-	191,409	191,409
<b>Capital assets, net</b>	<b>\$ 11,214,284</b>	<b>\$ 392,883</b>	<b>\$ 11,607,167</b>

**VAN BUREN COUNTY GOVERNMENT ECONOMIC OUTLOOK:**

- The County has reduced its dependence upon State Shared Revenue to less than 6% of the GF Revenues
- Other state and federal revenues and/or grants are stagnant.
- Property tax revenue has increased due to economic expansion and a continued demand for housing.
- Investment earnings were higher than expected.
- Health and Dental insurance premiums are rising much faster than the rate of inflation.
- Liability insurance premiums due to stronger internal management have stabilized.
- We look for strong growth over the next five to seven years as a result of a recent announcement by the County's largest employer that they anticipate increasing employment in the County by 2,900 new jobs. This should result in approximately 2,900 spin off jobs in other sectors of the County.

Van Buren County, Michigan

Management's Discussion and Analysis

September 30, 2007

These factors were considered in adopting the Budget for 2008. For the first time in many years the County's Budget contained a \$500,000 contingency and did not require a supplemental appropriation from the County's Delinquent Tax Fund. In fact, the County Delinquent Tax Fund grew for the second consecutive year.

**CONTACTING THE COUNTY**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Van Buren County Treasurer's Office at (269) 657-8228 or Van Buren County Administrator's Office at (269) 657-8253.

## **BASIC FINANCIAL STATEMENTS**

Van Buren County, Michigan

STATEMENT OF NET ASSETS

September 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 8,985,580	\$ 7,450,792	\$ 16,436,372	\$ 5,481,963
Investments	-	513,611	513,611	-
Receivables	5,635,954	5,186,182	10,822,136	6,639,146
Due from other governmental units	879,679	152,054	1,031,733	1,778,068
Inventories	-	11,568	11,568	1,126,717
Prepays	-	17,821	17,821	125,504
<b>Total current assets</b>	<b>15,501,213</b>	<b>13,332,028</b>	<b>28,833,241</b>	<b>15,151,398</b>
Noncurrent assets				
Restricted cash	-	-	-0-	1,916,226
Lease receivable	-	-	-0-	41,000,000
Advances to other governmental units	280,000	-	280,000	-
Capital assets not being depreciated	1,590,706	-	1,590,706	13,838,865
Capital assets, net of accumulated depreciation	9,623,578	392,883	10,016,461	41,701,264
<b>Total noncurrent assets</b>	<b>11,494,284</b>	<b>392,883</b>	<b>11,887,167</b>	<b>98,456,355</b>
<b>TOTAL ASSETS</b>	<b>26,995,497</b>	<b>13,724,911</b>	<b>40,720,408</b>	<b>113,607,753</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	685,063	52,310	737,373	416,877
Accrued liabilities	644,677	11,294	655,971	90,567
Due to other governmental units	-	-	-0-	285,566
Deferred revenue	119,000	25,000	144,000	1,976,010
Performance bonds payable	-	-	-0-	4,000
Accrued interest payable	46,099	-	46,099	742,315
Current portion of compensated absences	272,196	-	272,196	63,223
Current portion of long-term debt	785,000	180,000	965,000	2,759,478
<b>Total current liabilities</b>	<b>2,552,035</b>	<b>268,604</b>	<b>2,820,639</b>	<b>6,338,036</b>
Noncurrent liabilities				
Advances from other governmental units	-	-	-0-	280,000
Noncurrent portion of compensated absences	812,681	11,936	824,617	419,790
Noncurrent portion of long-term debt	1,960,000	3,000,000	4,960,000	45,583,189
<b>Total noncurrent liabilities</b>	<b>2,772,681</b>	<b>3,011,936</b>	<b>5,784,617</b>	<b>46,282,979</b>
<b>TOTAL LIABILITIES</b>	<b>5,324,716</b>	<b>3,280,540</b>	<b>8,605,256</b>	<b>52,621,015</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	8,469,284	392,883	8,862,167	50,502,462
Restricted for				
Public safety	756,316	-	756,316	-
Capital improvement	61,857	-	61,857	-
County roads	-	-	-0-	7,116,146
Other purposes	6,026,282	-	6,026,282	-
Unrestricted	6,357,042	10,051,488	16,408,530	3,368,130
<b>TOTAL NET ASSETS</b>	<b>\$ 21,670,781</b>	<b>\$ 10,444,371</b>	<b>\$ 32,115,152</b>	<b>\$ 60,986,738</b>

See accompanying notes to financial statements.

Van Buren County, Michigan

STATEMENT OF ACTIVITIES

Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 10,834,564	\$ 3,993,348	\$ 2,483,525	\$ -	\$ (4,357,691)	\$ -	\$ (4,357,691)	\$ -
Public safety	8,339,031	1,233,376	2,490,910	-	(4,614,745)	-	(4,614,745)	-
Public works	6,672	-	-	-	(6,672)	-	(6,672)	-
Health and welfare	6,722,688	136,150	1,736,985	-	(4,849,553)	-	(4,849,553)	-
Community and economic development	8,966,506	487,926	8,876,091	-	397,511	-	397,511	-
Recreation and cultural	83,000	80,712	-	-	(2,288)	-	(2,288)	-
Interest on long-term debt	171,586	-	-	-	(171,586)	-	(171,586)	-
<b>Total governmental activities</b>	<b>35,124,047</b>	<b>5,931,512</b>	<b>15,587,511</b>	<b>-0-</b>	<b>(13,605,024)</b>	<b>-0-</b>	<b>(13,605,024)</b>	<b>-0-</b>
<b>Business-type activities</b>								
Delinquent Tax Revolving	8,597	-	-	-	-	(8,597)	(8,597)	-
2006 Delinquent Tax Revolving	57,172	-	-	-	-	(57,172)	(57,172)	-
Delinquent Tax Forfeitures	277,088	444,407	-	-	-	167,319	167,319	-
Nonmajor enterprise funds	1,209,967	401,183	482,605	36,864	-	(289,315)	(289,315)	-
<b>Total business-type activities</b>	<b>1,552,824</b>	<b>845,590</b>	<b>482,605</b>	<b>36,864</b>	<b>-0-</b>	<b>(187,765)</b>	<b>(187,765)</b>	<b>-0-</b>
<b>Total primary government</b>	<b>\$ 36,676,871</b>	<b>\$ 6,777,102</b>	<b>\$ 16,070,116</b>	<b>\$ 36,864</b>	<b>(13,605,024)</b>	<b>(187,765)</b>	<b>(13,792,789)</b>	<b>-0-</b>
<b>Component units</b>								
Road Commission	\$ 9,509,760	\$ 250,456	\$ 7,458,449	\$ 3,094,251	-	-	-0-	1,293,396
District Public Health	5,976,937	1,598,763	3,497,896	-	-	-	-0-	(880,278)
Department of Public Works	2,031,388	-	2,009,555	-	-	-	-0-	(21,831)
Economic Development Corporation	210,134	209,000	-	-	-	-	-0-	(1,134)
Drainage District	404,862	-	-	383,095	-	-	-0-	(21,767)
<b>Total component units</b>	<b>\$ 18,133,079</b>	<b>\$ 2,058,219</b>	<b>\$ 12,965,900</b>	<b>\$ 3,477,346</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>368,386</b>
<b>General revenues</b>								
Property taxes					18,726,469	1,604,554	20,331,023	1,673,318
State revenues					-	-	-	188,426
County appropriations					-	-	-	643,479
Investment earnings					489,190	287,704	776,894	124,636
Gain on equipment disposal					-	-	-	120,354
Miscellaneous					85,129	3,583	88,712	16,096
<b>Total general revenues and transfers</b>					<b>19,300,788</b>	<b>1,895,841</b>	<b>21,196,629</b>	<b>2,766,309</b>
<b>Change in net assets</b>					<b>5,695,764</b>	<b>1,708,076</b>	<b>7,403,840</b>	<b>3,134,695</b>
Net assets, beginning of the year					15,975,017	8,736,295	24,711,312	57,852,043
Net assets, end of the year					<b>\$ 21,670,781</b>	<b>\$ 10,444,371</b>	<b>\$ 32,115,152</b>	<b>\$ 60,986,738</b>

See accompanying notes to financial statements.

Van Buren County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

September 30, 2007

	General	Housing Program Income	Workforce Development Board
<b>ASSETS</b>			
Cash and cash equivalents	\$ 769,208	\$ 30,526	\$ -
Receivables			
Accounts	11,091	-	-
Taxes	4,095,440	-	-
Loans	-	1,518,789	-
Due from other governmental units			
Federal/State	247,677	-	-
Local	62,846	-	-
Advances to other funds	15,000	-	-
Advances to other governmental units	280,000	-	-
	<u>\$ 5,481,262</u>	<u>\$ 1,549,315</u>	<u>\$ -0-</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 135,579	\$ -	\$ -
Accrued liabilities	296,011	-	-
Judgements payable	216,667	-	-
Advance from other funds	-	-	-
Deferred revenue	1,035,520	1,518,789	-
	<u>1,683,777</u>	<u>1,518,789</u>	<u>-0-</u>
<b>FUND BALANCES</b>			
Reserved for			
Advances	295,000	-	-
Capital projects	-	-	-
Unreserved			
Undesignated, reported in			
General Fund	3,502,485	-	-
Special Revenue Funds	-	30,526	-
	<u>3,797,485</u>	<u>30,526</u>	<u>-0-</u>
	<u>\$ 5,481,262</u>	<u>\$ 1,549,315</u>	<u>\$ -0-</u>

See accompanying notes to financial statements.

Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,692,974	\$ 3,282,828	\$ 8,775,536
-	10,634	21,725
-	-	4,095,440
-	-	1,518,789
-	539,156	786,833
-	30,000	92,846
-	-	15,000
-	-	280,000
<u>\$ 4,692,974</u>	<u>\$ 3,862,618</u>	<u>\$ 15,586,169</u>
\$ -	\$ 498,512	\$ 634,091
-	129,633	425,644
-	-	216,667
-	5,000	5,000
-	119,000	2,673,309
-0-	752,145	3,954,711
-	-	295,000
-	61,857	61,857
-	-	3,502,485
4,692,974	3,048,616	7,772,116
<u>4,692,974</u>	<u>3,110,473</u>	<u>11,631,458</u>
<u>\$ 4,692,974</u>	<u>\$ 3,862,618</u>	<u>\$ 15,586,169</u>

Van Buren County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

September 30, 2007

**Total fund balances - governmental funds** **\$ 11,631,458**

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

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

The cost of capital assets is	\$ 23,977,163	
Accumulated depreciation is	<u>(12,762,879)</u>	
Capital assets, net		11,214,284

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Assets.

Net assets of governmental activities accounted for in Internal Service Funds		146,706
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Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds. Long-term receivables at year-end consist of:

Deferred revenue		2,554,309
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Direct County obligations	2,745,000	
Accrued interest payable	46,099	
Compensated absences	<u>1,084,877</u>	
		<u>(3,875,976)</u>

**Net assets of governmental activities** **\$ 21,670,781**

See accompanying notes to financial statements.

Van Buren County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2007

	General	Housing Program Income	Workforce Development Board
<b>REVENUES</b>			
Taxes	\$ 11,202,314	\$ -	\$ -
Licenses and permits	107,436	-	-
Intergovernmental	3,168,222	74,339	8,491,324
Charges for services	3,182,533	-	-
Fines and forfeits	186,366	-	-
Interest and rents	1,238,416	-	-
Other	111,451	-	-
<b>TOTAL REVENUES</b>	<b>19,196,738</b>	<b>74,339</b>	<b>8,491,324</b>
<b>EXPENDITURES</b>			
Current			
General government	8,660,468	-	-
Public safety	4,345,532	-	-
Public works	6,625	-	-
Health and welfare	1,048,290	-	-
Community and economic development	-	50,531	8,491,324
Recreation and cultural	-	-	-
Other	236,581	-	-
Capital outlay	-	-	-
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>14,297,496</b>	<b>50,531</b>	<b>8,491,324</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,899,242</b>	<b>23,808</b>	<b>-0-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,200,000	-	-
Transfers out	(5,006,686)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,806,686)</b>	<b>-0-</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,092,556</b>	<b>23,808</b>	<b>-0-</b>
Fund balances, beginning of year	2,704,929	6,718	-
Fund balances, end of year	<u>\$ 3,797,485</u>	<u>\$ 30,526</u>	<u>\$ -0-</u>

See accompanying notes to financial statements.

<u>Revenue Sharing Reserve</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,060,715	\$ 3,427,920	\$ 17,690,949
-	-	107,436
-	2,792,300	14,526,185
-	1,082,014	4,264,547
-	161,961	348,327
-	159,070	1,397,486
-	924,323	1,035,774
<u>3,060,715</u>	<u>8,547,588</u>	<u>39,370,704</u>
-	1,631,079	10,291,547
-	3,748,887	8,094,419
-	-	6,625
-	5,413,874	6,462,164
-	362,383	8,904,238
-	77,781	77,781
-	-	236,581
-	239,866	239,866
-	1,226,586	1,226,586
<u>-0-</u>	<u>12,700,456</u>	<u>35,539,807</u>
3,060,715	(4,152,868)	3,830,897
-	5,030,748	6,230,748
<u>(1,200,000)</u>	<u>(24,062)</u>	<u>(6,230,748)</u>
<u>(1,200,000)</u>	<u>5,006,686</u>	<u>-0-</u>
1,860,715	853,818	3,830,897
<u>2,832,259</u>	<u>2,256,655</u>	<u>7,800,561</u>
<u>\$ 4,692,974</u>	<u>\$ 3,110,473</u>	<u>\$ 11,631,458</u>

Van Buren County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2007

**Net change in fund balances - total governmental funds** **\$ 3,830,897**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 406,145	
Depreciation expense	<u>(739,557)</u>	
 Excess of depreciation expense over capital outlay		 (333,412)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Increase in net assets of Internal Service Funds	61,551
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:

Increase in deferred revenue	1,449,107
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets.

In the current year, these amounts consist of:

Bond principal retirement	1,055,000
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued interest payable	(46,099)	
(Increase) in accrued compensated absences	<u>(321,280)</u>	
		<u>(367,379)</u>

**Change in net assets of governmental activities** **\$ 5,695,764**

See accompanying notes to financial statements.

Van Buren County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

September 30, 2007

	Business-type		
	Delinquent Tax Revolving	2006 Delinquent Tax Revolving	Delinquent Tax Forfeitures
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 5,162,924	\$ (431,951)	\$ 1,884,993
Investments	513,611	-	-
Receivables			
Accounts	-	-	15,367
Taxes	154,045	4,082,393	-
Due from other governmental units	102,571	-	-
Inventories	-	-	-
Prepays	-	-	-
<b>Total current assets</b>	<b>5,933,151</b>	<b>3,650,442</b>	<b>1,900,360</b>
Noncurrent assets			
Advance to other funds	-	-	82,317
Capital assets, net of accumulated depreciation	-	-	-
<b>Total noncurrent assets</b>	<b>-0-</b>	<b>-0-</b>	<b>82,317</b>
<b>TOTAL ASSETS</b>	<b>5,933,151</b>	<b>3,650,442</b>	<b>1,982,677</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	-	6,739
Accrued liabilities	-	-	-
Deferred revenue	-	-	-
Current portion of bonds payable	-	-	-
<b>Total current liabilities</b>	<b>-0-</b>	<b>-0-</b>	<b>6,739</b>
Noncurrent liabilities			
Advance from other funds	-	-	-
Noncurrent portion of compensated absences	-	-	-
Noncurrent portion of bonds payable	-	3,000,000	-
<b>Total noncurrent liabilities</b>	<b>-0-</b>	<b>3,000,000</b>	<b>-0-</b>
<b>TOTAL LIABILITIES</b>	<b>-0-</b>	<b>3,000,000</b>	<b>6,739</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	5,933,151	650,442	1,975,938
<b>TOTAL NET ASSETS</b>	<b>\$ 5,933,151</b>	<b>\$ 650,442</b>	<b>\$ 1,975,938</b>

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 834,826	\$ 7,450,792	\$ 210,044
-	513,611	-
26,118	41,485	-
908,259	5,144,697	-
49,483	152,054	-
11,568	11,568	-
17,821	17,821	-
1,848,075	13,332,028	210,044
-	82,317	-
392,883	392,883	-
392,883	475,200	-0-
2,240,958	13,807,228	210,044
45,571	52,310	50,972
11,294	11,294	2,366
25,000	25,000	-
180,000	180,000	-
261,865	268,604	53,338
82,317	82,317	10,000
11,936	11,936	-
-	3,000,000	-
94,253	3,094,253	10,000
356,118	3,362,857	63,338
392,883	392,883	-
1,491,957	10,051,488	146,706
\$ 1,884,840	\$ 10,444,371	\$ 146,706

Van Buren County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended September 30, 2007

	Business-type		
	Delinquent Tax Revolving	2006 Delinquent Tax Revolving	Delinquent Tax Forfeitures
<b>OPERATING REVENUES</b>			
Property taxes, interest, and penalties	\$ 18,150	\$ 707,614	\$ -
Charges for services	-	-	444,407
Other	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>18,150</b>	<b>707,614</b>	<b>444,407</b>
<b>OPERATING EXPENSES</b>			
Salaries	-	-	-
Fringe benefits	-	-	-
Operating supplies	2,408	-	134,856
Contractual services	810	-	142,232
Depreciation	-	-	-
Other	5,379	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>8,597</b>	<b>-0-</b>	<b>277,088</b>
<b>OPERATING INCOME</b>	<b>9,553</b>	<b>707,614</b>	<b>167,319</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State operating grants	-	-	-
Federal operating grants	-	-	-
Local operating grants	-	-	-
Bond issuance costs	-	(12,401)	-
Interest revenue	245,352	-	-
Interest expense	-	(44,771)	-
Other	-	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>245,352</b>	<b>(57,172)</b>	<b>-0-</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>254,905</b>	<b>650,442</b>	<b>167,319</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>254,905</b>	<b>650,442</b>	<b>167,319</b>
Net assets, beginning of year	5,678,246	-	1,808,619
Net assets, end of year	<u>\$ 5,933,151</u>	<u>\$ 650,442</u>	<u>\$ 1,975,938</u>

See accompanying notes to financial statements.

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 878,790	\$ 1,604,554	\$ -
401,183	845,590	3,508,882
-	-0-	5,962
<u>1,279,973</u>	<u>2,450,144</u>	<u>3,514,844</u>
334,681	334,681	-
219,620	219,620	3,419,256
218,988	356,252	-
86,756	229,798	34,290
177,099	177,099	-
40,670	46,049	-
<u>1,077,814</u>	<u>1,363,499</u>	<u>3,453,546</u>
202,159	1,086,645	61,298
329,986	329,986	-
140,046	140,046	-
12,573	12,573	-
-	(12,401)	-
42,352	287,704	253
(132,153)	(176,924)	-
3,583	3,583	-
<u>396,387</u>	<u>584,567</u>	<u>253</u>
598,546	1,671,212	61,551
36,864	36,864	-
635,410	1,708,076	61,551
<u>1,249,430</u>	<u>8,736,295</u>	<u>85,155</u>
<u>\$ 1,884,840</u>	<u>\$ 10,444,371</u>	<u>\$ 146,706</u>

Van Buren County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended September 30, 2007

	Business-type		
	Delinquent Tax Revolving	2006 Delinquent Tax Revolving	Delinquent Tax Forfeitures
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 1,170,096	\$ 707,614	\$ 444,548
Cash received from other funds	-	-	-
Cash paid to suppliers	(8,597)	(4,082,393)	(271,132)
Cash paid to employees for services and benefits	-	-	-
Cash paid to other funds	-	-	(82,317)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,161,499</b>	<b>(3,374,779)</b>	<b>91,099</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental sources	-	-	-
Bond issuance costs	-	(12,401)	-
Interest expense	-	(44,771)	-
Proceeds from bonds	-	3,000,000	-
Payments on borrowings	-	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>-0-</b>	<b>2,942,828</b>	<b>-0-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributed by governmental units	-	-	-
Capital purchases	-	-	-
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(513,611)	-	-
Interest revenue	245,352	-	-
Other	-	-	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(268,259)</b>	<b>-0-</b>	<b>-0-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>893,240</b>	<b>(431,951)</b>	<b>91,099</b>
Cash and cash equivalents, beginning of year	4,269,684	-	1,793,894
Cash and cash equivalents, end of year	<u>\$ 5,162,924</u>	<u>\$ (431,951)</u>	<u>\$ 1,884,993</u>

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Fund
\$ 4,084,013	\$ 6,406,271	\$ 3,514,844
82,317	82,317	-
(145,327)	(4,507,449)	(34,290)
(704,550)	(704,550)	(3,366,025)
-	(82,317)	-
3,316,453	1,194,272	114,529
482,605	482,605	-
-	(12,401)	-
(132,153)	(176,924)	-
-	3,000,000	-
(4,800,000)	(4,800,000)	-
(4,449,548)	(1,506,720)	-0-
36,864	36,864	-
(24,701)	(24,701)	-
12,163	12,163	-0-
-	(513,611)	-
42,352	287,704	253
3,583	3,583	-
45,935	(222,324)	253
(1,074,997)	(522,609)	114,782
1,909,823	7,973,401	95,262
\$ 834,826	\$ 7,450,792	\$ 210,044

Van Buren County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended September 30, 2007

	Business-type		
	Delinquent Tax Revolving	2006 Delinquent Tax Revolving	Delinquent Tax Forfeitures
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income	\$ 9,553	\$ 707,614	167,319
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	-	-	-
(Increase) decrease in receivables	997,103	(4,082,393)	141
(Increase) decrease in due from other governmental units	154,843	-	-
(Increase) in advance to other funds	-	-	(82,317)
(Increase) in inventories	-	-	-
(Increase) in prepaids	-	-	-
Increase in accounts payable	-	-	6,557
Increase in accrued liabilities	-	-	-
Increase in deferred revenue	-	-	-
(Decrease) in compensated absences	-	-	-
Increase in advance from other funds	-	-	-
(Decrease) in other liabilities	-	-	(601)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,161,499</b>	<b>\$ (3,374,779)</b>	<b>\$ 91,099</b>

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 202,159	\$ 1,086,645	\$ 61,298
177,099	177,099	-
2,840,727	(244,422)	-
(36,687)	118,156	-
-	(82,317)	-
(2,581)	(2,581)	-
(1,084)	(1,084)	-
30,465	37,022	50,972
-	-0-	2,259
25,000	25,000	-
(460)	(460)	-
82,317	82,317	-
(502)	(1,103)	-
<u>\$ 3,316,453</u>	<u>\$ 1,194,272</u>	<u>\$ 114,529</u>

Van Buren County, Michigan  
Fiduciary Funds  
STATEMENT OF NET ASSETS  
September 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 7,175,254</u>
LIABILITIES	
Due to other governmental units	\$ 6,975,425
Due to individuals and agencies	<u>199,829</u>
TOTAL LIABILITIES	<u>\$ 7,175,254</u>

See accompanying notes to financial statements.

