

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 		Printed Name		License Number

**CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)**

Basic Financial Statements

September 30, 2007

(With Independent Auditors' Report Thereon)

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
September 30, 2007

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Independent Auditors' Report

To the Board of Commissioners and
the County Executive
Wayne County Building Authority
Charter County of Wayne, Michigan

We have audited the accompanying basic financial statements of the governmental activities and each fund of Wayne County Building Authority (the "Authority"), a blended component unit of Charter County of Wayne, Michigan, as of and for the year ended September 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of the Authority as of September 30, 2007 and the respective changes in financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2008 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

To the Board of Commissioners and
the County Executive
Wayne County Building Authority
Charter County of Wayne, Michigan

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3-8 and the required supplementary information on pages 26-28 are not required parts of the financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

February 29, 2008

**CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

As management of the Building Authority (the Authority), a component unit of the Charter County of Wayne, Michigan, we offer readers of the Authority's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information including budgetary comparison schedules in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* provide a broad view of the Authority's operations in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected building rentals and amortization of deferred charges).

The government-wide financial statements can be found on pages 9 to 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements can be found on pages 11 to 14 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 25 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* in the form of fund level budgetary comparison information. Required supplementary information can be found on pages 26 to 28 of this report.

GOVERNMENT WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. In the case of the Authority, assets exceeded liabilities by \$12.2 million at September 30, 2007.

**Charter County of Wayne, Michigan
Building Authority
(A Component Unit of the Charter County of Wayne, Michigan)
Statement of Net Assets
As of September 30 (in thousands)**

	Governmental Activities	
	2007	2006
Current assets	\$ 9,028	\$ 11,408
Leases receivable	77,495	87,785
Other non-current assets	959	1,502
Total assets	87,482	100,695
Current liabilities	11,705	11,553
Non-current liabilities	63,565	74,624
Total liabilities	75,270	86,177
Net assets:		
Restricted for:		
Debt service	3,274	3,301
Capital projects	1,753	3,775
Unrestricted	7,185	7,442
Total net assets	\$ 12,212	\$ 14,518

A portion of the Authority's net assets (\$5 million, or 41 percent) are restricted for the repayment of debt or for capital improvements. The unrestricted net assets reflect the remaining amounts available for spending at management's discretion. The decrease in net assets restricted for capital projects is a result of transfers to the County's General fund to finance various capital improvements.

Charter County of Wayne, Michigan
Building Authority
(A Component Unit of the Charter County of Wayne, Michigan)
Change in Net Assets
For the Year Ended September 30 (in thousands)

	Governmental	
	Activities	
	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 3,762	\$ 5,217
General revenues:		
Interest income	510	586
Transfers	(2,240)	(3,246)
Total revenues	2,032	2,557
Program expenses:		
Contractual services	-	-
Interest and amortization	4,338	5,624
Total program expense	4,338	5,624
Change in net assets	(2,306)	(3,067)
Net assets at October 1	14,518	17,585
Net assets at September 30	\$ 12,212	\$ 14,518

Several factors contributed to the decrease in net assets of \$2.3 million:

- Decreased charges for services – paid down the lease receivable,
- Transfer of \$2.2 million to the County’s General fund to finance capital improvements,
- Offset by a reduction in interest and amortization in fiscal year 2007 because of the refunding.

FUND ANALYSIS

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

The focus of the Authority’s *fund level* reporting is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a governmental unit’s net resources available for spending at the end of the fiscal year.

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Balance Sheet
As of September 30 (in thousands)

<u>Assets</u>	2007	2006
Cash	\$ 7,982	\$ 9,704
Other assets	13	18
Total assets	\$ 7,995	\$ 9,722
<u>Liabilities and Fund Balances</u>		
Total liabilities	16	7
Fund balances:		
Reserved	7,979	9,715
Unreserved	-	-
Total fund balance	7,979	9,715
Total liabilities and fund balances	\$ 7,995	\$ 9,722

As of the end of the current fiscal year, the Authority's combined governmental funds reported ending fund balances of \$8 million, a decrease of \$1.7 million in comparison with the prior year. Nearly 100 percent of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service (\$6.2 million) or capital improvement expenses (\$1.8 million.)