Van Buren County, Michigan

Component Unit Funds

COMBINING STATEMENT OF NET ASSETS

September 30, 2007

	Road Commission	District Public Health	Department of Public Works
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 3,879,215	\$ 445,890	\$ 162,563
Receivables			
Taxes	1,800,000	-	-
Accounts	42,956	630,043	60,917
Loans	-	-	-
Special assessment	-	-	-
Interest	-	-	-
Due from other governmental units	1,042,308	735,760	-
Inventories	907,869	218,848	-
Prepays	-	125,504	-
Current portion of lease receivable	-	-	2,917,265
<b>Total current assets</b>	<b>7,672,348</b>	<b>2,156,045</b>	<b>3,140,745</b>
Noncurrent assets			
Restricted cash	1,916,226	-	-
Lease receivable	-	-	41,000,000
Capital assets not being depreciated	13,838,865	-	-
Capital assets, net of accumulated depreciation	40,777,060	232,755	-
<b>Total noncurrent assets</b>	<b>56,532,151</b>	<b>232,755</b>	<b>41,000,000</b>
<b>TOTAL ASSETS</b>	<b>64,204,499</b>	<b>2,388,800</b>	<b>44,140,745</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	20,024	370,046	-
Accrued liabilities	90,567	-	-
Due to other governmental units	285,566	-	-
Deferred revenue	1,800,000	176,010	-
Performance bonds payable	4,000	-	-
Accrued interest payable	-	-	739,217
Current portion of compensated absences	-	63,223	-
Current portion of long-term debt	231,811	-	2,305,000
<b>Total current liabilities</b>	<b>2,431,968</b>	<b>609,279</b>	<b>3,044,217</b>
Noncurrent liabilities			
Advances from other governmental units	-	-	-
Noncurrent portion of compensated absences	272,271	147,519	-
Noncurrent portion of long-term debt	4,568,189	-	41,000,000
<b>Total noncurrent liabilities</b>	<b>4,840,460</b>	<b>147,519</b>	<b>41,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>7,272,428</b>	<b>756,798</b>	<b>44,044,217</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	49,815,925	232,755	-
Restricted for			
County roads	7,116,146	-	-
Unrestricted	-	1,399,247	96,528
<b>TOTAL NET ASSETS</b>	<b>\$ 56,932,071</b>	<b>\$ 1,632,002</b>	<b>\$ 96,528</b>

See accompanying notes to financial statements.

<u>Economic Development Corporation</u>	<u>Drainage District</u>	<u>Total Component Units</u>
\$ 334,902	\$ 659,393	\$ 5,481,963
-	-	1,800,000
-	-	733,916
536,705	-	536,705
-	650,253	650,253
1,007	-	1,007
-	-	1,778,068
-	-	1,126,717
-	-	125,504
-	-	<u>2,917,265</u>
872,614	1,309,646	15,151,398
-	-	1,916,226
-	-	41,000,000
-	-	13,838,865
-	691,449	<u>41,701,264</u>
-0-	691,449	98,456,355
872,614	2,001,095	113,607,753
-	26,807	416,877
-	-	90,567
-	-	285,566
-	-	1,976,010
-	-	4,000
-	3,098	742,315
-	-	63,223
-	222,667	<u>2,759,478</u>
-0-	252,572	6,338,036
-	280,000	280,000
-	-	419,790
-	15,000	<u>45,583,189</u>
-0-	295,000	46,282,979
-0-	547,572	52,621,015
-	453,782	50,502,462
-	-	7,116,146
872,614	999,741	<u>3,368,130</u>
<u>\$ 872,614</u>	<u>\$ 1,453,523</u>	<u>\$ 60,986,738</u>

Van Buren County, Michigan

Component Unit Funds

STATEMENT OF ACTIVITIES

Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Road Commission	\$ 9,509,760	\$ 250,456	\$ 7,458,449	\$ 3,094,251	\$ 1,293,396
District Public Health	5,976,937	1,598,763	3,497,896	-	(880,278)
Department of Public Works	2,031,386	-	2,009,555	-	(21,831)
Economic Development Corporation	210,134	209,000	-	-	(1,134)
Drainage District	404,862	-	-	383,095	(21,767)
<b>TOTALS</b>	<b>\$ 18,133,079</b>	<b>\$ 2,058,219</b>	<b>\$ 12,965,900</b>	<b>\$ 3,477,346</b>	<b>368,386</b>
General revenues					
Property taxes					1,673,318
Cigarette tax					50,573
Hotel liquor tax					137,853
County appropriations					643,479
Investment earnings					124,636
Gain on equipment disposal					120,354
Miscellaneous					16,096
Total general revenues					2,766,309
CHANGE IN NET ASSETS					3,134,695
Net assets, beginning of year					57,852,043
Net assets, end of year					\$ 60,986,738

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Van Buren, Michigan, was incorporated in 1829 and covers an area of approximately 1,090 square miles in southwest lower Michigan. The County seat is located in the Village of Paw Paw. The County operates under an elected Board of Commissioners (7 members) with an appointed County administrator who assists with day-to-day operations. The County of Van Buren provides services to its more than 76,200 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

1. Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of Van Buren County (primary government) and its component units. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are in substance part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The Van Buren County Road Commission activities are reported on the fiscal year-end of December 31, 2006.

The Workforce Development Board fund is reported on the fiscal year-end of June 30, 2007.

2. Blended Component Units

The Van Buren County Building Authority is governed by a five (5) member Board appointed by the Van Buren County Board of Commissioners. Although legally separate from the County, the Van Buren County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings. The financial statements of the Van Buren County Building Authority funds have been consolidated with the County's related Debt Service and Capital Project Funds.

The Van Buren County Transit (Public Transit Fund) was incorporated in the State of Michigan, under the provisions of Public Act 327 of 1931, as amended, and Public Act 284 of 1972, as amended. The Transit Corporation is not legally separate, but is administered by a 5 member board appointed by the majority of the seated County board members present and voting. The Transit Board may not issue debt and a tax levy is subject to County Board of Commissioner's approval. This component unit is also audited individually. Complete financial statements are issued under separate cover and may be obtained from its administrative office.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Van Buren County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Van Buren County is such that exclusion of these entities would render the financial statements misleading or incomplete.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Discretely Presented Component Units - continued

The Van Buren County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a three (3) member board of county road commissioners appointed by the County Board of Commissioners. The Road Commission may not issue debt without the County's approval and the tax levy is subject to County Board of Commissioners' approval. The Road Commission taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as part of the County's total tax levy as well as reported in the County Road Fund as a special revenue fund. This component unit is audited individually and the financial statements may be obtained from the administrative office of the Road Commission.

The Van Buren/Cass County District Public Health Department is classified as a joint venture between Van Buren and Cass Counties and was established to provide public health services. The details related to this joint venture agreement are disclosed below. This component unit is audited individually and the financial statements may be obtained from the administrative office of the Public Health Department.

The Van Buren County Drainage District, which is established pursuant to the Drain Code of 1956, has the responsibility to administer the State Drain Code. The Drain Commissioner is responsible for planning, developing, and maintaining surface water drainage systems within the county. The Drain Commissioner may issue debt or levy a tax as authorized by the Drain Code without the approval of the County Board of Commissioners.

The Van Buren County Department of Public Works was established by the County Board of Commissioners pursuant to MCL 123.732. The County of Van Buren entered into a program of water supply and sanitary sewer facility construction. The Department of Public Works is under the general control of the County Board of Commissioners and under the immediate control of the Van Buren County Road Commission. The Department of Public Works is considered an agency of the County. The board manages water supply and sanitary sewer system construction projects that are bonded by the County of Van Buren. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the Van Buren County Board of Commissioners.

The Van Buren County Economic Development Corporation (EDC), which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a nine (9) person board of directors appointed by the County Board of Commissioners. The EDC may not issue debt without the County's approval.

4. Joint Ventures

The County participates in the following activities, which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

Van Buren/Cass County District Public Health Department - The County is a member of the Van Buren/Cass County District Public Health Department, which is a joint venture between Van Buren and Cass Counties and was established to provide public health services. The District Health Board has representation from and provides services to Van Buren and Cass Counties. The District Public Health Department is considered a component unit of the County because it is legally separate and financially accountable to the County. Each County provides annual appropriations and passes through the statutory amounts of cigarette and hotel liquor tax funding to subsidize operations. The current funding formula approved by the District Health Board requires Van Buren and Cass Counties to provide 60 and 40 percent, respectively. The financial operations of the District Health Department are recorded in the records of the County of Van Buren.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The major funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Housing Program Income Fund is used to account for financial resources generated through the housing fund to assist low to moderate income homeowners in the County to make needed repairs to their homes.
- c. The Workforce Development Fund accounts for the administration of the grants received by the subrecipients, Berrien-Cass-Van Buren Workforce Board.
- d. The Revenue Sharing Reserve Fund accounts for recording of the operating millage to be levied in the summer.
- e. The Delinquent Tax Revolving Fund accounts for money either advanced by a county or by the issuance of general obligation limited tax notes, to pay other taxing units and various county funds for their delinquent taxes prior the 2005 tax year.
- f. The 2006 Delinquent Tax Revolving Fund accounts for money either advanced by the County or by the issuance of general obligation limited tax notes, to pay other taxing units and various County funds for their delinquent taxes for the 2006 tax year.
- g. The Delinquent Tax Forfeiture Fund accounts for property forfeitures and related receivables.

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - continued

Additionally, the County reports an internal service fund to account for the management of fringe benefits provided to various departments of the County on cost reimbursement basis.

The County also reports agency funds to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The County's agency funds are the Trust and Agency Fund and the Payroll Imprest Fund.

6. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for fiduciary funds since assets equal liabilities.

7. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length on time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as receivable and deferred revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

8. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, money markets, and U.S. Government securities with an original maturity of 90 days or less. Earnings from deposits are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

9. Investments

Investments consist of commercial paper with an original maturity of over 90 days. Investments are reported at fair value.

10. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and accounts receivable related to charges for services.

11. Inventories

DISTRICT PUBLIC HEALTH

Inventories are stated at cost on a first in/first out basis. Inventories consist of operating supplies and vaccines received from the State of Michigan. Vaccine inventory on hand at year-end have been reported as deferred revenue. Inventory amounts not reported as deferred revenue are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

ROAD COMMISSION

Inventories are priced at cost as determined on the average cost method. Inventory items are charged to road construction and equipment maintenance, and repairs and operations as used.

PUBLIC TRANSIT

Inventory consists of diesel fuel and is valued at cost using the first-in/first-out (FIFO) method.

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

12. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

13. Capital Assets

PRIMARY GOVERNMENT (EXCEPT PUBLIC TRANSIT) AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND DISTRICT PUBLIC HEALTH)

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and structures	15 - 50 years
Equipment	3 - 25 years
Vehicles	4 - 15 years
Infrastructure	20 - 100 years

PUBLIC TRANSIT - PRIMARY GOVERNMENT

Capital assets, which include property, plant, and equipment, are reported in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

Buildings and land improvements	10 - 20 years
Buses	5 years
Other vehicles	4 - 5 years
Furniture and equipment	4 - 10 years

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

13. Capital Assets - continued

ROAD COMMISSION - COMPONENT UNIT

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the Operating Fund in the government-wide financial statements. Capital assets are defined by Van Buren County Road Commission as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 - 50 years
Road Equipment	5 - 8 years
Shop Equipment	10 years
Engineering Equipment	4 - 10 years
Infrastructure - Roads	8 - 30 years
Infrastructure - Bridges	12 - 50 years

DISTRICT PUBLIC HEALTH - COMPONENT UNIT

Capital assets include equipment and building improvements and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more, with estimated useful lives of more than one year. Capital assets are not recorded in the governmental fund. Instead, capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Equipment	4 - 20 years
Building Improvements	27 years

The Department has no assets that would be classified as infrastructure assets.

14. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

15. Advances to Other Funds/Governmental Units

Long-term advances from the primary government to other funds or component units are made to finance new activities during their initial operations and to finance capital acquisitions. The applicable fund balance is reserved in the fund financial statements for such advances to reflect the amount of fund balance not currently available for expenditure.

16. Accrued Compensated Absences

Amounts of vested or accumulated vacation leave are accrued in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "termination leave" prior to retirement.

17. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The Internal Service Fund (Fringe Benefits) records charges for services provided to various County departments and funds as operating revenue. All County funds record these payments as operating expenditures/expenses.

18. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The County employs the following procedures in establishing budgets:

- a. Prior to May 31, the County departments, in conjunction with the Administrator's office, prepare and submit their proposed operating budgets for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is held to obtain taxpayers' comments after due notice was published in a newspaper of general circulation.
- c. Prior to September 30, the budgets are legally enacted through passage of an annual budget resolution.
- d. The budgets are legally adopted at the fund level for the General Fund and the Special Revenue funds. For control purposes, all fund budgets are maintained at the activity and account level.
- e. The County Board of Commissioners monitors and amends the budgets as necessary.
- f. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- g. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations that were adopted.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

19. Federal Programs

Federal Programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the financial statements.

20. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

**NOTE B: POOLING OF CASH AND INVESTMENTS**

The County utilizes pooled cash accounts for approximately seventy-eight (78) funds. The County's pooled cash accounts consist of a common checking, savings, certificates of deposit, and money market accounts. The County's balance sheet reflects cash and investments with a negative balance. These amounts do not represent actual bank overdrafts; rather, they merely reflect that specific funds have disbursed amounts from the County's common cash accounts in excess of the amount recorded as an asset. In total, the bank account has a positive balance.

Cash disbursed in excess of amounts recorded as assets as of September 30, 2007, are as follows:

<u>Fund</u>	<u>Negative Pooled Cash</u>	<u>Nonpooled Cash and Cash Equivalents</u>	<u>Financial Statements</u>
<b>PRIMARY GOVERNMENT</b>			
Special Revenue Funds			
Homeland Security	\$( 27,736 )	\$ -	\$( 27,736 )
Remonumentation	( 58,910 )	-	( 58,910 )
Substance Abuse	( 3,635 )	-	( 3,635 )
Enterprise Funds			
2006 Delinquent Tax Revolving	<u>( 431,951 )</u>	<u>-</u>	<u>( 431,951 )</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>( 522,232 )</b>	<b>-0-</b>	<b>( 522,232 )</b>
<b>COMPONENT UNITS</b>			
Board of Public Works			
Lawton Wastewater	( 13,950 )	-	( 13,950 )
Paw Paw Water #2	<u>( 46,965 )</u>	<u>-</u>	<u>( 46,965 )</u>
<b>TOTAL COMPONENT UNITS</b>	<b>( 60,915 )</b>	<b>-0-</b>	<b>( 60,915 )</b>
<b>TOTAL REPORTING ENTITY</b>	<b><u>\$( 583,147 )</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$( 583,147 )</u></b>

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Enterprise Funds, Internal Services Funds, Trust and Agency Funds, and the Component Unit funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net assets.

The other funds of the County utilize separate savings and interest bearing checking accounts.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- a. Bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

As of September 30, 2007, the carrying amounts and bank balance for each type of bank account are as follows:

<u>ACCOUNT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking	\$ 8,775,906	\$ 7,637,261
Savings accounts	6,101,317	6,968,549
Certificates of deposit	<u>90,116</u>	<u>90,116</u>
Total primary government	14,967,339	14,695,926

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

<u>ACCOUNT TYPE - CONTINUED</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
<b>COMPONENT UNITS</b>		
Checking	\$ 7,368,168	\$ 7,867,617
Savings	1,973	1,590
Certificates of deposit	<u>20,856</u>	<u>20,856</u>
Total component units	7,390,997	7,890,063
<b>FIDUCIARY FUNDS</b>		
Savings	<u>7,175,254</u>	<u>7,175,254</u>
<b>TOTAL REPORTING ENTITY</b>	<b><u>\$29,533,590</u></b>	<b><u>\$29,744,105</u></b>

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of September 30, 2007, the primary government and component unit accounts were insured by the FDIC or FSLIC for \$916,837 and the amount of \$28,827,268 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

As of September 30, 2007 the carrying amounts and market values for each investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Moody's/ S &amp; P Rating</u>	<u>Weighted Average Maturity</u>
<b>PRIMARY GOVERNMENT</b>				
Uncategorized pooled investments				
MBIA - Michigan Class	\$ 869,537	\$ 869,537	N/A	48 days
Federal Home Loan Mortgage	198,882	198,882	Aaa	85 days
Fifth Third Institutional Government Money Market	352,628	352,628	AAAm	N/A
G.E. Capital Corp. Commercial Paper	254,730	254,730	Aaa	5 days
UBS Financial (DE) LLC	<u>258,881</u>	<u>258,881</u>	Aaa	108 days
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 1,934,658</u></b>	<b><u>\$ 1,934,658</u></b>		

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of September 30, 2007, rating information on the County's investments is presented above.

Interest Rate Risk

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 designing its portfolio with the objective of obtaining a rate of return through the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Concentration of Credit Risk

The County will minimize a 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 cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of September 30, 2007:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$16,436,372	\$ 5,481,963	\$ 7,175,254	\$29,093,589
Investments	513,611	-	-	513,611
Restricted cash	-	1,916,226	-	1,916,226
	<u>\$16,949,983</u>	<u>\$ 7,398,189</u>	<u>\$ 7,175,254</u>	<u>\$31,523,426</u>

The primary government cash and cash equivalents captions on the financial statements include \$47,986 in imprest cash. The component unit cash and cash equivalents captions include \$7,192 of imprest cash.

**NOTE D: ADVANCES RECEIVABLE AND PAYABLE**

The following schedule details advances receivable and payable related to the primary government at September 30, 2007:

Advance from General Fund to:	
Nonmajor governmental funds	\$ 5,000
Internal service funds	<u>10,000</u>
	<u>\$ 15,000</u>
Advance from Delinquent Tax Forfeitures fund to:	
Other nonmajor business-type funds	<u>\$ 82,317</u>

**NOTE E: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business-type funds, and component unit funds have been eliminated.

Transfer to General Fund from:	
Revenue Sharing Reserve Fund	<u>\$ 1,200,000</u>
Transfer to nonmajor governmental funds from:	
General Fund	\$ 5,006,686
Nonmajor governmental funds	<u>24,062</u>
	<u>\$ 5,030,748</u>

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE F: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2007 was as follows:

**Primary Government**

	<u>Balance</u> <u>Oct. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2007</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,590,706	\$ -	\$ -	\$ 1,590,706
Capital assets being depreciated:				
Land improvements	162,104	-	-	162,104
Buildings	18,362,725	21,480	-	18,384,205
Equipment	<u>3,455,483</u>	<u>384,665</u>	<u>-</u>	<u>3,840,148</u>
Subtotal	21,980,312	406,145	-0-	22,386,457
Less accumulated depreciation for:				
Land improvements	( 69,021 )	( 9,140 )	-	( 78,161 )
Buildings	( 9,549,543 )	( 440,017 )	-	( 9,989,560 )
Equipment	<u>( 2,404,758 )</u>	<u>( 290,400 )</u>	<u>-</u>	<u>( 2,695,158 )</u>
Subtotal	<u>( 12,023,322 )</u>	<u>( 739,557 )</u>	<u>-0-</u>	<u>( 12,762,879 )</u>
Net capital assets being depreciated	<u>9,956,990</u>	<u>( 333,412 )</u>	<u>-0-</u>	<u>9,623,578</u>
Capital assets, net	<u>\$ 11,547,696</u>	<u>\$( 333,412 )</u>	<u>\$ -0-</u>	<u>\$ 11,214,284</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 198,500
Public safety	321,045
Health and welfare	215,337
Recreation and cultural	<u>4,675</u>
Total depreciation expense	<u>\$ 739,557</u>

	<u>Balance</u> <u>Oct. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2007</u>
<b>Business-type activities -</b>				
<b>Public Transit</b>				
Capital assets being depreciated				
Land improvements	\$ 82,229	\$ -	\$ -	\$ 82,229
Buildings	569,976	14,828	-	584,804
Buses	969,911	-	-	969,911
Vehicles	43,656	-	-	43,656
Furniture and equipment	<u>85,365</u>	<u>9,873</u>	<u>-</u>	<u>95,238</u>
Subtotal	1,751,137	24,701	-0-	1,775,838

Van Buren County, Michigan  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2007

**NOTE F: CAPITAL ASSETS - CONTINUED**

**Primary Government - continued**

	<u>Balance</u> <u>Oct. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2007</u>
<b>Business-type activities -</b>				
<b>Public Transit - continued</b>				
Less accumulated depreciation for:				
Land improvements	\$( 9,000 )	\$( 1,500 )	\$ -	\$( 10,500 )
Buildings	( 460,250 )	( 27,973 )	-	( 488,223 )
Buses	( 639,338 )	( 139,164 )	-	( 778,502 )
Vehicles	( 42,359 )	( 1,297 )	-	( 43,656 )
Furniture and equipment	<u>( 54,909 )</u>	<u>( 7,165 )</u>	<u>-</u>	<u>( 62,074 )</u>
Subtotal	<u>( 1,205,856 )</u>	<u>( 177,099 )</u>	<u>-0-</u>	<u>( 1,382,955 )</u>
Capital assets, net	<u>\$ 545,281</u>	<u>\$( 152,398 )</u>	<u>\$ -0-</u>	<u>\$ 392,883</u>
 <b>Component Units</b>				
Component Unit - Drainage District				
Capital assets being depreciated				
Infrastructure	\$ 1,128,139	\$ 91,012	\$ -	\$ 1,219,151
Less accumulated depreciation for:				
Infrastructure	<u>( 469,021 )</u>	<u>( 58,681 )</u>	<u>-</u>	<u>( 527,702 )</u>
Capital assets, net	<u>\$ 659,118</u>	<u>\$ 32,331</u>	<u>\$ -0-</u>	<u>\$ 691,449</u>
 Component Unit - District Public Health				
Capital assets being depreciated				
Building improvements	\$ 50,000	\$ -	\$ -	\$ 50,000
Equipment	<u>292,494</u>	<u>198,694</u>	<u>-</u>	<u>491,188</u>
Subtotal	342,494	198,694	-0-	541,188
Less accumulated depreciation for:				
Building improvements	( 14,044 )	( 1,851 )	-	( 15,895 )
Equipment	<u>( 254,903 )</u>	<u>( 37,635 )</u>	<u>-</u>	<u>( 292,538 )</u>
Subtotal	<u>( 268,947 )</u>	<u>( 39,486 )</u>	<u>-0-</u>	<u>( 308,433 )</u>
Capital assets, net	<u>\$ 73,547</u>	<u>\$ 159,208</u>	<u>\$ -0-</u>	<u>\$ 232,755</u>

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE F: CAPITAL ASSETS - CONTINUED**

**Component Units - continued**

	Balance <u>Jan. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2006</u>
<b>Component Unit - Road Commission</b>				
<b>Capital assets not being depreciated</b>				
Land and improvements	\$ 68,269	\$ -	\$ -	\$ 68,269
Construction in progress	-	2,883,774	-	2,883,774
Infrastructure right of ways	24,429	-	-	24,429
Infrastructure land improvements	<u>9,981,120</u>	<u>881,273</u>	<u>-</u>	<u>10,862,393</u>
Subtotal	10,073,818	3,765,047	-0-	13,838,865
<b>Capital assets being depreciated</b>				
Land improvements	93,694	418,454	-	512,148
Buildings and improvements	1,968,764	2,798	( 24,520 )	1,947,042
Road equipment	8,170,765	425,701	( 460,413 )	8,136,053
Shop equipment	93,171	11,320	( 2,514 )	101,977
Office equipment	90,368	9,855	( 11,837 )	88,386
Engineers' equipment	93,231	876	( 3,371 )	90,736
Yard and Storage	182,595	-	-	182,595
Depletable assets	234,078	-	-	234,078
Infrastructure - Traffic signals	134,629	-	-	134,629
Infrastructure - Bridges	7,620,545	260,093	( 3,001 )	7,877,637
Infrastructure - Roads	<u>50,654,482</u>	<u>3,775,180</u>	<u>( 1,989,198 )</u>	<u>52,440,464</u>
Subtotal	69,336,322	4,904,277	( 2,494,854 )	71,745,745
<b>Accumulated depreciation and depletion</b>				
Land improvements	( 18,160 )	( 5,101 )	-	( 23,261 )
Buildings and improvements	( 645,077 )	( 61,784 )	24,512	( 682,349 )
Road equipment	( 6,021,880 )	( 658,912 )	432,177	( 6,248,615 )
Shop equipment	( 72,041 )	( 5,515 )	2,514	( 75,042 )
Office equipment	( 66,235 )	( 9,642 )	11,836	( 64,041 )
Engineers' equipment	( 73,267 )	( 8,217 )	3,371	( 78,113 )
Yard and Storage	( 82,952 )	( 13,077 )	-	( 96,029 )
Depletable assets	( 149,774 )	( 886 )	-	( 150,660 )
Infrastructure - Traffic signals	( 70,191 )	( 8,975 )	-	( 79,166 )
Infrastructure - Bridges	( 2,466,960 )	( 144,573 )	3,001	( 2,608,532 )
Infrastructure - Roads	<u>( 19,910,111 )</u>	<u>( 2,941,964 )</u>	<u>1,989,198</u>	<u>( 20,862,877 )</u>
Subtotal	<u>( 29,576,648 )</u>	<u>( 3,858,646 )</u>	<u>2,466,609</u>	<u>( 30,968,685 )</u>
Net capital assets being depreciated	<u>39,759,674</u>	<u>1,045,631</u>	<u>( 28,245 )</u>	<u>40,777,060</u>
Capital assets, net	<u>\$ 49,833,492</u>	<u>\$ 4,810,678</u>	<u>\$( 28,245 )</u>	<u>\$ 54,615,925</u>

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE G: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the County for the year ended September 30, 2007:

	<u>Balance</u> <u>Oct. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2007</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
1989 Building Authority Bonds	\$ 385,000	\$ -	\$ -	\$ 385,000	\$ -
1997A Building Authority Refunding Bonds	325,000	-	( 160,000 )	165,000	165,000
1997B Building Authority Refunding Bonds	1,265,000	-	( 295,000 )	970,000	310,000
1997C Building Authority Refunding Bonds	635,000	-	( 95,000 )	540,000	95,000
2000 Building Authority Bonds - Jail	890,000	-	( 205,000 )	685,000	215,000
2000 Installment Purchase - 911 System	300,000	-	( 300,000 )	-0-	-
Compensated absences	<u>763,597</u>	<u>434,055</u>	<u>( 112,775 )</u>	<u>1,084,877</u>	<u>272,196</u>
	4,563,597	434,055	( 1,167,775 )	3,829,877	1,057,196
<b>PRIMARY GOVERNMENT</b>					
Business-type Activities					
Enterprise Fund					
2005 Delinquent tax notes	4,980,000	-	( 4,800,000 )	180,000	180,000
2006 Delinquent tax notes	-	3,000,000	-	3,000,000	-
Compensated absences - Transit	<u>12,396</u>	<u>26,813</u>	<u>( 27,273 )</u>	<u>11,936</u>	<u>-</u>
	<u>4,992,396</u>	<u>3,026,813</u>	<u>( 4,827,273 )</u>	<u>3,191,936</u>	<u>180,000</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>9,555,993</b>	<b>3,460,868</b>	<b>( 5,995,048 )</b>	<b>7,021,813</b>	<b>1,237,196</b>
<b>COMPONENT UNITS</b>					
Department of Public Works					
1986 Sanitary Sewer Bonds	265,000	-	( 15,000 )	250,000	15,000
2001 Water Supply System - Refunding Bonds	795,000	-	( 110,000 )	685,000	110,000
1997 Water Supply System - Covert	300,000	-	( 300,000 )	-0-	-
1998 Sewerage Disposal and Water Supply Bonds	5,635,000	-	( 150,000 )	5,485,000	150,000
1998 MMBA Revolving Loan Fund	1,330,000	-	( 90,000 )	1,240,000	90,000
1998 MMBA Drinking Water Program	560,000	-	( 45,000 )	515,000	40,000
2004 Refunding Water Sys. Treatment (Casco/South Haven) Bonds	5,485,000	-	( 180,000 )	5,305,000	175,000
1999 Water Supply and Sewage Disposal	355,000	-	( 15,000 )	340,000	15,000
2000 Casco/South Haven Sewage Disposal and Water Supply Bonds	9,155,000	-	( 400,000 )	8,755,000	400,000
2000 Village of Paw Paw Sewage Disposal System No. 6 Bonds	635,000	-	( 30,000 )	605,000	35,000

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

	Balance Oct. 1, 2006	Additions	Deletions	Balance Sept. 30, 2007	Amounts Due Within One Year
<b>COMPONENT UNITS - CONTINUED</b>					
Department of Public Works - continued					
2001 Sister Lakes Area Sewage					
Disposal Bonds	\$ 8,750,000	\$ -	\$( 625,000 )	\$ 8,125,000	\$ 625,000
2002 Covert Water Supply					
System Bonds	4,775,000	-	( 100,000 )	4,675,000	325,000
2003 Covert Water Supply					
System Bonds	7,400,000	-	( 75,000 )	7,325,000	325,000
Drainage Districts					
North Phoenix Bonds					
North Phoenix Bonds	290,000	-	( 145,000 )	145,000	145,000
Intercounty Drain Notes					
Intercounty Drain Notes	65,000	-	( 65,000 )	-0-	-
Graham Drain Note					
Graham Drain Note	12,000	-	( 6,000 )	6,000	6,000
Territorial Drain Note					
Territorial Drain Note	45,000	-	( 15,000 )	30,000	15,000
Dowagiac Drain Note					
Dowagiac Drain Note	56,667	-	-	56,667	56,667
District Public Health Department					
Compensated absences					
Compensated absences	187,968	28,478	( 5,704 )	210,742	63,223
Road Commission					
Capital lease					
Capital lease	28,776	-	( 28,776 )	-0-	-
Installment purchase agreements					
Installment purchase agreements	-	4,800,000	-	4,800,000	231,811
Compensated absences					
Compensated absences	265,386	6,885	-	272,271	-
<b>TOTAL COMPONENT UNITS</b>	<b>46,390,797</b>	<b>4,835,363</b>	<b>( 2,400,480 )</b>	<b>48,825,680</b>	<b>2,822,701</b>
<b>TOTAL REPORTING ENTITY</b>	<b>55,946,790</b>	<b>8,296,231</b>	<b>( 8,395,528 )</b>	<b>55,847,493</b>	<b>4,059,897</b>

Significant details regarding outstanding long-term debt (including current portions) are presented below:

**PRIMARY GOVERNMENT**

County Building Authority Bonds

Bonds payable at September 30, 2007 are as follows:

\$2,200,000 Van Buren County Building Authority Series 1989 Bonds, dated November 1, 1989, due in annual installments ranging from \$0 to \$200,000 through November 1, 2009, with interest of 5.00 percent, payable semi-annually.	\$ 385,000
\$1,390,000 Van Buren County Building Authority Series 1997A Refunding Bonds, dated October 1, 1997, due in a final installment of \$165,000 on November 1, 2007, with interest of 4.65 percent, payable semi-annually.	165,000
\$3,000,000 Van Buren County Building Authority Series 1997B Refunding Bonds, dated October 1, 1997, due in annual installments ranging from \$310,000 to \$340,000 through December 1, 2009, with interest ranging from 4.65 to 4.85 percent, payable semi-annually.	970,000

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED

County Building Authority Bonds - continued

\$1,220,000 Van Buren County Building Authority Series 1997C Refunding Bonds, dated October 1, 1997, due in annual installments ranging from \$95,000 to \$120,000 through June 1, 2012, with interest ranging from 4.75 to 5.05 percent, payable semi-annually.	\$ 540,000
\$1,935,000 Van Buren County Building Authority Series 2000 Bonds, dated November 1, 2000, due in annual installments ranging from \$215,000 to \$240,000 through June 1, 2010, with interest ranging from 4.60 to 4.70 percent, payable semi-annually.	<u>685,000</u>
	<u>\$ 2,745,000</u>

Delinquent Tax Notes

Notes payable on September 30, 2007 are as follows:

\$5,980,000 Van Buren County General Obligation Limited Tax Notes, Series 2006, dated June 9, 2006, due on March 1, 2008 with interest of 5.33 percent for purchase of 2005 delinquent taxes.	\$ 180,000
\$3,000,000 Van Buren County General Obligation Limited Tax Notes, Series 2007, dated June 27, 2007, due on March 1, 2010 with various interest rates for purchase of 2006 delinquent taxes.	<u>3,000,000</u>
	<u>\$ 3,180,000</u>

Compensated Absences - Primary Government (Except Public Transit)

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$1,084,877 for vacation and sick, at September 30, 2007. Of this amount, \$272,196 has been recorded as a current liability and \$812,681 has been recorded as a noncurrent liability.

Compensated Absences - Public Transit

Transit employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for certain portions of unused accumulated vacation and sick time. This amount has been recorded as the long-term liability.

Advance Refunding - Prior

On October 1, 1997 the County defeased the portion of the 1989 Building Authority Bonds, which were due and payable November 1, 1998 through November 1, 2007. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority Refunding Bonds, Series 1997A in the amount of \$1,390,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2007, bonds due and payable November 1, 2007 for the 1989 Building Authority Bonds in the amount of \$170,000 are considered defeased.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

Advance Refunding - Prior - continued

On October 1, 1997 the County defeased the portion of the 1990 Building Authority Bonds, which were due and payable December 1, 1999 through December 1, 2009. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority Refunding Bonds, Series 1997B in the amount of \$3,000,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2007, bonds due and payable December 1, 2007 through December 1, 2009, for the 1990 Building Authority Bonds in the amount of \$980,000 are considered defeased.

On October 1, 1997 the County defeased the portion of the 1992 Building Authority Bonds, which were due and payable June 1, 2000 through June 1, 2012. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority Refunding Bonds, Series 1997C in the amount of \$1,220,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2007, bonds due and payable June 1, 2008 through June 1, 2012, for the 1992 Building Authority Bonds in the amount of \$545,000 are considered defeased.

**COMPONENT UNIT - DEPARTMENT OF PUBLIC WORKS**

Bonds payable at September 30, 2007 are as follows:

\$495,000 Van Buren County Sanitary Sewage Disposal System No. 6 Bonds, dated 1986, due in annual installments ranging from \$15,000 to \$20,000 through January 1, 2020, with interest of 5.00 percent, payable semi-annually.	\$ 250,000
\$1,195,000 Van Buren County 2001 Water Supply System No. 1 Refunding Bonds, Village of Paw Paw, dated November 1, 2001, due in annual installments ranging from \$105,000 to \$125,000 through November 1, 2012, with interest ranging from 4.05 to 4.55 percent, payable semi-annually.	685,000
\$6,335,000 Van Buren County 1998 Sewage Disposal and Water Supply Bonds, dated May 1, 1998, due in annual installments ranging from \$150,000 to \$600,000 through May 1, 2019, with interest ranging from 4.25 to 6.25 percent, payable semi-annually.	5,485,000
\$1,900,000 Van Buren County 1998 MMBA Revolving Loan Fund, dated June 25, 1998, due in annual installments ranging from \$90,000 to \$115,000 through April 1, 2019, with interest of 2.25 percent, payable semi-annually.	1,240,000
\$827,340 Van Buren County 1998 MMBA Drinking Water Program, dated September 29, 1998, due in annual installments ranging from \$40,000 to \$50,000 through October 1, 2018, with interest of 2.50 percent, payable semi-annually.	515,000
\$5,575,000 Van Buren County 2004 Refunding (Casco/South Haven) Bonds, dated November 18, 2004, due in annual installments ranging from \$175,000 to \$500,000 through May 1, 2020, with interest ranging from 3.00 to 5.00 percent, payable semi-annually.	5,305,000

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

COMPONENT UNIT - DEPARTMENT OF PUBLIC WORKS - CONTINUED

\$425,000 Van Buren County 1999 Water Supply and Sewage Disposal System (City of Hartford) Bonds, dated November 1, 1999, due in annual installments ranging from \$15,000 to \$30,000 through November 1, 2020, with interest ranging from 5.00 to 5.30 percent, payable semi-annually.	\$ 340,000
\$10,390,000 Van Buren County 2000 Sewage Disposal and Water Supply (Casco/South Haven) Bonds, dated July 1, 2000, due in annual installments ranging from \$400,000 to \$1,250,000 through May 1, 2021, with interest ranging from 5.00 to 7.00 percent, payable semi-annually.	8,755,000
\$750,000 Van Buren County Sewage Disposal System No. 6 (Village of Paw Paw) Bonds, dated January 1, 2001, due in annual installments ranging from \$35,000 to \$75,000 through April 1, 2019, with interest ranging from 4.50 to 5.25 percent, payable semi-annually.	605,000
\$11,625,000 Van Buren County Sister Lakes Area Sewage Disposal Bonds, dated May 1, 2001, due in annual installments of \$625,000 through May 1, 2020, with interest ranging from 4.15 to 5.00 percent, payable semi-annually.	8,125,000
\$5,000,000 Van Buren County 2002 Water Supply System Bonds (Covert), dated May 1, 2002, due in annual installments ranging from \$325,000 to \$350,000 through June 1, 2021, with interest ranging from 3.75 to 4.75 percent, payable semi-annually.	4,675,000
\$7,500,000 Van Buren County 2003 Water Supply System Bonds (Covert), dated February 1, 2003, due in annual installments ranging from \$325,000 to \$750,000 through June 1, 2024, with interest ranging from 4.000 to 4.375 percent, payable semi-annually.	<u>7,325,000</u>
	<u>\$43,305,000</u>

Advance Refunding - Prior

On November 1, 2001 the County defeased the portion of the 1991 Water Supply System No. 1 Bonds which were due and payable November 1, 2002 through November 1, 2012. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued 2001 Water Supply System No. 1 Refunding Bonds in the amount of \$1,195,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2007, bonds due and payable November 1, 2007 through November 1, 2012 for the 1991 Water Supply System No. 1 Bonds in the amount of \$675,000 are considered defeased.

On November 18, 2004 the County defeased the portion of the 1999 Sewage Disposal and Water Supply Bonds (Casco/South Haven) which were due and payable May 1, 2007 through May 1, 2020. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued 2004 Refunding Bonds in the amount of \$5,575,000 to provide resources to fund the escrow amounts and pay the costs of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At September 30, 2007, bonds due and payable May 1, 2008 through May 1, 2020 in the amount of \$5,230,000 are considered defeased.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

**COMPONENT UNIT - DRAINAGE DISTRICT**

Bonds payable at September 30, 2007 are as follows:

\$725,000 Van Buren County 2003 North Phoenix Drain Bonds, dated June 1, 2003, due in a final installment of \$145,000 on June 1, 2008, with interest of 2.35 percent, payable semi-annually. \$ 145,000

Drain notes payable at September 30, 2007 are as follows:

\$18,000 Van Buren County Graham Drainage District Note, dated November 30, 2004, due in a final installment of \$6,000 on June 15, 2008, with interest of 3.67 percent, payable annually. \$ 6,000

\$60,000 Van Buren County Territorial Road Drainage District Note, dated April 15, 2005, due in annual installments of \$15,000 through June 15, 2009, with interest of 3.13 percent, payable annually. 30,000

\$85,000 Van Buren County Dowagiac River Inter-County Drainage District Note, dated June 1, 2005, due in a final installment of \$56,667 on June 15, 2008, with interest of 2.50 percent, payable annually. The payment due June 15, 2007 was not made during the fiscal year. 56,667  
\$ 92,667

**COMPONENT UNIT - DISTRICT PUBLIC HEALTH DEPARTMENT**

**Compensated Absences**

Employees of the Van Buren/Cass County District Public Health Department are granted vacation and sick leave in varying amounts based on length of service. Upon termination of employment, employees are paid accumulated vacation at full current rate of pay to a maximum of 25 days, and accumulated sick leave at a rate of 50% of hours accumulated up to a maximum of 750 hours (375 hours payable).

Accumulated vacation leave and sick pay represent a liability to the Department which is presented as both a current and long-term liability in the government-wide financial statements. Payments to employees for vacation leave and sick pay are recorded as expenditures when they are used and payments are actually made to the employees.

At September 30, 2007, vacation and sick pay including related payroll taxes amounted to \$210,742; \$63,223 of which has been classified as a current liability.

**COMPONENT UNIT - ROAD COMMISSION**

**Installment Purchase Agreement**

A new garage was purchased under a 15 year installment lease purchase agreement through LaSalle Bank. The original purchase price was \$4,800,000, with 15 annual payments of \$445,411 at an implied interest rate of 4.45%. \$ 4,800,000

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

**COMPONENT UNIT - ROAD COMMISSION - CONTINUED**

Compensated Absences

Vacation is earned in varying amounts depending on the number of years of service of an employee and is made available to employees on their anniversary dates. Vacation pay at 100% is payable to the employee when employment is severed. At December 31, 2006, there was \$107,359 recorded as vacation liability.

Union employees - Sick leave is accumulated at the rate of 4 hours per pay period for union employees, not to exceed 760 hours or 95 days. Upon retirement or death of an employee, the employee or his estate shall receive an amount equal to 50% of the sick leave credits at the hourly rate he was paid on the last day worked.

Nonunion employees - Sick leave is earned at a rate of 6 hours per month to a maximum of 54 days. Days in excess of the maximum will be paid off at a rate of 50% annually. Upon retirement or death of an employee with less than 15 years of service, the employee or his estate shall receive an amount equal to 50% of the employee's unused sick leave credits at the rate paid on the last day worked. For employees with 15 or more years of service, the employee or his estate shall receive an amount equal to 60% of the employee's unused sick leave credits at the rate paid on the last day worked to a maximum of 54 days.

At December 31, 2006, there was a total of \$164,912 recorded as sick leave liability for both the union and nonunion employees.

The annual requirements to pay the debt principal and interest outstanding for the following Bonds, Notes, and Leases are as follows:

<u>Year Ending September 30,</u>	<u>Primary Government</u>		<u>Component Units</u>	
	<u>Direct County Obligations</u>		<u>Road Commission</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 785,000	\$ 120,522	\$ 231,811	\$ 213,600
2009	835,000	82,850	242,127	203,284
2010	890,000	41,835	252,902	192,510
2011	115,000	11,810	264,156	181,256
2012	120,000	6,060	275,911	169,501
2013-2017	-	-	1,575,022	652,035
2018-2022	-	-	1,958,071	268,983
2023-2024	-	-	-	-
	<u>\$ 2,745,000</u>	<u>\$ 263,077</u>	<u>\$ 4,800,000</u>	<u>\$ 1,881,169</u>

<u>Year Ending September 30,</u>	<u>Component Units</u>			
	<u>Department of Public Works Bonds</u>		<u>Drainage District Bonds and Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,305,000	\$ 1,946,184	\$ 222,667	\$ 6,695
2009	2,390,000	1,719,937	15,000	469
2010	2,495,000	1,736,641	-	-
2011	2,590,000	1,624,588	-	-
2012	3,000,000	1,513,636	-	-
2013-2017	15,635,000	5,553,846	-	-
2018-2022	13,390,000	1,839,980	-	-
2023-2024	1,500,000	98,247	-	-
	<u>\$43,305,000</u>	<u>\$ 16,033,059</u>	<u>\$ 237,667</u>	<u>\$ 7,164</u>

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE G: LONG-TERM DEBT - CONTINUED**

Outstanding principal and interest on the 2005 and 2006 Delinquent Tax Notes have been excluded from the schedules above because the periodic principal maturities are not specific other than the final due date and/or the interest is variable and calculated through the date of payment.

**NOTE H: EMPLOYEE RETIREMENT SYSTEMS**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Plan Description

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public employee retirement system. MERS is authorized and operated under State law, Act 135 of Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time and regular part-time County employees are covered by the retirement system with the exception of the Road Commission employees. The Road Commission employees are covered under a separate retirement plan.

Funding Policy

All groups contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The County is required to contribute the remaining amounts necessary to fund the system.

Annual Pension Cost

For the year ended September 30, 2007 the County's annual pension cost of \$594,137 for the plan was equal to the County's required contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2005 using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Schedule of Funding Progress

	Year Ended December 31,		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Actuarial value of assets	\$ 4,386,534	\$ 9,154,263	\$10,663,072
Actuarial accrued liability (AAL) (entry age)	7,940,619	15,906,227	17,397,677
Unfunded AAL	3,554,085	6,751,964	6,734,605
Funded ratio	55%	58%	61%
Covered payroll	4,316,903	7,888,875	7,885,157
UAAL as a percentage of covered payroll	82%	86%	85%

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE H: EMPLOYEE RETIREMENT SYSTEMS - CONTINUED**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

Schedule of Employer Contributions

	<u>Year Ended</u> <u>September 30, 2005</u>	<u>December 31,</u> <u>2006</u>	<u>2007</u>
Annual pension cost	\$ 282,807	\$ 1,172,257	\$ 594,137
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

COMPONENT UNIT - ROAD COMMISSION

Plan Description

The Van Buren County Road Commission pension plan is a single employer-defined benefit plan administered through Fifth Third Bank. The information disclosed, as of December 31, 2006, is based on information provided by Fifth Third Bank. The Van Buren County Road Commission plan had 53 active participants, 44 retirees and 6 terminated but vested employees as of January 1, 2007, the most recent period for which actuarial data was available. The plan administrator, Fifth Third Bank, did not issue a separate report for the year 2006.

The system provides retirement, disability and death benefits to plan members and their beneficiaries in accordance with the Road Commission labor agreements and personnel policies. The Road Commissioners have the authority to establish or amend the retirement benefits, which are agreed upon through labor negotiations and are included in the labor agreements and personnel policies.

Funding Policy

The Road Commission has the policy to contribute the actuarially determined amount yearly. Fifth Third Bank separately identifies and reports on the contributions and earnings in a "Defined Benefit Pension Plan Account." During 2006, contributions were invested in money market investments, mutual fund investments.

Contributions

Each employee becoming eligible to participate in the plan is required to contribute a percentage of their compensation equal to 4% or 5% for nonunion and union, respectively, in accordance with the labor agreements and personnel policies. The Road Commission makes contributions in accordance with the minimum recommended employer contribution required by the actuary plan. During the plan year ended December 31, 2006, the Road Commission contributions totaled \$216,079.

Summary of Significant Accounting Policies and Plan Asset Matters

The assets of the pension plan consist of money market investments and mutual funds purchased under the control of Fifth Third Bank (Trustee). The trustee currently provides monthly "statement highlights" providing a summary of balances, which provides the income and expense data accounting for the monthly changes in the Group Annuity Contract value for the General Account only. These statements provided for the audit report are effective through December 31 each year. All contributions under this plan will be paid by the employer to the trustee and deposited in the trust. Contributions will be made at such times as the employer will determine in accordance with a funding policy and funding standard account established by the employer. All assets of the trust will be retained for the exclusive benefit of participants and beneficiaries and to pay benefits and administrative expenses of the plan and trust. The trustee is entitled to reasonable compensation for all services rendered as trustee. The trustee will be reimbursed for all reasonable expenses incurred by it, including counsel and auditing fees.

Van Buren County, Michigan  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2007

**NOTE H: EMPLOYEE RETIREMENT SYSTEMS - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Percent Funded</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
2006	\$ 4,959,886	\$ 5,822,513	\$( 862,627)	85 %	\$ 1,996,522	43 %
2005	4,564,620	5,585,088	( 1,020,468)	82	1,899,515	54
2004	4,316,363	5,435,019	( 1,118,656)	79	2,001,070	56

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 216,079	\$ 216,079	100 %
2005	214,497	214,497	100
2004	223,811	223,811	100

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2007, the latest actuarial valuation, follow:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	15 years beginning January 1, 2002
Remaining Amortization Period	10 years
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Investment Rate of Return	7%
Projected Salary Increases	4%

**NOTE I: POST-EMPLOYMENT BENEFITS**

PRIMARY GOVERNMENT

In addition to providing pension benefits, Van Buren County has elected to provide post-employment health benefits to retirees of the County. The Van Buren County Board of Commissioners established the plan and may amend it and the related contribution requirements, subject to the County's various collective bargaining agreements. The County also pays the full cost of coverage for these benefits on a pay-as-you-go basis. Also, retirees can purchase coverage for their dependants at the County's group rates. Currently, 10 retirees are eligible for post-employment health benefits. For the fiscal year ended September 30, 2007, the County made payments for the post-employment health benefit premiums of \$87,756. The County obtains health coverage through private insurers.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE I: POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION

The Road Commission provides post-employment health and dental care benefits, in accordance with labor contracts and personnel policy, to all employees who retire under the provisions of the Van Buren County Road Commission Pension Plan or completing 15 years of service; after having attained age 62 or more, the Road Commission will pay set premiums as listed below or 100% (depending on the plan) of the premium or subscription rate for the continuance of the hospital and surgical coverage for the employee and his/her then eligible spouse. The Road Commission will also continue to pay set premiums as listed below or 100% (depending on the plan) of the premium or subscription rate for the health insurance for widows of employees who have had 15 or more years of service with the Road Commission or widows of employees who are killed on the job. Currently, 36 retirees met those eligibility requirements. Expenditures for post-employment health care benefits are recognized when insurance premiums are paid. Premiums paid by the Road Commission in 2006 totaled \$235,380 less \$33,105 reimbursed by retirees for a net total cost of \$202,275.

COMPONENT UNIT - ROAD COMMISSION

As of January 1, 2006, the Road Commission will begin paying the following maximum contributions toward health, dental and vision insurance premiums:

Single	Up to \$429/month
Two-Person	Up to \$984/month
Family	Up to \$1,132/month

**NOTE J: JUDGMENT PAYABLE**

In October 2006, Van Buren County settled a lawsuit with a former employee of the Drain Commissioner's office for \$325,000. The settlement will be paid in installments of \$39,069 for the former employee and \$15,097 for his attorney. The installments are due on May 1 and November 1 until May 1, 2009. As of September 30, 2007, the amount payable was \$216,667.

**NOTE K: CONTINGENT LIABILITIES**

The County participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The Single Audit of the Federal Programs and the periodic program compliance audits of many of the State programs have not yet been completed or final resolution has not been received. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

**NOTE L: FEDERAL GRANTS**

PRIMARY GOVERNMENT

Workforce Development Board

The Berrien-Cass-Van Buren Private Industry Council, Inc. was organized in 1983 as a private, nonprofit corporation to administer Federal and State employment and training funds in Berrien, Cass, and Van Buren Counties. During 1996, the Berrien-Cass-Van Buren Workforce Development Board, Inc. doing business as Michigan Works Berrien-Cass-Van Buren, was formed under the direction of a newly created board of directors. On May 1, 1996, the Workforce Development Board assumed responsibility for all contracts and grants previously administered by the Private Industry Council, and the Private Industry Council ceased to exist.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE L: FEDERAL GRANTS - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

**Workforce Development Board - continued**

Van Buren County acts as the grant recipient of most of the job training funds received from the State of Michigan. Van Buren County has contracted the Berrien-Cass-Van Buren Workforce Development Board, Inc. to serve as the administrative entity, which involves administration of the day to day operations of the employment and training programs. During the fiscal year ended June 30, 2007, \$8,491,324 was received by Van Buren County and turned over to the Berrien-Cass-Van Buren Workforce Development Board, Inc. The Berrien-Cass-Van Buren Workforce Development Board, Inc. is audited separately with a single audit also being performed on the funds received. Further information in regards to the audit can be obtained by contacting the Berrien-Cass-Van Buren Workforce Development Board, Inc., Benton Harbor, Michigan.

**COMPONENT UNIT - ROAD COMMISSION**

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2006, the Federal aid received and expended by the Road Commission was \$633,368 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and administered by the Road Commission.

**NOTE M: RISK MANAGEMENT**

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)**

The County participates in a pool, the Michigan Municipal League Liability and Property Pool, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required.

The County also participates in a pool, the Michigan Municipal League Workers Compensation Fund, with other municipalities for worker's compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required.

**COMPONENT UNIT - ROAD COMMISSION**

The county road commissions in the State of Michigan established and created a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool) pursuant to the provisions of Public Act 138 of 1982. The Pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State.

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE M: RISK MANAGEMENT - CONTINUED**

**COMPONENT UNIT - ROAD COMMISSION - CONTINUED**

The Pool operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. If for any reason the Pool's resources available to pay losses are depleted, the payment of all unpaid losses of the member is the sole obligation of the member.

The Road Commission pays an annual premium to the Pool for automobile and equipment liability, trunkline liability, errors and omissions and bodily injury, property damage and personal injury liability. The Road Commission premium during 2006 was \$289,918. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board. Commercial insurance was purchased for property coverage (buildings and contents). Commercial insurance was also purchased for health care benefits and workers compensation insurance through the Accident Fund of Michigan.

At December 31, 2006, there were no claims which exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years. Settled claims for the Road Commission have not exceeded the amount of insurance coverage in any of the past 3 years.

**NOTE N: PROPERTY TAXES AND TAX RECEIVABLE**

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31.

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

The County's Winter 2006 and Summer 2007 ad valorem taxes were levied and collectible on December 1, 2006 and July 1, 2007, respectively. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's Winter 2006 and Summer 2007 tax levies have been recognized as revenue in the current fiscal year. The 2006 and 2007 taxable value of Van Buren County amounted to \$2,348,590,581 and \$2,523,299,220, respectively, on which ad valorem taxes levied for County general operating purposes consisted of 1.5019 mills for Winter 2006 and 4.4908 mills for Summer 2007. Van Buren County has levied .9475 mills for ambulance operations, .5392 mills for public safety, .2500 mills for public transit, and .9802 mills for roads.

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. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax (Enterprise) Funds.

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE O: FUND BALANCE RESERVES**

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. These reserves are recorded at the fund level to indicate management plans for these funds.

The following are the various fund balance reserves as of September 30, 2007:

PRIMARY GOVERNMENT	
General Fund	
Reserved for advances	\$ 295,000
Nonmajor governmental funds	
Reserved for capital projects	<u>61,857</u>
	<u>\$ 356,857</u>

**NOTE P: RESTRICTED NET ASSETS**

Restrictions of net assets shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source precludes their use for unrestricted purposes. The following are the various net asset restrictions as of September 30, 2007:

PRIMARY GOVERNMENT	
Governmental Activities	
Public Safety	
Sheriff's extra voted millage	\$ 467,374
60% Justice Training	16,734
911 Wireless	140,475
Drug enforcement Federal	7,414
Drug enforcement State	34,134
Drug enforcement Prosecuting Attorney	<u>90,185</u>
	<u>\$ 756,316</u>
Other purposes	
Kal - Haven Trail	\$ 24,632
Ambulance millage	577,329
Social welfare	221,963
Family counseling	41,866
Child care	465,932
Soldiers' and sailors' relief	152
Veterans' trust	1,434
Revenue sharing reserve	<u>4,692,974</u>
	<u>\$ 6,026,282</u>
Capital improvement	
911 System	\$ 36,751
Building authority jail	<u>25,106</u>
	<u>\$ 61,857</u>

Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

**NOTE P: RESTRICTED NET ASSETS - CONTINUED**

COMPONENT UNITS

Road Commission

Restricted for county roads

\$ 7,116,146

**NOTE Q: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

In the required supplementary information to the financial statements, the County's budgeted expenditures in the General Fund and major Special Revenue Funds have been shown at the functional classification level. The approved budgets of the County have been adopted at the total expenditure level for the General Fund and the Special Revenue Funds.

During the year ended December 31, 2007, the County incurred expenditures in the Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Housing Program Income Fund	\$ 5,000	\$ 50,531	\$ 45,531
Kal-Haven Trail Fund	63,000	77,781	14,781
Ambulance Millage Fund	2,076,634	2,296,000	219,366
Friend of the Court - Bench Warrant Fund	-	8,501	8,501
Court Equity	49,000	64,882	15,882
Jail Enhancement Fund	8,396	33,475	25,079
60% Justice Training Fund	7,800	13,231	5,431
Dispatch Training Fund	6,800	7,733	933
Planning Commission	4,500	6,476	1,976
Homeland Security Grant 2005 Fund	107,973	229,155	121,182
2006 Homeland Security Regional Grant Fund	-	693,545	693,545
Register of Deeds Automation Fund	85,000	96,318	11,318
Remonumentation Fund	176,502	194,825	18,323
Drug Enforcement Federal Fund	35,894	54,588	18,694
Drug Enforcement Prosecuting Attorney Fund	1,000	19,417	18,417
Law Library Fund	25,000	26,291	1,291
Victim Advocates Fund	200	2,412	2,212
Sheriff Drain Work Crew Fund	-	19,755	19,755
Sex Offender Registration Fund	100	150	50
Corrections Training Fund	22,000	56,827	34,827
Land Preservation Fund	-	240,000	240,000
Courthouse Restoration Fund	1,000	1,650	650
Social Welfare Fund	420,000	774,196	354,196
Soldiers' and Sailors' Relief Fund	1,000	2,400	1,400

**REQUIRED SUPPLEMENTARY INFORMATION**

Van Buren County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES

Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Taxes</b>				
Current and delinquent property taxes	\$ 10,497,062	\$ 10,497,062	\$ 11,154,852	\$ 657,790
Payments in lieu of taxes	3,500	3,500	7,865	4,365
Mobile home park taxes	9,000	9,000	6,936	(2,064)
Industrial and commercial facility tax	1,900	1,900	1,327	(573)
Interest and penalties	5,000	5,000	31,334	26,334
<b>Total taxes</b>	<b>10,516,462</b>	<b>10,516,462</b>	<b>11,202,314</b>	<b>685,852</b>
<b>Licenses and permits</b>				
Gun permits	6,000	6,000	5,801	(199)
Dog licenses	122,150	122,150	98,620	(23,530)
Marriage license fees	3,000	3,000	3,015	15
<b>Total licenses and permits</b>	<b>131,150</b>	<b>131,150</b>	<b>107,436</b>	<b>(23,714)</b>
<b>Intergovernmental</b>				
<b>Federal/State</b>				
Emergency management	30,000	30,000	24,746	(5,254)
Cooperative reimbursement program	900,968	900,968	830,629	(70,339)
IV-D incentive	134,902	134,902	172,018	37,116
Judges standardization	229,379	229,379	228,620	(759)
Juvenile Officer's salary	53,000	53,000	52,776	(224)
Probate court judge	100,242	100,242	102,115	1,873
Jury fees	7,500	7,500	10,138	2,638
District court case flow assistance	33,750	33,750	31,204	(2,546)
Remonumentation	37,500	37,500	30,000	(7,500)
Treasurer court financing	530,000	530,000	493,985	(36,015)
Sheriff secondary road patrol	120,000	120,000	143,106	23,106
Cigarette tax	46,776	46,776	45,041	(1,735)
Marine safety	27,000	27,000	39,493	12,493
Snowmobile grant	12,561	12,561	9,360	(3,201)
Summer enforcement grant	-	-	22,981	22,981
Convention and tourism tax	268,940	268,940	275,705	6,765
Liquor license fees	5,500	5,500	4,136	(1,364)
Other	10,000	10,000	3,892	(6,108)
<b>Local</b>	<b>702,807</b>	<b>702,807</b>	<b>648,277</b>	<b>(54,530)</b>
<b>Total intergovernmental</b>	<b>3,250,825</b>	<b>3,250,825</b>	<b>3,168,222</b>	<b>(82,603)</b>

Van Buren County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES - CONTINUED</b>				
Charges for services				
Family Court	\$ 77,300	\$ 77,300	\$ 84,732	\$ 7,432
District Court	1,073,000	1,073,000	1,008,055	(64,945)
Circuit Court	133,000	133,000	135,326	2,326
Friend of the Court	65,157	65,157	83,797	18,640
Probate Court	31,400	31,400	44,362	12,962
County Treasurer	32,000	32,000	36,515	4,515
County Clerk	199,000	199,000	240,554	41,554
Administrative fee	12,000	12,000	12,000	-0-
Election fees	36,600	36,600	45,433	8,833
Equalization services	35,175	35,175	28,822	(6,353)
Prosecuting attorney services	-	-	466	466
Register of Deeds	744,000	744,000	905,426	161,426
Land management fees	138,075	138,075	142,672	4,597
Drain Commissioner services	32,000	32,000	52,909	20,909
Marshall services	136,500	136,500	175,302	38,802
Sheriff department services	113,050	113,050	154,733	41,683
Animal shelter services	6,250	6,250	3,395	(2,855)
Medical examiner services	500	500	851	351
Other sales	18,900	18,900	22,833	3,933
Other charges for services	500	500	4,350	3,850
<b>Total charges for services</b>	<b>2,884,407</b>	<b>2,884,407</b>	<b>3,182,533</b>	<b>298,126</b>
Fines and forfeits				
Bond forfeitures	40,000	40,000	43,970	3,970
Ordinance fines and costs	95,000	95,000	142,396	47,396
<b>Total fines and forfeits</b>	<b>135,000</b>	<b>135,000</b>	<b>186,366</b>	<b>51,366</b>
Interest and rents				
Interest on investments	150,250	150,250	417,511	267,261
Rents	821,102	821,102	820,905	(197)
<b>Total interest and rents</b>	<b>971,352</b>	<b>971,352</b>	<b>1,238,416</b>	<b>267,064</b>

Van Buren County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES - CONTINUED				
Other				
Reimbursements and refunds	\$ 43,300	\$ 43,300	\$ 67,780	\$ 24,480
Insurance recoveries and refunds	28,000	28,000	41,131	13,131
Contributions	750	750	1,837	1,087
911 Central Dispatch	255,304	255,304	-	(255,304)
Mental Health	40,000	40,000	-	(40,000)
Other	50	50	703	653
Total other	367,404	367,404	111,451	(255,953)
TOTAL REVENUES	18,256,600	18,256,600	19,196,738	940,138
OTHER FINANCING SOURCES				
Transfers from other funds				
Revenue sharing reserve	1,220,000	1,220,000	1,200,000	(20,000)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 19,476,600</u>	<u>\$ 19,476,600</u>	<u>\$ 20,396,738</u>	<u>\$ 920,138</u>

Van Buren County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY

Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
<b>General government</b>				
Board of Commissioners	\$ 185,135	\$ 196,135	\$ 190,231	\$ 5,904
Gun Board	975	975	828	147
Professional services	152,750	278,750	149,969	128,781
Circuit Court	548,986	578,986	571,649	7,337
Family Court	1,151,820	1,201,820	1,175,271	26,549
District Court	1,533,075	1,533,075	1,519,542	13,533
Jury board	5,500	5,500	4,952	548
Probate Court	360,857	364,067	350,775	13,292
State probation	7,450	8,450	8,358	92
County Administrator	233,927	243,427	241,689	1,738
Elections	64,250	64,250	55,409	8,841
Clerk	433,995	433,995	425,717	8,278
Equalization	320,843	320,843	305,608	15,235
Prosecuting Attorney	693,166	713,166	704,495	8,671
Register of Deeds	197,941	197,941	192,995	4,946
Land information services	221,019	223,019	219,921	3,098
Treasurer	271,290	271,290	257,463	13,827
Cooperative extension	197,245	197,245	196,318	927
Computer department	269,894	330,894	319,973	10,921
Building and grounds	1,083,287	1,372,593	1,329,532	43,061
Drain commissioner	158,391	179,101	178,848	253
General services	259,000	260,000	260,925	(925)
<b>Total general government</b>	<b>8,350,796</b>	<b>8,975,522</b>	<b>8,660,468</b>	<b>315,054</b>
<b>Public safety</b>				
Sheriff	274,415	279,415	278,885	530
Sheriff Road Patrol	1,155,039	1,176,039	1,164,357	11,682
Secondary Road Patrol	155,869	155,869	153,626	2,243
Marine safety	72,534	72,534	48,446	24,088
Snowmobile grant	16,749	16,749	10,232	6,517
Summer enforcement grant	-	-	22,982	(22,982)
Keeler Township	83,030	104,030	101,081	2,949
South Haven Township	165,079	165,079	135,503	29,576
Geneva Township	87,258	87,258	77,014	10,244
School liaison	61,305	61,305	58,476	2,829
Village of Gobles	77,846	77,846	69,883	7,963
Antwerp Township	19,347	20,347	19,760	587
Columbia Township	83,725	83,725	77,766	5,959
Village of Decatur	10,115	10,115	9,299	816

Van Buren County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES - CONTINUED</b>				
Public safety - continued				
Hamilton Township	\$ 9,913	\$ 10,413	\$ 9,800	\$ 613
Village of Lawrence	95,408	95,408	76,732	18,676
Village of Bloomingdale	9,017	9,017	7,316	1,701
Jail	1,412,713	1,412,713	1,284,520	128,193
U.S. Marshall grant	137,705	137,705	130,759	6,946
Alternative work program	64,696	64,696	59,972	4,724
Food service	267,500	267,500	239,579	27,921
Plat Board	300	300	-	300
Emergency services	92,052	92,052	85,594	6,458
Animal control	256,006	256,006	223,950	32,056
Total public safety	4,607,621	4,656,121	4,345,532	310,589
Public works				
Drains	40,000	40,000	-	40,000
Public works	8,000	8,000	6,625	1,375
Total public works	48,000	48,000	6,625	41,375
Health and welfare				
Health department	576,102	614,347	615,077	(730)
Mental health department	270,000	270,000	270,000	-0-
Contagious diseases	15,700	15,700	14,482	1,218
Medical examiner	129,588	129,588	113,131	16,457
Human services	23,215	23,215	23,215	-0-
Veterans burials	11,000	12,400	12,385	15
Total health and welfare	1,025,605	1,065,250	1,048,290	16,960
Other				
Insurance and bonds	165,000	174,000	173,906	94
Unemployment	30,500	30,500	-	30,500
Sheriff's retiree's	62,675	62,675	62,675	-0-
Total other	258,175	267,175	236,581	30,594
<b>TOTAL EXPENDITURES</b>	<b>14,290,197</b>	<b>15,012,068</b>	<b>14,297,496</b>	<b>714,572</b>
<b>OTHER FINANCING USES</b>				
Transfers out				
Sheriff's Extra Voted Millage	-	13,275	13,275	-0-
Friend of the Court	1,332,550	1,332,550	1,332,550	-0-
Court Equity	68,000	68,000	68,000	-0-
Central Dispatch	546,578	546,578	546,578	-0-

Van Buren County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended September 30, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>OTHER FINANCING USES - CONTINUED</b>				
Transfers out - continued				
Planning Commission	\$ 4,500	\$ 6,500	\$ 6,500	\$ -0-
Remonumentation	15,000	15,000	15,000	-0-
Courthouse Security	89,795	89,795	71,846	17,949
Law Library	15,000	18,450	19,666	(1,216)
Child Care	1,824,185	1,704,185	1,704,185	-0-
Soldiers' and Sailors' Relief	2,500	2,500	2,500	-0-
Building Authority 1990 DSS Building 1997B	348,041	348,041	348,041	-0-
Building Authority 1989 HSE Building 1997A	191,012	191,012	191,012	-0-
Building Authority 1991 HSW Building 1997C	126,315	126,315	126,315	-0-
Building Authority Jail	253,194	253,194	246,443	6,751
911 System	306,198	314,775	314,775	-0-
<b>TOTAL OTHER FINANCING USES</b>	<b>5,122,868</b>	<b>5,030,170</b>	<b>5,006,686</b>	<b>23,484</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 19,413,065</b>	<b>\$ 20,042,238</b>	<b>\$ 19,304,182</b>	<b>\$ 738,056</b>

Van Buren County, Michigan

Housing Program Income Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental - Federal/State	\$ 5,000	\$ 5,000	\$ 74,339	\$ 69,339
EXPENDITURES				
Current				
Community and economic development	5,000	5,000	50,531	(45,531)
NET CHANGE IN FUND BALANCE	-0-	-0-	23,808	23,808
Fund balance, beginning of year	6,718	6,718	6,718	-0-
Fund balance, end of year	<u>\$ 6,718</u>	<u>\$ 6,718</u>	<u>\$ 30,526</u>	<u>\$ 23,808</u>

Van Buren County, Michigan  
 Workforce Development Board Fund  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental - Federal/State	\$ 9,000,000	\$ 9,000,000	\$ 8,491,324	\$ (508,676)
EXPENDITURES				
Current				
Community and economic development	<u>9,000,000</u>	<u>9,000,000</u>	<u>8,491,324</u>	<u>508,676</u>
NET CHANGE IN FUND BALANCE	-0-	-0-	-0-	-0-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Van Buren County, Michigan  
Revenue Sharing Reserve Fund  
BUDGETARY COMPARISON SCHEDULE  
Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,060,715	\$ (39,285)
EXPENDITURES	-	-	-	-0-
EXCESS OF REVENUES OVER EXPENDITURES	3,100,000	3,100,000	3,060,715	(39,285)
OTHER FINANCING USES				
Transfers out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	1,900,000	1,900,000	1,860,715	(39,285)
Fund balance, beginning of year	<u>2,832,259</u>	<u>2,832,259</u>	<u>2,832,259</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ 4,732,259</u>	<u>\$ 4,732,259</u>	<u>\$ 4,692,974</u>	<u>\$ (39,285)</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Van Buren County, Michigan  
 Nonmajor Governmental Funds  
 COMBINING BALANCE SHEET

September 30, 2007

	Special		
	Sheriff's Extra Voted Millage	Kal-Haven Trail	Ambulance Millage
<b>ASSETS</b>			
Cash and cash equivalents	\$ 527,117	\$ 24,632	\$ 577,329
Accounts receivable	9,091	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 536,208</b>	<b>\$ 24,632</b>	<b>\$ 577,329</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 29,821	\$ -	\$ -
Accrued liabilities	39,013	-	-
Advance from other funds	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>68,834</b>	<b>-0-</b>	<b>-0-</b>
<b>FUND BALANCES</b>			
Reserved for			
Capital projects	-	-	-
Unreserved			
Undesignated, reported in Special Revenue Funds	467,374	24,632	577,329
<b>TOTAL FUND BALANCES</b>	<b>467,374</b>	<b>24,632</b>	<b>577,329</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 536,208</b>	<b>\$ 24,632</b>	<b>\$ 577,329</b>

Revenue

Friend of the Court	Court Equity	Friend of the Court - Bench Warrant	Jail Enhancement	Collection Agency	60% Justice Training
\$ 136,276	\$ 3,536	\$ 12,361	\$ 5,428	\$ 72,581	\$ 10,668
1,543	-	-	-	-	-
-	-	-	-	-	6,066
-	-	-	-	-	-
<u>\$ 137,819</u>	<u>\$ 3,536</u>	<u>\$ 12,361</u>	<u>\$ 5,428</u>	<u>\$ 72,581</u>	<u>\$ 16,734</u>
\$ 13,095	\$ -	\$ 8,501	\$ -	\$ -	\$ -
36,036	-	-	344	4,141	-
-	-	-	-	-	-
-	-	-	-	-	-
49,131	-0-	8,501	344	4,141	-0-
-	-	-	-	-	-
88,688	3,536	3,860	5,084	68,440	16,734
88,688	3,536	3,860	5,084	68,440	16,734
<u>\$ 137,819</u>	<u>\$ 3,536</u>	<u>\$ 12,361</u>	<u>\$ 5,428</u>	<u>\$ 72,581</u>	<u>\$ 16,734</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2007

	Special		
	Central Dispatch	Dispatch Training	911 Wireless
<b>ASSETS</b>			
Cash and cash equivalents	\$ 132,851	\$ 4,175	\$ 98,318
Accounts receivable	-	-	-
Due from other governmental units			
State	-	-	43,719
Local	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 132,851</b>	<b>\$ 4,175</b>	<b>\$ 142,037</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,772	\$ -	\$ -
Accrued liabilities	20,968	-	1,562
Advance from other funds	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>23,740</b>	<b>-0-</b>	<b>1,562</b>
<b>FUND BALANCES</b>			
Reserved for			
Capital projects	-	-	-
Unreserved			
Undesignated, reported in Special Revenue Funds	109,111	4,175	140,475
<b>TOTAL FUND BALANCES</b>	<b>109,111</b>	<b>4,175</b>	<b>140,475</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 132,851</b>	<b>\$ 4,175</b>	<b>\$ 142,037</b>

Revenue

Planning Commission	Local Emergency Planning Committee	Homeland Security Grant 2005	Public Improvement	2006 Homeland Security Regional Grant	Human Services West
\$ 572	\$ 58	\$ 1,928	\$ 27	\$ (27,736)	\$ 27,234
-	-	-	-	-	-
-	2,600	-	-	332,950	-
-	-	-	-	-	-
<u>\$ 572</u>	<u>\$ 2,658</u>	<u>\$ 1,928</u>	<u>\$ 27</u>	<u>\$ 305,214</u>	<u>\$ 27,234</u>
\$ 548	\$ -	\$ 1,927	\$ -	\$ 304,791	\$ 10,490
-	-	-	-	423	-
-	-	-	-	-	-
-	-	-	-	-	-
548	-0-	1,927	-0-	305,214	10,490
-	-	-	-	-	-
24	2,658	1	27	-	16,744
24	2,658	1	27	-0-	16,744
<u>\$ 572</u>	<u>\$ 2,658</u>	<u>\$ 1,928</u>	<u>\$ 27</u>	<u>\$ 305,214</u>	<u>\$ 27,234</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2007

	Special		
	Register of Deeds Automation	Disaster Contingency	Remonumentation
<b>ASSETS</b>			
Cash and cash equivalents	\$ 363,566	\$ 5,000	\$ (58,910)
Accounts receivable	-	-	-
Due from other governmental units			
State	-	-	40,992
Local	-	-	30,000
<b>TOTAL ASSETS</b>	<b>\$ 363,566</b>	<b>\$ 5,000</b>	<b>\$ 12,082</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Advance from other funds	-	5,000	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-0-</b>	<b>5,000</b>	<b>-0-</b>
<b>FUND BALANCES</b>			
Reserved for			
Capital projects	-	-	-
Unreserved			
Undesignated, reported in Special Revenue Funds	363,566	-	12,082
<b>TOTAL FUND BALANCES</b>	<b>363,566</b>	<b>-0-</b>	<b>12,082</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 363,566</b>	<b>\$ 5,000</b>	<b>\$ 12,082</b>

Revenue

Crime Victims Rights	Courthouse Security	Court Officers	Drug Enforcement Federal	Drug Enforcement State	Drug Enforcement Prosecuting Attorney
\$ 10,297	\$ 24,284	\$ 52,970	\$ 7,414	\$ 41,347	\$ 90,185
-	-	-	-	-	-
23,074	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 33,371</u>	<u>\$ 24,284</u>	<u>\$ 52,970</u>	<u>\$ 7,414</u>	<u>\$ 41,347</u>	<u>\$ 90,185</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,213	\$ -
2,381	3,449	2,560	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,381	3,449	2,560	-0-	7,213	-0-
-	-	-	-	-	-
30,990	20,835	50,410	7,414	34,134	90,185
30,990	20,835	50,410	7,414	34,134	90,185
<u>\$ 33,371</u>	<u>\$ 24,284</u>	<u>\$ 52,970</u>	<u>\$ 7,414</u>	<u>\$ 41,347</u>	<u>\$ 90,185</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2007

	Special		
	Law Library	Safe Neighborhood Grant	Victims Advocates
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,300	\$ -	\$ 29,727
Accounts receivable	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,300</u>	<u>\$ -0-</u>	<u>\$ 29,727</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,300	\$ -	\$ -
Accrued liabilities	-	-	-
Advance from other funds	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	1,300	-0-	-0-
<b>FUND BALANCES</b>			
Reserved for			
Capital projects	-	-	-
Unreserved			
Undesignated, reported in Special Revenue Funds	-	-	29,727
<b>TOTAL FUND BALANCES</b>	<u>-0-</u>	<u>-0-</u>	<u>29,727</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,300</u>	<u>\$ -0-</u>	<u>\$ 29,727</u>

Revenue

Sheriff Drain Work Crew	Sex Offender Registration	Corrections Training	Community Corrections	Housing	Land Preservation
\$ 13,878	\$ 680	\$ 11,075	\$ 32,024	\$ 42,591	\$ -
-	-	-	-	-	-
-	-	-	42,660	28,892	-
-	-	-	-	-	-
<u>\$ 13,878</u>	<u>\$ 680</u>	<u>\$ 11,075</u>	<u>\$ 74,684</u>	<u>\$ 71,483</u>	<u>\$ -0-</u>
\$ -	\$ -	\$ 1,828	\$ 15,600	\$ -	\$ -
-	-	7,088	3,907	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	8,916	19,507	-0-	-0-
-	-	-	-	-	-
13,878	680	2,159	55,177	71,483	-
13,878	680	2,159	55,177	71,483	-0-
<u>\$ 13,878</u>	<u>\$ 680</u>	<u>\$ 11,075</u>	<u>\$ 74,684</u>	<u>\$ 71,483</u>	<u>\$ -0-</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2007

	Special		
	Substance Abuse	Courthouse Restoration	Social Welfare
<b>ASSETS</b>			
Cash and cash equivalents	\$ (3,635)	\$ 5,247	\$ 340,963
Accounts receivable	-	-	-
Due from other governmental units			
State	5,919	-	-
Local	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,284</b>	<b>\$ 5,247</b>	<b>\$ 340,963</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 682	\$ -	\$ -
Accrued liabilities	1,192	-	-
Advance from other funds	-	-	-
Deferred revenue	-	-	119,000
<b>TOTAL LIABILITIES</b>	<b>1,874</b>	<b>-0-</b>	<b>119,000</b>
<b>FUND BALANCES</b>			
Reserved for			
Capital projects	-	-	-
Unreserved			
Undesignated, reported in Special Revenue Funds	410	5,247	221,963
<b>TOTAL FUND BALANCES</b>	<b>410</b>	<b>5,247</b>	<b>221,963</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,284</b>	<b>\$ 5,247</b>	<b>\$ 340,963</b>

Revenue				Debt Service	
Family Counseling	Child Care	Soldiers' and Sailors' Relief	Veterans' Trust	911 System	Building Authority 1990 DSS Building 1997B
\$ 41,866	\$ 560,125	\$ 152	\$ 1,470	\$ -	\$ -
-	-	-	-	-	-
-	12,284	-	-	-	-
-	-	-	-	-	-
<u>\$ 41,866</u>	<u>\$ 572,409</u>	<u>\$ 152</u>	<u>\$ 1,470</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ -	\$ 99,908	\$ -	\$ 36	\$ -	\$ -
-	6,569	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	106,477	-0-	36	-0-	-0-
-	-	-	-	-	-
41,866	465,932	152	1,434	-	-
41,866	465,932	152	1,434	-0-	-0-
<u>\$ 41,866</u>	<u>\$ 572,409</u>	<u>\$ 152</u>	<u>\$ 1,470</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

September 30, 2007

	Debt Service		
	Building Authority 1989 HSE Building 1997A	Building Authority 1991 HSW Building 1997C	Building Authority Jail
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Advance from other funds	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>FUND BALANCES</b>			
Reserved for			
Capital projects	-	-	-
Unreserved			
Undesignated, reported in Special Revenue Funds	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

<u>Capital Projects</u>		
<u>911 System</u>	<u>Building Authority Jail</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 36,751	\$ 25,106	\$ 3,282,828
-	-	10,634
-	-	539,156
-	-	30,000
<u>\$ 36,751</u>	<u>\$ 25,106</u>	<u>\$ 3,862,618</u>
\$ -	\$ -	\$ 498,512
-	-	129,633
-	-	5,000
-	-	119,000
-0-	-0-	752,145
36,751	25,106	61,857
-	-	3,048,616
<u>36,751</u>	<u>25,106</u>	<u>3,110,473</u>
<u>\$ 36,751</u>	<u>\$ 25,106</u>	<u>\$ 3,862,618</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended September 30, 2007

	Special		
	Sheriff's Extra Voted Millage	Kal-Haven Trail	Ambulance Millage
<b>REVENUES</b>			
Taxes	\$ 1,243,166	\$ -	\$ 2,184,754
Intergovernmental			
Federal/State	-	-	-
Local	10,691	-	-
Charges for services	-	80,712	-
Fines and forfeits	-	-	-
Interest and rents	-	-	43,279
Other	20,232	-	-
<b>TOTAL REVENUES</b>	<b>1,274,089</b>	<b>80,712</b>	<b>2,228,033</b>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	1,078,377	-	-
Health and welfare	-	-	2,296,000
Community and economic development	-	-	-
Recreation and cultural	-	77,781	-
Capital outlay	40,082	-	-
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,118,459</b>	<b>77,781</b>	<b>2,296,000</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>155,630</b>	<b>2,931</b>	<b>(67,967)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	13,275	-	-
Transfers out	(24,062)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,787)</b>	<b>-0-</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>144,843</b>	<b>2,931</b>	<b>(67,967)</b>
Fund balances, beginning of year	322,531	21,701	645,296
Fund balances, end of year	<u>\$ 467,374</u>	<u>\$ 24,632</u>	<u>\$ 577,329</u>

Revenue					
Friend of the Court	Court Equity	Friend of the Court - Bench Warrant	Jail Enhancement	Collection Agency	60% Justice Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	12,361	-	-	11,483
22,039	-	-	-	-	-
71,950	-	-	11,403	76,361	-
-	-	-	-	-	-
7,524	-	-	-	-	-
-	-	-	-	-	-
101,513	-0-	12,361	11,403	76,361	11,483
1,334,930	64,882	8,501	-	-	-
-	-	-	9,775	106,016	13,231
-	-	-	-	-	-
-	-	-	-	-	-
10,673	-	-	23,700	-	-
-	-	-	-	-	-
1,345,603	64,882	8,501	33,475	106,016	13,231
(1,244,090)	(64,882)	3,860	(22,072)	(29,655)	(1,748)
1,332,550	68,000	-	-	-	-
-	-	-	-	-	-
1,332,550	68,000	-0-	-0-	-0-	-0-
88,460	3,118	3,860	(22,072)	(29,655)	(1,748)
228	418	-	27,156	98,095	18,482
\$ 88,688	\$ 3,536	\$ 3,860	\$ 5,084	\$ 68,440	\$ 16,734

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended September 30, 2007

	Special		
	Central Dispatch	Dispatch Training	911 Wireless
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal/State	-	10,322	212,642
Local	-	-	-
Charges for services	334,031	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	-	-
<b>TOTAL REVENUES</b>	<b>334,031</b>	<b>10,322</b>	<b>212,642</b>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	819,906	7,733	125,679
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	469	-	3,276
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>820,375</b>	<b>7,733</b>	<b>128,955</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(486,344)</b>	<b>2,589</b>	<b>83,687</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	546,578	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>546,578</b>	<b>-0-</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>60,234</b>	<b>2,589</b>	<b>83,687</b>
Fund balances, beginning of year	48,877	1,586	56,788
Fund balances, end of year	<u>\$ 109,111</u>	<u>\$ 4,175</u>	<u>\$ 140,475</u>

Revenue					
Planning Commission	Local Emergency Planning Committee	Homeland Security Grant 2005	Public Improvement	2006 Homeland Security Regional Grant	Human Services West
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,816	229,156	-	693,545	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	86,411
-	-	-	-	-	-
-0-	5,816	229,156	-0-	693,545	86,411
-	-	-	-	-	-
-	5,141	229,155	-	693,545	-
-	-	-	-	-	110,782
6,476	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,476	5,141	229,155	-0-	693,545	110,782
(6,476)	675	1	-0-	-0-	(24,371)
6,500	-	-	-	-	-
-	-	-	-	-	-
6,500	-0-	-0-	-0-	-0-	-0-
24	675	1	-0-	-0-	(24,371)
-	1,983	-	27	-	41,115
\$ 24	\$ 2,658	\$ 1	\$ 27	\$ -0-	\$ 16,744

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended September 30, 2007

	Special		
	Register of Deeds Automation	Disaster Contingency	Remonumentation
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal/State	-	-	124,330
Local	-	-	30,000
Charges for services	99,944	-	-
Fines and forfeits	-	-	-
Interest and rents	17,404	-	980
Other	-	-	-
<b>TOTAL REVENUES</b>	<b>117,348</b>	<b>-0-</b>	<b>155,310</b>
<b>EXPENDITURES</b>			
Current			
General government	-	-	194,825
Public safety	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	96,318	-	-
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>96,318</b>	<b>-0-</b>	<b>194,825</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>21,030</b>	<b>-0-</b>	<b>(39,515)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	15,000
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-0-</b>	<b>-0-</b>	<b>15,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>21,030</b>	<b>-0-</b>	<b>(24,515)</b>
Fund balances, beginning of year	342,536	-	36,597
Fund balances, end of year	<u>\$ 363,566</u>	<u>\$ -0-</u>	<u>\$ 12,082</u>

Revenue

Crime Victims Rights	Courthouse Security	Court Officers	Drug Enforcement Federal	Drug Enforcement State	Drug Enforcement Prosecuting Attorney
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
82,854	-	-	-	6,182	-
-	-	-	-	-	-
-	7,748	68,769	-	-	-
-	-	-	-	47,923	107,538
-	-	-	-	-	-
-	-	-	-	2,258	-
82,854	7,748	68,769	-0-	56,363	107,538
-	-	-	-	-	-
78,665	75,036	66,987	5,645	22,230	8,012
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	48,943	-	11,405
-	-	-	-	-	-
78,665	75,036	66,987	54,588	22,230	19,417
4,189	(67,288)	1,782	(54,588)	34,133	88,121
-	71,846	-	-	-	-
-	-	-	-	-	-
-0-	71,846	-0-	-0-	-0-	-0-
4,189	4,558	1,782	(54,588)	34,133	88,121
26,801	16,277	48,628	62,002	1	2,064
<u>\$ 30,990</u>	<u>\$ 20,835</u>	<u>\$ 50,410</u>	<u>\$ 7,414</u>	<u>\$ 34,134</u>	<u>\$ 90,185</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended September 30, 2007

	Special		
	Law Library	Safe Neighborhood Grant	Victims Advocates
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal/State	-	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	6,500	-	-
Interest and rents	-	-	-
Other	-	-	1,637
	<u>6,500</u>	<u>-0-</u>	<u>1,637</u>
TOTAL REVENUES	6,500	-0-	1,637
EXPENDITURES			
Current			
General government	26,291	-	-
Public safety	-	24,063	2,412
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
	<u>26,291</u>	<u>24,063</u>	<u>2,412</u>
TOTAL EXPENDITURES	26,291	24,063	2,412
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,791)	(24,063)	(775)
OTHER FINANCING SOURCES (USES)			
Transfers in	19,666	24,062	-
Transfers out	-	-	-
	<u>19,666</u>	<u>24,062</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	19,666	24,062	-0-
NET CHANGE IN FUND BALANCES	(125)	(1)	(775)
Fund balances, beginning of year	125	1	30,502
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 29,727</u>

Revenue

Sheriff Drain Work Crew	Sex Offender Registration	Corrections Training	Community Corrections	Housing	Land Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	279,719	144,767	240,000
33,633	-	31,260	35,770	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,633	-0-	31,260	315,489	144,767	240,000
-	-	-	-	-	-
19,755	150	51,827	305,547	-	-
-	-	-	-	-	-
-	-	-	-	115,907	240,000
-	-	-	-	-	-
-	-	5,000	-	-	-
-	-	-	-	-	-
19,755	150	56,827	305,547	115,907	240,000
13,878	(150)	(25,567)	9,942	28,860	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
13,878	(150)	(25,567)	9,942	28,860	-0-
-	830	27,726	45,235	42,623	-
<u>\$ 13,878</u>	<u>\$ 680</u>	<u>\$ 2,159</u>	<u>\$ 55,177</u>	<u>\$ 71,483</u>	<u>\$ -0-</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended September 30, 2007

	Special		
	Substance Abuse	Courthouse Restoration	Social Welfare
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal/State	59,106	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	3,145	889,266
<b>TOTAL REVENUES</b>	<b>59,106</b>	<b>3,145</b>	<b>889,266</b>
<b>EXPENDITURES</b>			
Current			
General government	-	1,650	-
Public safety	-	-	-
Health and welfare	61,640	-	774,196
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>61,640</b>	<b>1,650</b>	<b>774,196</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,534)</b>	<b>1,495</b>	<b>115,070</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,534)</b>	<b>1,495</b>	<b>115,070</b>
Fund balances, beginning of year	2,944	3,752	106,893
Fund balances, end of year	<u>\$ 410</u>	<u>\$ 5,247</u>	<u>\$ 221,963</u>

Revenue				Debt Service	
Family Counseling	Child Care	Soldiers' and Sailors' Relief	Veterans' Trust	911 System	Building Authority 1990 DSS Building 1997B
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	597,251	-	20,036	-	-
-	-	-	-	-	-
-	230,433	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,785</u>	-	-	-	-	-
7,785	827,684	-0-	20,036	-0-	-0-
-	-	-	-	-	-
-	-	-	-	-	-
643	2,148,257	2,400	19,956	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	314,775	348,041
<u>643</u>	<u>2,148,257</u>	<u>2,400</u>	<u>19,956</u>	<u>314,775</u>	<u>348,041</u>
7,142	(1,320,573)	(2,400)	80	(314,775)	(348,041)
-	1,704,185	2,500	-	314,775	348,041
-	-	-	-	-	-
<u>-0-</u>	<u>1,704,185</u>	<u>2,500</u>	<u>-0-</u>	<u>314,775</u>	<u>348,041</u>
7,142	383,612	100	80	-0-	-0-
<u>34,724</u>	<u>82,320</u>	<u>52</u>	<u>1,354</u>	<u>-</u>	<u>-</u>
<u>\$ 41,866</u>	<u>\$ 465,932</u>	<u>\$ 152</u>	<u>\$ 1,434</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Van Buren County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended September 30, 2007

	Debt Service		
	Building Authority 1989 HSE Building 1997A	Building Authority 1991 HSW Building 1997C	Building Authority Jail
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal/State	-	-	-
Local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	-	-
<b>TOTAL REVENUES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	191,012	126,315	246,443
<b>TOTAL EXPENDITURES</b>	<b>191,012</b>	<b>126,315</b>	<b>246,443</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(191,012)</b>	<b>(126,315)</b>	<b>(246,443)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in	191,012	126,315	246,443
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>191,012</b>	<b>126,315</b>	<b>246,443</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
Fund balances, beginning of year	-	-	-
<b>Fund balances, end of year</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

<u>Capital Projects</u>		
<u>911 System</u>	<u>Building Authority Jail</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 3,427,920
-	-	2,729,570
-	-	62,730
-	-	1,082,014
-	-	161,961
2,318	1,154	159,070
-	-	924,323
<u>2,318</u>	<u>1,154</u>	<u>8,547,588</u>
-	-	1,631,079
-	-	3,748,887
-	-	5,413,874
-	-	362,383
-	-	77,781
-	-	239,866
-	-	1,226,586
<u>-0-</u>	<u>-0-</u>	<u>12,700,456</u>
2,318	1,154	(4,152,868)
-	-	5,030,748
-	-	(24,062)
<u>-0-</u>	<u>-0-</u>	<u>5,006,686</u>
2,318	1,154	853,818
<u>34,433</u>	<u>23,952</u>	<u>2,256,655</u>
<u>\$ 36,751</u>	<u>\$ 25,106</u>	<u>\$ 3,110,473</u>

Van Buren County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS

September 30, 2007

	2005 Delinquent Tax Revolving	Computer Mapping	Homestead Denial Interest
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 69,995	\$ 110,036	\$ 2,516
Receivable			
Accounts	-	-	-
Taxes	908,259	-	-
Due from other governmental units	-	-	-
Inventories	-	-	-
Prepays	-	-	-
<b>Total current assets</b>	<b>978,254</b>	<b>110,036</b>	<b>2,516</b>
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	-	-
<b>TOTAL ASSETS</b>	<b>978,254</b>	<b>110,036</b>	<b>2,516</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Deferred revenue	-	-	-
Current portion of bonds payable	180,000	-	-
<b>Total current liabilities</b>	<b>180,000</b>	<b>-0-</b>	<b>-0-</b>
Noncurrent liabilities			
Advance from other funds	-	82,317	-
Noncurrent portion of compensated absences	-	-	-
<b>Total noncurrent liabilities</b>	<b>-0-</b>	<b>82,317</b>	<b>-0-</b>
<b>TOTAL LIABILITIES</b>	<b>180,000</b>	<b>82,317</b>	<b>-0-</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	798,254	27,719	2,516
<b>TOTAL NET ASSETS</b>	<b>\$ 798,254</b>	<b>\$ 27,719</b>	<b>\$ 2,516</b>

<u>Jail Commissary</u>	<u>Public Transit</u>	<u>Total</u>
\$ 11,001	\$ 641,278	\$ 834,826
-	26,118	26,118
-	-	908,259
-	49,483	49,483
-	11,568	11,568
-	17,821	17,821
11,001	746,268	1,848,075
-	392,883	392,883
11,001	1,139,151	2,240,958
7,389	38,182	45,571
-	11,294	11,294
-	25,000	25,000
-	-	180,000
7,389	74,476	261,865
-	-	82,317
-	11,936	11,936
-0-	11,936	94,253
7,389	86,412	356,118
-	392,883	392,883
3,612	659,856	1,491,957
<u>\$ 3,612</u>	<u>\$ 1,052,739</u>	<u>\$ 1,884,840</u>

Van Buren County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended September 30, 2007

	2005 Delinquent Tax Revolving	Computer Mapping	Homestead Denial Interest
<b>OPERATING REVENUES</b>			
Property taxes, interest, and penalties	\$ 300,217	\$ -	\$ -
Charges for services	-	29,162	-
<b>TOTAL OPERATING REVENUES</b>	<b>300,217</b>	<b>29,162</b>	<b>-0-</b>
<b>OPERATING EXPENSES</b>			
Salaries and fringes	-	-	-
Fringe benefits	-	-	-
Operating supplies	224	3,757	-
Contractual services	-	14,861	-
Depreciation	-	-	-
Other	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>224</b>	<b>18,618</b>	<b>-0-</b>
<b>OPERATING INCOME (LOSS)</b>	<b>299,993</b>	<b>10,544</b>	<b>-0-</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State operating grants	-	-	-
Federal operating grants	-	-	-
Local operating grants	-	-	-
Interest revenue	28,733	-	-
Interest expense	(132,153)	-	-
Other	-	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(103,420)</b>	<b>-0-</b>	<b>-0-</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>196,573</b>	<b>10,544</b>	<b>-0-</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>196,573</b>	<b>10,544</b>	<b>-0-</b>
Net assets, beginning of year	601,681	17,175	2,516
Net assets, end of year	<u>\$ 798,254</u>	<u>\$ 27,719</u>	<u>\$ 2,516</u>

<u>Jail Commissary</u>	<u>Public Transit</u>	<u>Total</u>
\$ -	\$ 578,573	\$ 878,790
<u>99,722</u>	<u>272,299</u>	<u>401,183</u>
99,722	850,872	1,279,973
-	334,681	334,681
-	219,620	219,620
100,878	114,129	218,988
-	71,895	86,756
-	177,099	177,099
<u>-</u>	<u>40,670</u>	<u>40,670</u>
<u>100,878</u>	<u>958,094</u>	<u>1,077,814</u>
(1,156)	(107,222)	202,159
-	329,986	329,986
-	140,046	140,046
-	12,573	12,573
-	13,619	42,352
-	-	(132,153)
<u>-</u>	<u>3,583</u>	<u>3,583</u>
<u>-0-</u>	<u>499,807</u>	<u>396,387</u>
(1,156)	392,585	598,546
<u>-</u>	<u>36,864</u>	<u>36,864</u>
(1,156)	429,449	635,410
<u>4,768</u>	<u>623,290</u>	<u>1,249,430</u>
<u>\$ 3,612</u>	<u>\$ 1,052,739</u>	<u>\$ 1,884,840</u>

Van Buren County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended September 30, 2007

	2005 Delinquent Tax Revolving	Computer Mapping	Homestead Denial Interest
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 3,134,009	\$ 29,162	\$ -
Cash received from other funds	-	82,317	-
Cash paid to suppliers	(726)	(18,618)	-
Cash paid to employees for services and benefits	-	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,133,283</b>	<b>92,861</b>	<b>-0-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental sources	-	-	-
Payment of borrowings	(4,800,000)	-	-
Interest expense	(132,153)	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(4,932,153)</b>	<b>-0-</b>	<b>-0-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributed by governmental units	-	-	-
Capital purchases	-	-	-
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Other	-	-	-
Interest revenue	28,733	-	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>28,733</b>	<b>-0-</b>	<b>-0-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,770,137)</b>	<b>92,861</b>	<b>-0-</b>
Cash and cash equivalents, beginning of year	1,840,132	17,175	2,516
Cash and cash equivalents, end of year	\$ 69,995	\$ 110,036	\$ 2,516
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ 299,993	\$ 10,544	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	-	-	-
Decrease in receivables	2,833,792	-	-
(Increase) in due from other governmental units	-	-	-
(Increase) in inventories	-	-	-
(Increase) in prepaids	-	-	-
Increase in accounts payable	-	-	-
Increase in deferred revenue	-	-	-
(Decrease) in compensated absences	-	-	-
Increase in advance from other funds	-	82,317	-
(Decrease) in other liabilities	(502)	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 3,133,283</b>	<b>\$ 92,861</b>	<b>\$ -0-</b>

Jail Commissary	Public Transit	Total
\$ 99,722	\$ 821,120	\$ 4,084,013
-	-	82,317
(95,181)	(30,802)	(145,327)
-	(704,550)	(704,550)
4,541	85,768	3,316,453
-	482,605	482,605
-	-	(4,800,000)
-	-	(132,153)
-0-	482,605	(4,449,548)
-	36,864	36,864
-	(24,701)	(24,701)
-0-	12,163	12,163
-	3,583	3,583
-	13,619	42,352
-0-	17,202	45,935
4,541	597,738	(1,074,997)
6,460	43,540	1,909,823
<u>\$ 11,001</u>	<u>\$ 641,278</u>	<u>\$ 834,826</u>
\$ (1,156)	\$ (107,222)	\$ 202,159
-	177,099	177,099
-	6,935	2,840,727
-	(36,687)	(36,687)
-	(2,581)	(2,581)
-	(1,084)	(1,084)
5,697	24,768	30,465
-	25,000	25,000
-	(460)	(460)
-	-	82,317
-	-	(502)
<u>\$ 4,541</u>	<u>\$ 85,768</u>	<u>\$ 3,316,453</u>

Van Buren County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

September 30, 2007

	<u>Trust and Agency</u>	<u>Payroll Imprest</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 7,146,104</u>	<u>\$ 29,150</u>	<u>\$ 7,175,254</u>
<b>LIABILITIES</b>			
Due to other governmental units	\$ 6,975,425	\$ -	\$ 6,975,425
Due to individuals and agencies	<u>170,679</u>	<u>29,150</u>	<u>199,829</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 7,146,104</u>	<u>\$ 29,150</u>	<u>\$ 7,175,254</u>

Van Buren County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DRAINAGE DISTRICT

September 30, 2007

	Capital		
	Drain	Drain Revolving	Maintenance Revolving
<b>ASSETS</b>			
Cash and cash equivalents	\$ 598,183	\$ -	\$ -
Special assessments receivable	650,253	-	-
Due from other funds	-	187,900	123,045
<b>TOTAL ASSETS</b>	<b>\$ 1,248,436</b>	<b>\$ 187,900</b>	<b>\$ 123,045</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 26,807	\$ -	\$ -
Due to other funds	249,735	-	-
Advances from other governmental units	-	180,000	100,000
Deferred revenue	650,253	-	-
<b>TOTAL LIABILITIES</b>	<b>926,795</b>	<b>180,000</b>	<b>100,000</b>
<b>FUND BALANCES</b>			
Reserved for capital projects	321,641	7,900	23,045
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,248,436</b>	<b>\$ 187,900</b>	<b>\$ 123,045</b>

<u>Projects</u>		
<u>Lake Level</u>		<u>Total</u>
\$ 61,210		\$ 659,393
-		650,253
-		310,945
<u>\$ 61,210</u>		<u>\$ 1,620,591</u>
\$ -		\$ 26,807
61,210		310,945
-		280,000
-		650,253
61,210		1,268,005
-		352,586
<u>\$ 61,210</u>		<u>\$ 1,620,591</u>

Van Buren County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICT

September 30, 2007

**Total fund balances - governmental funds** \$ 352,586

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

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

The cost of capital assets is	\$ 1,219,151	
Accumulated depreciation is	<u>(527,702)</u>	
Capital assets, net		691,449

Long-term receivables are not available to pay for current period expenditures and are therefore deferred in the funds. These consist of:

Deferred revenue		650,253
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and notes payable	237,667	
Accrued interest payable	<u>3,098</u>	
		<u>(240,765)</u>

**Net assets of governmental activities** \$ 1,453,523

Van Buren County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - DRAINAGE DISTRICT

Year Ended September 30, 2007

	Capital		
	Drain	Drain Revolving	Maintenance Revolving
REVENUES			
Interest	\$ 36,731	\$ -	\$ -
Other			
Special assessments	255,166	-	-
Miscellaneous	3,057	-	-
	<u>294,954</u>	<u>-0-</u>	<u>-0-</u>
TOTAL REVENUES	294,954	-0-	-0-
EXPENDITURES			
Current			
Public works	349,951	-	15,070
Debt service			
Principal	231,000	-	-
Interest and fiscal charges	10,220	-	-
	<u>591,171</u>	<u>-0-</u>	<u>15,070</u>
TOTAL EXPENDITURES	591,171	-0-	15,070
NET CHANGE IN FUND BALANCES	(296,217)	-0-	(15,070)
Fund balances, beginning of year	<u>617,858</u>	<u>7,900</u>	<u>38,115</u>
Fund balances, end of year	<u>\$ 321,641</u>	<u>\$ 7,900</u>	<u>\$ 23,045</u>

<u>Projects</u>	
<u>Lake Level</u>	<u>Total</u>
\$ 1,500	\$ 38,231
33,865	289,031
-	3,057
<u>35,365</u>	<u>330,319</u>
58,854	423,875
-	231,000
-	10,220
<u>58,854</u>	<u>665,095</u>
(23,489)	(334,776)
<u>23,489</u>	<u>687,362</u>
<u>\$ -0-</u>	<u>\$ 352,586</u>

Van Buren County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICT

Year Ended September 30, 2007

**Net change in fund balances - total governmental funds** \$ (334,776)

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 91,012	
Depreciation expense	<u>(58,681)</u>	
Excess of capital outlay over depreciation expense		32,331

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:

Increase in deferred revenue		94,064
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond and note principal retirement		231,000
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued interest payable		<u>(3,098)</u>
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**Change in net assets of governmental activities** \$ 19,521

Van Buren County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DEPARTMENT OF PUBLIC WORKS

September 30, 2007

	Debt		
	Lawrence Sewer No.6	Paw Paw Water No.1	Covert Water No.10
<b>ASSETS</b>			
Cash and cash equivalents	\$ 394	\$ 125,094	\$ 250
Accounts receivable	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 394</u>	<u>\$ 125,094</u>	<u>\$ 250</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>			
Reserved for			
Debt service	394	125,094	250
Capital expenditures	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>394</u>	<u>125,094</u>	<u>250</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 394</u>	<u>\$ 125,094</u>	<u>\$ 250</u>

Service

Casco/South Haven Water & Sewer No.1	Lawton Wastewater	Paw Paw Water No.2	Casco/South Haven Water & Sewer No.2	Hartford Water & Sewer	Casco/South Haven Water & Sewer No.3
\$ 550 -	\$ (13,950) 13,950	\$ (46,965) 46,967	\$ 328 -	\$ 150 -	\$ - -
<u>\$ 550</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 328</u>	<u>\$ 150</u>	<u>\$ -0-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
550 -	- -	2 -	328 -	150 -	- -
<u>550</u>	<u>-0-</u>	<u>2</u>	<u>328</u>	<u>150</u>	<u>-0-</u>
<u>\$ 550</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 328</u>	<u>\$ 150</u>	<u>\$ -0-</u>

Van Buren County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DEPARTMENT OF PUBLIC WORKS - CONTINUED

September 30, 2007

	Debt		
	Paw Paw Sewer No.6	Sister Lakes Sewer	2002 Covert Water
<b>ASSETS</b>			
Cash and cash equivalents	\$ 138	\$ -	\$ 38
Accounts receivable	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 138</b>	<b>\$ -0-</b>	<b>\$ 38</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>			
Reserved for			
Debt service	138	-	38
Capital expenditures	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>138</b>	<b>-0-</b>	<b>38</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 138</b>	<b>\$ -0-</b>	<b>\$ 38</b>

<u>Service</u>	<u>Capital Projects</u>	
2003 Covert Water	2003 Covert Water	Total
\$ 8	\$ 96,528	\$ 162,563
-	-	60,917
<u>\$ 8</u>	<u>\$ 96,528</u>	<u>\$ 223,480</u>
\$ -	\$ -	\$ -0-
8	-	126,952
-	96,528	96,528
<u>8</u>	<u>96,528</u>	<u>223,480</u>
<u>\$ 8</u>	<u>\$ 96,528</u>	<u>\$ 223,480</u>

Van Buren County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - DEPARTMENT OF PUBLIC WORKS

September 30, 2007

**Total fund balances - governmental funds** \$ 223,480

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

Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds. Long-term receivables at year-end consist of:

Lease receivable 43,917,265

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Accrued interest payable	\$ 739,217	
Bonds payable	<u>43,305,000</u>	
		<u>(44,044,217)</u>

**Net assets of governmental activities** \$ 96,528

Van Buren County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - DEPARTMENT OF PUBLIC WORKS

Year Ended September 30, 2007

	Debt		
	Lawrence Sewer No.6	Paw Paw Water No.1	Covert Water No.10
REVENUES			
Intergovernmental - local	\$ 28,250	\$ 139,738	\$ 313,487
Interest	-	-	-
<b>TOTAL REVENUES</b>	<b>28,250</b>	<b>139,738</b>	<b>313,487</b>
EXPENDITURES			
Current			
Public works	-	-	-
Debt service			
Principal	15,000	110,000	300,000
Interest and fiscal charges	12,875	31,938	13,425
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>27,875</b>	<b>141,938</b>	<b>313,425</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>375</b>	<b>(2,200)</b>	<b>62</b>
Fund balances, beginning of year	19	127,294	188
Fund balances, end of year	\$ 394	\$ 125,094	\$ 250

Service

Casco/South Haven Water & Sewer No.1	Lawton Wastewater	Paw Paw Water No.2	Casco/South Haven Water & Sewer No.2	Hartford Water & Sewer	Casco/South Haven Water & Sewer No.3
\$ 411,350	\$ 118,913	\$ 53,934	\$ 406,405	\$ 32,983	\$ 892,125
-	-	-	-	-	-
411,350	118,913	53,934	406,405	32,983	892,125
-	-	-	-	-	2,100
150,000	90,000	45,000	180,000	15,000	400,000
261,350	28,913	8,934	226,105	17,983	490,025
-	-	-	-	-	-
411,350	118,913	53,934	406,105	32,983	892,125
-0-	-0-	-0-	300	-0-	-0-
550	-	2	28	150	-
<u>\$ 550</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 328</u>	<u>\$ 150</u>	<u>\$ -0-</u>

Van Buren County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - DEPARTMENT OF PUBLIC WORKS - CONTINUED

Year Ended September 30, 2007

	Debt		
	Paw Paw Sewer No.6	Sister Lakes Sewer	2002 Covert Water
<b>REVENUES</b>			
Intergovernmental - local	\$ 60,940	\$ 1,034,338	\$ 303,513
Interest	-	-	-
<b>TOTAL REVENUES</b>	<b>60,940</b>	<b>1,034,338</b>	<b>303,513</b>
<b>EXPENDITURES</b>			
Current			
Public works	-	-	-
Debt service			
Principal	30,000	625,000	100,000
Interest and fiscal charges	30,802	409,338	203,513
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>60,802</b>	<b>1,034,338</b>	<b>303,513</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>138</b>	<b>-0-</b>	<b>-0-</b>
Fund balances, beginning of year	-	-	38
Fund balances, end of year	<u>\$ 138</u>	<u>\$ -0-</u>	<u>\$ 38</u>

<u>Service</u>	<u>Capital Projects</u>	
<u>2003 Covert Water</u>	<u>2003 Covert Water</u>	<u>Total</u>
\$ 381,611	\$ -	\$ 4,177,587
-	4,576	4,576
381,611	4,576	4,182,163
-	-	2,100
75,000	-	2,135,000
306,613	-	2,041,814
-	21,831	21,831
<u>381,613</u>	<u>21,831</u>	<u>4,200,745</u>
(2)	(17,255)	(18,582)
<u>10</u>	<u>113,783</u>	<u>242,062</u>
<u>\$ 8</u>	<u>\$ 96,528</u>	<u>\$ 223,480</u>

Van Buren County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES - DEPARTMENT OF PUBLIC WORKS

Year Ended September 30, 2007

**Net change in fund balances - total governmental funds** \$ (18,582)

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

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal retirement	\$ 2,135,000	
Lease proceeds	<u>(2,168,032)</u>	(33,032)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>34,359</u>
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**Change in net assets of governmental activities** \$ (17,255)

Van Buren County, Michigan

Component Unit Funds

BALANCE SHEET - ECONOMIC DEVELOPMENT CORPORATION

September 30, 2007

	<u>Special Revenue</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 334,902
Loans receivable	536,705
Interest receivable	<u>1,007</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 872,614</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Deferred revenue	\$ 536,705
 <b>FUND BALANCE</b>	
Unreserved	
Undesignated	<u>335,909</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b><u>\$ 872,614</u></b>

Van Buren County, Michigan

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - ECONOMIC DEVELOPMENT CORPORATION

September 30, 2007

**Fund balance - governmental fund** **\$ 335,909**

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

Long-term receivables are not available to pay for current period expenditures  
and are therefore deferred in the funds. These consist of:

Deferred revenue 536,705

**Net assets of governmental activities** **\$ 872,614**

Van Buren County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ECONOMIC DEVELOPMENT CORPORATION

Year Ended September 30, 2007

	<u>Special Revenue</u>
REVENUES	
Interest	\$ 33,409
Other	<u>156,141</u>
TOTAL REVENUES	189,550
EXPENDITURES	
Current	
Community and economic development	<u>210,134</u>
NET CHANGE IN FUND BALANCE	(20,584)
Fund balance, beginning of year	<u>356,493</u>
Fund balance, end of year	<u>\$ 335,909</u>

Van Buren County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES - ECONOMIC DEVELOPMENT CORPORATION

Year Ended September 30, 2007

**Net change in fund balance - governmental fund** \$ (20,584)

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

Revenues in the statement of activities that do not provide current financial resources  
are not reported as revenues in the funds. In the current period, these amounts consist of:

Increase in deferred revenue 52,859

**Change in net assets of governmental activities** \$ 32,275

Principals

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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

To the Board of Commissioners  
of Van Buren County  
Paw Paw, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County, Michigan as of and for the year ended September 30, 2007, which collectively comprise Van Buren County's basic financial statements and have issued our report thereon dated May 7, 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 Van Buren County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren County'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's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

2007-1 PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP

Condition: As part of the audit process, the County, like many other governments, has historically relied on the independent auditors to assist in the preparation of the government-wide and fund financial statements, as well as the related notes to the financial statements, as part of its external financial reporting process. It is more cost effective to outsource the preparation of the annual financial statements to the independent auditors than to incur the time and expense of having the employees and/or management obtain the necessary training and expertise required to perform this task internally. The County requires the assistance of the independent auditors to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

## 2007-1 PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP - CONTINUED

**Criteria:** Governmental entities are required to issue financial statements that are prepared in accordance with GAAP. Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that responsibility for the financial statements rests with the County's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related note disclosures (i.e., external financial reporting).

**Effect:** The County relies, in part, on the independent auditors for assistance with the preparation of annual financial statements and related notes to the financial statements in accordance with GAAP. This reliance makes the independent auditors effectively part of the County's internal controls. By definition, independent auditors cannot be part of the County's internal controls.

**Recommendation:** We recommend the County consider providing applicable employees with training that would allow them to attain the qualifications required to fully understand the GAAP financial statement preparation process. Should the County choose not to address this issue, management and the Board of Commissioners should realize that an increased risk is present.

This recommendation is not intended to imply that the County's contractual arrangement with the independent auditors, which includes preparation of the financial statements, is improper or should be changed. SAS 112 does not require that management actually prepare the financial statements, but it requires the independent auditors to comment when the applicable internal controls are not in place.

**Corrective Action Response:** Management of the County will continue to look for opportunities to increase our understanding of the requirements of preparing GAAP financial statements. However, at this time we believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing for future years.

## 2007-2 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

**Condition:** Material journal entries for the proper recognition accounts payable, accounts receivable, and drain control accounts were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger.

**Criteria:** Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

**Effect:** Through the identification of material journal entries that were not otherwise identified by management, the auditors are effectively part of the County's internal controls.

**Recommendation:** We recommend that the County take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

**Corrective Action Response:** The County will work toward having all material journal entries completed before auditing fieldwork commences in the future.

## 2007-3 RECONCILIATION TO THE GENERAL LEDGER AND BANK RECONCILIATIONS

**Condition:** During our analysis of the Department of Human Services for Van Buren County, we noted that the bank reconciliations had not been performed in a timely manner. In addition, the revenue and expense accounts maintained in the County's computerized general ledger were not reconciled with the general ledger maintained by the Department of Human Services for the year ended September 30, 2007.

## 2007-3 RECONCILIATION TO THE GENERAL LEDGER AND BANK RECONCILIATIONS - CONTINUED

Criteria: Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control consists of five interrelated components:

- a. *Control environment* sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- b. *Risk assessment* is the entity's identification and analysis of relevant risk to achievement of its objectives, forming a basis for determining how the risks should be managed.
- c. *Control activities* are the policies and procedures that help ensure that management directives are carried out.
- d. *Information and communication* systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- e. *Monitoring* is a process that assesses the quality of internal control performance over time.

The completion of bank reconciliations and other reconciliations is considered a monitoring activity and essential to sound internal control.

Effect: The completion of bank reconciliations and reconciliation of accounts with the general ledger are a significant part of the internal controls of the Department. By not performing such reconciliations, the Department is not maintaining sufficient internal controls.

Recommendation: We recommend that bank reconciliations be completed on a monthly basis and that completed reconciliations be periodically reviewed by management and tied to the computerized general ledger. We also recommend that the Department review and reconcile all accounts monthly and ensure that the balances are agreed with the computerized general ledger prior to audit fieldwork. The review should be documented with the reviewer's initials and date of review and be retained for audit purposes.

Corrective Action Response: County will ask Department of Human Services to provide Treasurer's Office on a monthly basis a Bank Statement that has been reviewed and reconciled.

## 2007-4 SEPARATION OF DUTIES

Condition: During our analysis and testing of the internal control structures, we noted that additional separation of duties may be needed to strengthen internal control. Specifically we noted that the same individuals that are responsible for printing checks also maintain physical custody of unused check stock and signature plates. We also noted that an individual in the treasurer's office maintains the general ledger (i.e., post adjusting journal entries, etc.) and is also able to process cash receipts.

Criteria: The main concept of an internal control structure is to assure that no one person handles all aspects of processing a transaction.

Effect: Management has not placed adequate internal control systems into operation.

Recommendation: We recommend the County take steps to ensure that accounting duties are segregated to extent possible. We also recommend that physical custody of unused check stock and signature plates be maintained by someone independent of the check printing function. This will strengthen the internal control systems.

Corrective Action Response: County Clerk will take responsibility for storing and distributing County checks.

## 2007-5 WIRE-TRANSFERS

Condition: During our analysis of the County's balance sheet accounts, we noted that the County duplicated certain wire-transfers on bond payments, requiring a refund from the financial institution resulting from the over payment.

## 2007-5 WIRE-TRANSFERS - CONTINUED

**Criteria:** Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

**Effect:** The related bond payments were disbursed twice. These appears to be a temporary breakdown in the internal controls over financial reporting that were designed to prevent duplicate disbursements for the same service or invoice.

**Recommendation:** We recommend that the County review the procedures related to cash disbursement to ensure that funds are not disbursed more than once for the same items in the future.

**Corrective Action Response:** We have reviewed the procedures and implement correction action to include that the County Treasurer will counter sign any wire transfer for bond payments.

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

Our consideration of 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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that the significant deficiencies described above as 2007-2, 2007-3, and 2007-4 are material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described below.

## 2007-6 UNFAVORABLE BUDGET VARIANCES AND LATE AMENDMENT OF THE BUDGET

**Condition:** During our review of the County's compliance with the budgeting act, we noted that the County amended the adopted budget after year end. In addition, we noted the expenditures exceeded the amounts appropriated in several of the County's Special Revenue funds as noted in the notes to the financial statements.

**Criteria:** Michigan Public Act 621 of 1978, as amended, provides that the County adopt formal budgets for all applicable General and Special Revenue Funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires the Board of Commissioners to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined".

**Effect:** The County has not maintained adequate control over budgetary compliance in accordance with State law.

**Recommendation:** We recommend the Board of Commissioners of Van Buren County monitor budgeted expenditures against actual expenditures on a more frequent basis and amend the original adopted budget to alleviate future unfavorable budget variances in a timely manner.

**Corrective Action Response:** All budget amendments will be approved by the County Board of Commissioners prior to the end of the fiscal year. In addition, Staff will prepare on a monthly basis budget amendments to insure that an activity and special revenue funds has a budget surplus.

Van Buren County's responses to the findings identified in our audit are described above. We did not audit Van Buren County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners of Van Buren County, others within the County, and the Federal award agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 7, 2008

**Van Buren County, Michigan**

**SUPPLEMENTARY INFORMATION TO  
BASIC FINANCIAL STATEMENTS  
(FEDERAL AWARDS)**

**September 30, 2007**

Van Buren County, Michigan

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

To the Board of Commissioners  
of Van Buren County  
Paw Paw, Michigan

Compliance

We have audited the compliance of Van Buren County, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. Van Buren County'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 Van Buren County's management. Our responsibility is to express an opinion on Van Buren County's compliance based on our audit.

Van Buren County's basic financial statements include the operations of the Van Buren/Cass County District Public Health Department and Van Buren County Road Commission, discretely presented component units, which received \$1,579,583 and \$2,007,620 in federal awards, respectively, which is not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2007. Our single audit did not include the operations of the Van Buren/Cass County District Public Health Department discretely presented component unit because the component unit engaged us to perform a separate audit in accordance with OMB Circular A-133. The Van Buren County Road Commission did not have a single audit required because the Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2006, the Federal aid received and expended by the Road Commission was \$2,007,620 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and administered by the Road Commission.

Van Buren County's basic financial statements include the operation of the Van Buren County Public Transit enterprise fund, which received \$140,046 in federal awards which is not included in the Schedule of Expenditures of Federal Awards during the year ended September 30, 2007. Our audit, described below, did not include the operation of the Van Buren County Public Transit enterprise fund because they engage other auditors to perform that 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 Nonprofit 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 Van Buren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Van Buren County's compliance with those requirements.

In our opinion, Van Buren County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ending September 30, 2007.

#### Internal Control Over Compliance

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

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

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

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Buren County, Michigan as of and for the year ended September 30, 2007, and have issued our report thereon dated May 7, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County'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.

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

This report is intended solely for the information and use of management and the Board of Commissioners of Van Buren County, others within the entity, 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.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 7, 2008

Van Buren County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
<b>PRIMARY GOVERNMENT</b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Michigan Department of Labor and Economic Growth			
Food Stamps <sup>(9)</sup>	10.561		
Employment and Training FY07		N/A	\$ 88,095
Employment and Training FY06		N/A	44,803
			<u>132,898</u>
Passed through Michigan Department of Agriculture			
Farm and Ranch Lands Protection Program	10.913	791B7200008	<u>120,000</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>252,898</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through Michigan State Housing Development Authority			
Community Development Block Grant - State's Program	14.228		
Program Income		MSC-2005-5830-HOA	50,531
2006-2007		MSC-2005-5830-HOA	<u>144,767</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>195,298</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through Michigan Department of Community Health and Michigan Department of State Police			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
Byrne Memorial Formula Grants		20051822	59,106
Southwest Enforcement Team Byrne JAG Grant		70888-8-07-B	<u>6,182</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>65,288</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through Michigan Department of Labor and Economic Growth			
Employment Services <sup>(9)</sup>	17.207		
Employment Services		N/A	417,481
Unemployment Insurance (Reed Act) <sup>(9)</sup>	17.225		
Reed Act		N/A	61,684
Trade Adjustment Assistance <sup>(c) (9)</sup>	17.245		
TAA FY06		N/A	54,337
TAA FY07		N/A	<u>208,195</u>
			<b>262,532</b>

Van Buren County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended September 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
<b>PRIMARY GOVERNMENT - CONTINUED</b>			
<b>U.S. DEPARTMENT OF LABOR - CONTINUED</b>			
Workforce Investment Act <sup>(c) (d) (g)</sup>	17.258		
Adult		N/A	\$ 835,861
Administration <sup>(e)</sup>		N/A	107,204
Youth Statewide <sup>(f)</sup>		N/A	3,972
Incumbent Worker - Statewide <sup>(f)</sup>		N/A	21,970
Benton Harbor Youth Works - Statewide - FY07 <sup>(f)</sup>		N/A	13,963
Benton Harbor Youth Works - Statewide - FY06 <sup>(f)</sup>		N/A	65,327
Displaced Homemaker - Statewide <sup>(f)</sup>		N/A	13,721
GET-set - Statewide <sup>(f)</sup>		N/A	6,619
21st Century - Statewide <sup>(f)</sup>		N/A	12,413
RSA Hospitality - Statewide <sup>(f)</sup>		N/A	20,225
Capacity Building - Statewide <sup>(f)</sup>		N/A	18,490
STRIVE - Statewide <sup>(f)</sup>		N/A	33,718
One-Stop - Statewide <sup>(f)</sup>		N/A	29,181
Incentive - Statewide <sup>(f)</sup>		N/A	7,357
			<hr/>
			1,190,021
<b>Passed through Michigan Department of Labor and Economic Growth</b>			
Workforce Investment Act <sup>(c) (d) (g)</sup>	17.259		
Youth		N/A	694,512
Administration <sup>(e)</sup>		N/A	110,212
Youth Statewide <sup>(f)</sup>		N/A	4,314
Incumbent Worker - Statewide <sup>(f)</sup>		N/A	23,860
Benton Harbor Youth Works - Statewide - FY07 <sup>(f)</sup>		N/A	15,164
Benton Harbor Youth Works - Statewide - FY06 <sup>(f)</sup>		N/A	70,949
Displaced Homemaker - Statewide <sup>(f)</sup>		N/A	14,902
GET-set - Statewide <sup>(f)</sup>		N/A	7,188
21st Century - Statewide <sup>(f)</sup>		N/A	13,481
RSA Hospitality - Statewide <sup>(f)</sup>		N/A	21,965
Capacity Building - Statewide <sup>(f)</sup>		N/A	20,081
STRIVE - Statewide <sup>(f)</sup>		N/A	36,619
One-Stop - Statewide <sup>(f)</sup>		N/A	31,704
Incentive - Statewide <sup>(f)</sup>		N/A	7,990
			<hr/>
			1,072,941

Van Buren County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended September 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
<b>PRIMARY GOVERNMENT - CONTINUED</b>			
<b>U.S. DEPARTMENT OF LABOR - CONTINUED</b>			
Workforce Investment Act <sup>(c) (d) (g)</sup>	17.260		
Dislocated Worker		N/A	\$ 899,170
Rapid Response		N/A	86
Administration <sup>(e)</sup>		N/A	153,917
Youth Statewide <sup>(f)</sup>		N/A	7,183
Incumbent Worker - Statewide <sup>(f)</sup>		N/A	39,721
Benton Harbor Youth Works - Statewide - FY07 <sup>(f)</sup>		N/A	25,245
Benton Harbor Youth Works - Statewide - FY06 <sup>(f)</sup>		N/A	118,111
Displaced Homemaker - Statewide <sup>(f)</sup>		N/A	24,809
GET-set - Statewide <sup>(f)</sup>		N/A	11,966
21st Century - Statewide <sup>(f)</sup>		N/A	22,443
RSA Hospitality - Statewide <sup>(f)</sup>		N/A	36,566
Capacity Building - Statewide <sup>(f)</sup>		N/A	33,429
STRIVE - Statewide <sup>(f)</sup>		N/A	60,962
One-Stop - Statewide <sup>(f)</sup>		N/A	52,791
Scholarships		N/A	4,789
Incentive - Statewide <sup>(f)</sup>		N/A	<u>13,302</u>
			1,504,490
Work Incentive Grant <sup>(g)</sup>	17.266		
Disability Program Navigator		N/A	31,799
Literacy Program <sup>(g)</sup>	17.267		
Benton Harbor Literacy Program		N/A	<u>47,712</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>4,588,660</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Michigan Department of State Police			
Summer Enforcement Grants	20.600	PT-07-35	22,981
Hazardous Materials Emergency Planning Grant	20.703		
FY07		N/A	3,216
FY06		N/A	<u>2,600</u>
			<u>5,816</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>28,797</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Michigan Departments of Human Services and Labor and Economic Growth			
Temporary Assistance for Needy Families <sup>(g)</sup>	93.558		
Work First - FY07		N/A	1,582,014
Work First - FY06		N/A	642,164
Work First - Transportation to Work		N/A	110,924
Work First - MIS		N/A	7,184
Work First - PET Pilot		N/A	<u>59,617</u>
			<b>2,401,903</b>

Van Buren County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended September 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
PRIMARY GOVERNMENT - CONTINUED			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Michigan Department of Human Services			
Title IV-D, Child Support Enforcement <sup>(c)</sup>	93.563		
Cooperative Reimbursement Program <sup>(a)</sup>		CS/COMB-07-80003	\$ 540,261
Federal Incentive Payments <sup>(b)</sup>		N/A	<u>172,018</u>
			<u>712,279</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,114,182
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan Department of State Police			
Emergency Management Performance Grant	97.042	N/A	24,746
State Homeland Security Grants			
2005 Homeland Security Grant Program	97.067	N/A	229,156
2006 Homeland Security Grant Program		N/A	<u>693,545</u>
			<u>922,701</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>947,447</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,192,570</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2007

**NOTE A: BASIS OF PRESENTATION**

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

**NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE**

The following descriptions identified below as (a) - (g) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Reimbursements of these contracts are passed through the State. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on the following percentages of Federal participation:

<u>Program</u>	<u>CFDA Number</u>	<u>Percent</u>
Farm and Ranch Lands Protection Program	10.913	50%
Cooperative Reimbursement	93.563	66

- (b) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues.
- (c) Denotes programs tested as "major programs".
- (d) Denoted programs required to be clustered by the United States Department of Labor.
- (e) The Workforce Investment Act administrative cost pool expenditures are allocated to funding sources based on percentages of allocations made from each funding source.
- (f) The Workforce Investment Act Statewide Activities expenditures are allocated to funding sources based on percentages provided by the Michigan Department of Labor and Economic Growth (MDLEG).

The County administers certain federal awards programs through subrecipients. The subrecipient, Berrien-Cass-Van Buren Workforce Development Board doing business as Michigan Works (Michigan Works) is not considered part of the County of Van Buren, Michigan reporting entity. The federal expenditures presented in the Schedule of Expenditures of Federal Awards includes the grant awards received by the County of Van Buren (on behalf of Berrien, Cass and Van Buren Counties) passed through to Michigan Works to administer Federal and State employment and training funds for the counties. The grant expenditures include U.S. Department of Agriculture Food Stamps expenditures in the amount of \$132,898; U.S. Department of Labor in the amount of \$4,588,660; and U.S. Department of Health and Human Services Temporary Assistance for Needy Families expenditures in the amount of \$2,401,903. The Berrien-Cass-Van Buren Workforce Development Board engaged us to perform a separate audit in accordance with OMB Circular A-133. The expenditures included in the Schedule of Expenditures of Federal Awards are based on our financial and single audit of the Berrien-Cass-Van Buren Workforce Development Board doing business as Michigan Works fiscal year ended June 30, 2007. Michigan Works' financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

An unqualified opinion was issued on the financial statements of Berrien-Cass-Van Buren Workforce Development Board. There were two (2) significant deficiencies disclosed by the audit of the basic financial statements. We noted no instances of noncompliance with laws, regulations, contracts and grants that could have a direct and material affect on the financial statements.

Van Buren County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2007

**NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE - CONTINUED**

An unqualified opinion was issued on compliance for the major programs of Berrien-Cass-Van Buren Workforce Development Board. There were no significant deficiencies related to internal controls or compliance for the major programs tested. We noted one (1) instance of noncompliance with laws, regulations, contracts and grants that could have a direct and material affect on the major programs.

(g) This program is reported as of the fiscal year-end of June 30, 2007.

**NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The following reconciles the federal revenues reported in the September 30, 2007 basic financial statements to the expenditures of the County administered federal programs reported on the Schedule of Expenditures of Federal Awards:

	<u>Federal/ State/Local Revenue</u>	<u>Less: State/Local Revenue</u>	<u>Federal Award Expenditures</u>
<b>PRIMARY GOVERNMENT</b>			
<b>GENERAL FUND</b>			
Cooperative Reimbursement	\$ 830,629	\$ 290,368	\$ 540,261
IV-D Incentive	172,018	-	172,018
Summer Enforcement Grant	22,981	-	22,981
Emergency Management Performance Grant	24,746	-	24,746
Other Programs	<u>2,117,848</u>	<u>2,117,848</u>	<u>-0-</u>
<b>TOTAL GENERAL FUND</b>	<b>3,168,222</b>	<b>2,408,216</b>	<b>760,006</b>
<b>SPECIAL REVENUE FUNDS</b>			
Local Emergency Planning Committee	5,816	-	5,816
Homeland Security Grant 2004	229,156	-	229,156
2006 Homeland Security Regional Grant	693,545	-	693,545
Drug Enforcement State	6,182	-	6,182
Housing Program Income	74,339	23,808	50,531
Housing	144,767	-	144,767
Land Preservation	240,000	120,000	120,000
Substance Abuse	59,106	-	59,106
Workforce Development Board	8,491,324	1,367,863	7,123,461
Other Funds	<u>1,413,728</u>	<u>1,413,728</u>	<u>-0-</u>
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b><u>11,357,963</u></b>	<b><u>2,925,399</u></b>	<b><u>8,432,564</u></b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$14,526,185</u></b>	<b><u>\$ 5,333,615</u></b>	<b><u>\$ 9,192,570</u></b>

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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

To the Board of Commissioners  
of Van Buren County  
Paw Paw, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Van Buren County, Michigan as of and for the year ended September 30, 2007, which collectively comprise Van Buren County's basic financial statements and have issued our report thereon dated May 7, 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 Van Buren County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren County'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's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described as Findings 2007-1, 2007-2, 2007-3, 2007-4 and 2007-5 in the accompanying schedule of findings and questioned costs 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'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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that the significant deficiencies described in the schedule of findings and questioned costs as Findings 2007-2, 2007-3, and 2007-4 are material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2007-6.

We noted certain matters that we reported to management and the Board of Commissioners of Van Buren County in a separate letter dated May 7, 2008.

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

This report is intended solely for the information and use of management and the Board of Commissioners of Van Buren County, others within the entity, and the Federal award agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 7, 2008

Van Buren County, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2007

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  X  Yes   No

Significant deficiencies identified that are not considered to be material weakness(es)?  X  Yes   No

Noncompliance material to financial statements noted?  X  Yes   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?   Yes  X  No

Significant deficiencies identified that are not considered to be material weakness(es)?   Yes  X  None reported

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

Any audit findings disclosed that are required to be reported with Section 501(a) of Circular A-133?   Yes  X  No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
17.245 17.258, 17.259, and 17.260 93.563	Trade Adjustment Assistance Workforce Investment Act Cluster Child Support Enforcement (Title IV-D)

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

Auditee qualified as low-risk auditee?   Yes  X  No

**Section II - Financial Statement Findings**

**2007-1 PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP**

**Condition:** As part of the audit process, the County, like many other governments, has historically relied on the independent auditors to assist in the preparation of the government-wide and fund financial statements, as well as the related notes to the financial statements, as part of its external financial reporting process. It is more cost effective to outsource the preparation of the annual financial statements to the independent auditors than to incur the time and expense of having the employees and/or management obtain the necessary training and expertise required to perform this task internally. The County requires the assistance of the independent auditors to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended September 30, 2007

**Section II - Financial Statement Findings - continued**

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**2007-1 PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP - CONTINUED**

**Criteria:** Governmental entities are required to issue financial statements that are prepared in accordance with GAAP. Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that responsibility for the financial statements rests with the County's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related note disclosures (i.e., external financial reporting).

**Effect:** The County relies, in part, on the independent auditors for assistance with the preparation of annual financial statements and related notes to the financial statements in accordance with GAAP. This reliance makes the independent auditors effectively part of the County's internal controls. By definition, independent auditors cannot be part of the County's internal controls.

**Recommendation:** We recommend the County consider providing applicable employees with training that would allow them to attain the qualifications required to fully understand the GAAP financial statement preparation process. Should the County choose not to address this issue, management and the Board of Commissioners should realize that an increased risk is present.

This recommendation is not intended to imply that the County's contractual arrangement with the independent auditors, which includes preparation of the financial statements, is improper or should be changed. SAS 112 does not require that management actually prepare the financial statements, but it requires the independent auditors to comment when the applicable internal controls are not in place.

**Corrective Action Response:** Management of the County will continue to look for opportunities to increase our understanding of the requirements of preparing GAAP financial statements. However, at this time we believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing for future years.

**2007-2 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS**

**Condition:** Material journal entries for the proper recognition accounts payable, accounts receivable, and drain control accounts were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger.

**Criteria:** Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

**Effect:** Through the identification of material journal entries that were not otherwise identified by management, the auditors are effectively part of the County's internal controls.

**Recommendation:** We recommend that the County take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

**Corrective Action Response:** The County will work toward having all material journal entries completed before auditing fieldwork commences in the future.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended September 30, 2007

**Section II - Financial Statement Findings - continued**

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**2007-3 RECONCILIATION TO THE GENERAL LEDGER AND BANK RECONCILIATIONS**

**Condition:** During our analysis of the Department of Human Services for Van Buren County, we noted that the bank reconciliations had not been performed in a timely manner. In addition, the revenue and expense accounts maintained in the County's computerized general ledger were not reconciled with the general ledger maintained by the Department of Human Services for the year ended September 30, 2007.

**Criteria:** Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control consists of five interrelated components:

- a. *Control environment* sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- b. *Risk assessment* is the entity's identification and analysis of relevant risk to achievement of its objectives, forming a basis for determining how the risks should be managed.
- c. *Control activities* are the policies and procedures that help ensure that management directives are carried out.
- d. *Information and communication* systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- e. *Monitoring* is a process that assesses the quality of internal control performance over time.

The completion of bank reconciliations and other reconciliations is considered a monitoring activity and essential to sound internal control.

**Effect:** The completion of bank reconciliations and reconciliation of accounts with the general ledger are a significant part of the internal controls of the Department. By not performing such reconciliations, the Department is not maintaining sufficient internal controls.

**Recommendation:** We recommend that bank reconciliations be completed on a monthly basis and that completed reconciliations be periodically reviewed by management and tied to the computerized general ledger. We also recommend that the Department review and reconcile all accounts monthly and ensure that the balances are agreed with the computerized general ledger prior to audit fieldwork. The review should be documented with the reviewer's initials and date of review and be retained for audit purposes.

**Corrective Action Response:** County will ask Department of Human Services to provide Treasurer's Office on a monthly basis a Bank Statement that has been reviewed and reconciled.

**2007-4 SEPARATION OF DUTIES**

**Condition:** During our analysis and testing of the internal control structures, we noted that additional separation of duties may be needed to strengthen internal control. Specifically we noted that the same individuals that are responsible for printing checks also maintain physical custody of unused check stock and signature plates. We also noted that an individual in the treasurer's office maintains the general ledger (i.e., post adjusting journal entries, etc.) and is also able to process cash receipts.

**Criteria:** The main concept of an internal control structure is to assure that no one person handles all aspects of processing a transaction.

**Effect:** Management has not placed adequate internal control systems into operation.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended September 30, 2007

**Section II - Financial Statement Findings - continued**

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2007-4 SEPARATION OF DUTIES - CONTINUED

**Recommendation:** We recommend the County take steps to ensure that accounting duties are segregated to extent possible. We also recommend that physical custody of unused check stock and signature plates be maintained by someone independent of the check printing function. This will strengthen the internal control systems.

**Corrective Action Response:** County Clerk will take responsibility for storing and distributing County checks.

2007-5 WIRE-TRANSFERS

**Condition:** During our analysis of the County's balance sheet accounts, we noted that the County duplicated certain wire-transfers on bond payments, requiring a refund from the financial institution resulting from the over payment.

**Criteria:** Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

**Effect:** The related bond payments were disbursed twice. These appears to be a temporary breakdown in the internal controls over financial reporting that were designed to prevent duplicate disbursements for the same service or invoice.

**Recommendation:** We recommend that the County review the procedures related to cash disbursement to ensure that funds are not disbursed more than once for the same items in the future.

**Corrective Action Response:** We have reviewed the procedures and implement correction action to include that the County Treasurer will counter sign any wire transfer for bond payments.

2007-6 UNFAVORABLE BUDGET VARIANCES AND LATE AMENDMENT OF THE BUDGET

**Condition:** During our review of the County's compliance with the budgeting act, we noted that the County amended the adopted budget after year end. In addition, we noted the expenditures exceeded the amounts appropriated in several of the County's Special Revenue funds as noted in the notes to the financial statements.

**Criteria:** Michigan Public Act 621 of 1978, as amended, provides that the County adopt formal budgets for all applicable General and Special Revenue Funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires the Board of Commissioners to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined".

**Effect:** The County has not maintained adequate control over budgetary compliance in accordance with State law.

**Recommendation:** We recommend the Board of Commissioners of Van Buren County monitor budgeted expenditures against actual expenditures on a more frequent basis and amend the original adopted budget to alleviate future unfavorable budget variances in a timely manner.

**Corrective Action Response:** All budget amendments will be approved by the County Board of Commissioners prior to the end of the fiscal year. In addition, Staff will prepare on a monthly basis budget amendments to insure that an activity and special revenue funds has a budget surplus.

Van Buren County, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended September 30, 2007

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**Section III - Federal Award Findings and Questioned Costs**

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None

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended September 30, 2007

FINDINGS/NONCOMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

MATERIAL WEAKNESSES

**Sheriff Department Receipts--Immediate Recording *Finding 2006-01***

*Condition:* A cash count and reconciliation were performed at the Sheriff's Department on December 5, 2006. The prior audit found that 85 checks received in the mail totaling \$160,873.69 that were dated September, October and November 2006 had not been receipted, and were still in unopened envelopes. The audit also found that currency of \$279.00 and 326 checks totaling \$6,438.00 that were dated July, August, September, October, and November 2006 had been receipted, but had not been deposited with the county treasurer. Other Sheriff Department receipts had been deposited with the county treasurer, as the last transmittal advice to the county treasurer was dated December 4, 2006.

*Resolution:* The Sheriff has made very clear to the appropriate staff that ALL funds are to be receipted the day they are received, the receipt must indicate the type of funds (cash/check) and all checks are to be immediately endorsed as deposit only. This procedure is in place and the finding is considered resolved.

**Sheriff Department--Department Receipts Register *Finding 2006-02***

*Condition:* The Sheriff's Department does not have a receipts register.

*Resolution:* The auditor assisted the appropriate staff in developing a journal that shows the date, receipt number, the check origin, the amount, and the account the funds are deposited in is attached to the weekly transmittal to the treasurer's office. This procedure is in place and the finding is considered resolved.

**Sheriff Department--Timeliness of Deposits *Finding 2006-03***

*Condition:* As described in Finding 2006-01 above, the prior auditor found that deposits with the county treasurer are not being made on a timely basis.

*Resolution:* It was recommended that the deposit be made at least monthly. The Sheriff has made sure appropriate staff knows the transmittals are to be done by 4:00 P.M. on the last scheduled work day of the week. In addition, the staff will submit the weekly transmittal to either the Sheriff or the undersheriff for review as a quality control method to ensure timely deposits. Weekly deposits have been made since December 2006. This finding is considered resolved.

**Sheriff Department--Intact Deposits *Finding 2006-04***

*Condition:* The prior auditor found during the cash count, some receipts in the receipt sequences covered by the cash count had not been deposited with the county treasurer.

*Resolution:* Effective March 1, 2007, any Sheriff Department staff person who is responsible for preparing transmittals was also given their own sequentially numbered receipt book to ensure receipt number sequence in the transmittal form. The issue noted in the prior year was not noted in the current year. This finding is considered resolved.

Van Buren County, Michigan

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended September 30, 2007

FINDINGS/NONCOMPLIANCE - CONTINUED

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements - Continued.

MATERIAL WEAKNESSES - CONTINUED

**Sheriff Department--Receipts *Finding 2006-05***

*Condition:* Receipts did not indicate if paid by cash or check.

*Resolution:* This issue was not noted during the current audit.

**Sheriff Department--Inmate Trust Bank Account Reconciliations *Finding 2006-06***

*Condition:* Inmate Trust Bank Account reconciliations were not being done.

*Resolution:* This issue was not noted during the current audit.

CONTROL DEFICIENCIES

**Administrator--Capital Assets *Finding 2006-07***

*Condition:* The capital asset listing was not updated until after the start of the audit as the list had to be obtained from the previous auditor. The county set a capitalization threshold of \$5,000, but items under \$5,000 were posted to capital outlay leading to adjustments to correct the additions to the capital asset list.

*Resolution:* This issue was not noted during the current audit.

**Administrator, Board of Commissioners--Minimum Number of Funds *Finding 2006-08***

*Condition:* Van Buren County currently has a large number of special revenue funds including funds that are normally activities of the General Fund such as the Court Equity Fund, Planning Commission Fund, Remonumentation Fund, Courthouse Security Fund, Court Officers Fund, and Sex Offender Registration Fund. These funds are largely supported by appropriations from the General Fund or revenue usually recorded in the General Fund. The county also has two housing funds, numerous homeland security funds, and three 911 funds.

*Resolution:* The county administrator, county treasurer, and county clerk must establish a policy on what types of activities or programs should be created as a special revenue fund. While numerous funds continue to be used, the current auditors do not believe the circumstances to meet the definition of a significant deficiency.

Van Buren County, Michigan

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended September 30, 2007

FINDINGS/NONCOMPLIANCE - CONTINUED

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements - Continued.

CONTROL DEFICIENCIES - CONTINUED

**Various Departments--Agency Funds *Finding 2006-09***

*Condition:* Various liability accounts in the Trust and Agency Fund had debit balances and other various liability account balances had incorrect credit balances. The county was also recording revenues for recording fees, plat fees, animal spay/neuter bonds not returned. Also, the Sheriff's Department pop can line item was overdrawn by \$1,225. In all, \$62,263 was transferred to the General Fund to either balance or remove revenues from 46 line-items in the Trust and Agency Fund.

Various liability accounts in the Payroll Clearing Fund have debit balances and other various liability account balances have incorrect credit balances. This has led to the cash in the common checking account to have a negative balance in this fund.

*Resolution:* This fund will continue to be monitored by management, investigated, and reconciled with all the affected departments. Any unexplained overages and shortages will be resolved using General Fund monies. This finding is considered resolved.

**Administrator and Board of Commissioners--Pension Trust Fund *Finding 2006-10***

*Condition:* Van Buren County was utilizing Fund 731, Pension Trust Fund. This fund was utilized to pay an outside organization to administer the county's 401a plan. The result was unrecorded expenses of \$199,871 posted to this improper fund from the inception of the county offering the 401a plan.

*Resolution:* The County has appropriated sufficient monies to cover the cost of the service, the fund has been terminated, and the activity has been transferred to the County's General Fund. This finding is considered resolved.

**Housing Director-Loans Receivable *Finding 2006-11***

*Condition:* Loans receivable of \$1,105,202 issued by the Van Buren Housing Commission were not maintained or accounted for.

*Resolution:* Loans receivable are now maintained and accounted for appropriately. This finding is considered resolved.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended September 30, 2007

FINDINGS/NONCOMPLIANCE - CONTINUED

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

**General Checking Account--Old Outstanding Checks *Finding 2006-12***

*Condition:* The general checking account had outstanding checks that are over one year old. According to MCL 567.234: "Property held for the owner by a court, state, or other government, governmental subdivision or agency, public corporation, or public authority that remains unclaimed by the owner for more than 1 year after becoming payable or distributable is presumed abandoned."

MCL 567.238 then states: ". . . A person holding property presumed abandoned and subject to the state's custody as unclaimed property under this act shall be reported to the administrator concerning the property as provided in this section. The report shall include all of the following: The name, if known, social security number, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of property of the value of \$50.00 or more presumed to be abandoned..." MCL 567.240 then states: "A person who is required to file a report . . . shall at the time of the report pay or deliver to the administrator all abandoned property to be reported . . . or any balance owing if an estimated payment was made . . ."

*Resolution:* As of the current date, all stale dated checks have been addressed.

**Violation of the Open Meetings Act *Finding 2006-13***

*Condition:* The board held the following executive sessions: March 28, 2006, to discuss administrator review and employee grievance; April 25, 2006, to discuss an employee grievance; April 25, 2006, to discuss a personnel matter; May 23, 2006, to discuss an employee grievance; June 13, 2006, to discuss a personnel matter; July 25, 2006, to discuss the administrator's contract; August 8, 2006, to discuss the settlement of a personnel matter; and September 26, 2006, to discuss an employee grievance.

These meetings were held to discuss the administrator's position and pending litigations related to personnel matters and grievances. However, the minutes did not clearly indicate these purposes.

*Resolution:* The county shall limit executive sessions to personnel matters and consulting with an attorney. The minutes shall reflect the nature of the matter (specific legal case) or the name of the person requesting the closed session, if applicable. This issue was not noted during the current audit.

**Board of Commissioners--Expenditures in Excess of Appropriations *Finding 2006-14***

*Condition:* Instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act were noted during the prior audit. The County's 2006 General Appropriations Act (budget) provided for expenditures of the General Fund and special revenue funds to be controlled to the activity level by the county. Actual 2006 expenditures exceeded the board's approved budget allocations for several general fund and special revenue fund activities.

*Resolution:* The County has begun the process of monitoring the monthly budget status reports to determine if and when selected items have exceeded their approved appropriation. We did note during the current audit, however, that the County amended the original adopted budget after the year end. This is also considered noncompliance with the provisions of Public Act 2 of 1968, as amended, and this issue is noted in our Schedule of Findings and Questioned Costs for the current audit.

Van Buren County, Michigan

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended September 30, 2007

FINDINGS/NONCOMPLIANCE - CONTINUED

Findings Related to Compliance with Requirements Applicable to the Financial Statements - Continued.

**Economic Development Corporation (EDC) and County Treasurer--Custodian of EDC Bank Accounts  
*Finding 2006-15***

*Condition:* The EDC is a discretely presented component unit of the County. The prior audit found that the EDC has a checking account, a savings account, and certificates of deposit totaling \$22,829 that are not in the county's name.

*Resolution:* The County Treasurer worked with the EDC to add the county treasurer to all bank accounts and list these accounts in the general ledger. This issue was not noted during the current audit.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with OMB Circular A-133.

No prior audit findings.

Principals

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MANAGEMENT LETTER

To the Board of Commissioners  
Van Buren County  
Paw Paw, Michigan

As you know, we have recently completed our audit of the records of Van Buren County as of and for the year ended September 30, 2007. In connection with the audit, we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. These suggestions are the result of our evaluation of the internal control and our discussions with management.

1. The Board should adopt a code of conduct.

During the course of our audit, it was noted that the County does not have a formal written policy to address code of conduct including conflict of interest.

A code of conduct including conflict of interest policy will clarify the government's position on ethical behavior and communicate that position to employees and board members. Because the County has not adopted a formal policy, the Board's and management's intents and expectations have not been clearly communicated to the County's elected officials and employees.

We suggest that the County develop and adopt a formal written policy with regards to code of conduct including conflict of interest.

2. The County should assure that accurate information is maintained in the computerized general ledger.

During the course of our audit, it was noted that the original and final amended budgets contained in the County's computerized general ledger did not seem to agree with amounts approved by the Board for some funds and activities.

We suggest that the County assure that the budgeted amounts maintained in the County's general ledger agree with documentation approved by the Board of Commissioners. This will provide management with a more efficient and reliable tool to assist in the budgeting processes and evaluating the potential need for budget amendments.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements. These conditions did not affect our report on the financial statements dated May 7, 2008.

This report is intended solely for the information of management and the Board of Commissioner's and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you and to provide assistance in the implementation of improvements.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 7, 2008

East Lansing ▪ Rochester Hills ▪ St. Johns