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Statement of Revenues, Expenditures, and Changes in Fund Balance
As of September 30 (in thousands)

	2007	2006
Total revenues	\$ 15,216	\$ 15,322
Expenditures:		
Contractual services	-	-
Debt service:		
Principal	9,860	9,340
Interest	5,421	5,401
Total expenditures	15,281	14,741
Excess of revenues over expenditures	(65)	581
Total other financing sources (uses)	(1,671)	(3,246)
Net change in fund balances	(1,736)	(2,665)
Fund balance, at October 1	9,715	12,380
Fund balance, at September 30	\$ 7,979	\$ 9,715

The statement of revenues, expenditures, and changes in fund balances fluctuated between fiscal year 2007 and 2006 as a result of the following:

- Principal expense increased by \$520,000, based on amortization schedules,
- Transfer to the County General fund decreased by \$1 million in 2007, based on needs/planned projects,
- The remainder of the decrease in other financing uses is related to the refunding bond issuance,
- Revenues, contractual services and interest on long-term debt did not fluctuate significantly.

Budgetary Highlights

During the year, there were no significant changes from the original to the final amended budget. Actual results differed from budget as follows:

- Interest income varied favorably from budgeted amounts due to a positive position in County's pooled cash and investment portfolios.
- Interest expense, bond issuance proceeds, bond premium and payment to refunded bond escrow agent all exceeded budgeted amounts in the debt service fund as a result of the issuance of the MMBA Local Government Loan Program Revenue Bonds, Series 2007B. These bonds were issued to refund the Series 1994A bonds payable. This transaction was not budgeted for.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Authority had bonded debt outstanding of \$77.5 million (before bond discount, premium and deferred loss on refunding), backed by the full faith and credit of the Charter County of Wayne, Michigan.

As previously stated, during 2007, the County refunded \$50.8 million of outstanding Series 1994A bonds by issuing \$50.4 million in 2007B Series with an average interest rate of 5.0 percent. The 1994A bonds are considered to be defeased and the liability has been removed.

Overall, debt decreased by \$10.3 million (12.2 percent) during the current fiscal year, predominantly as a result of payments.

Long-Term Debt as of September 30 (in Thousands)

	Governmental Activities	
	2007	2006
General obligation bonds (backed by the County)	\$ 77,495	\$ 87,785
Deferred loss on refunding	(4,723)	(2,335)
Bond discount	(94)	(966)
Bond premium	1,543	-
Total bonds payable, net	\$ 74,221	\$ 84,484

Additional information on the Authority's long-term debt, including details on the refunding transaction, can be found in Note 5 on page 23 to 24 of this report.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Charter County of Wayne, Michigan, Department of Management and Budget, Financial Reporting Division, 600 Randolph Street, Detroit, Michigan 48226.

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Statement of Net Assets
As of September 30, 2007

	Governmental Activities
Assets:	
Current assets:	
Equity in pooled cash and investments (note 2)	\$ 7,965,152
Other cash and investments (note 2)	16,617
Accounts receivable	13,681
Accrued interest receivable	1,032,882
Current portion of leases receivable (note 3)	10,950,000
Total current assets	19,978,332
Non-current assets:	
Leases receivable - net of current portion (note 3)	66,545,000
Bond issuance costs, net (note 5)	959,108
Total non-current assets	67,504,108
Total assets	\$ 87,482,440
Liabilities:	
Current liabilities:	
Negative equity in pooled cash (note 2)	\$ 15,988
Accrued interest payable	1,032,882
Current portion of long-term obligations (note 5)	10,656,510
Total current liabilities	11,705,380
Non-current liabilities:	
Non-current portion of long-term obligations (note 5)	63,564,832
Total liabilities	75,270,212
Net Assets:	
Restricted:	
Debt service	3,273,658
Capital projects	1,753,102
Unrestricted	7,185,468
Total net assets	12,212,228
Total liabilities and net assets	\$ 87,482,440

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Statement of Activities
For the Year Ended September 30, 2007

	<u>Governmental Activities</u>
Program expenses:	
Contractual services	\$ 299
Interest and amortization expense	<u>4,338,057</u>
Total program expenses	4,338,356
 Program revenue:	
Charges for services	<u>3,762,771</u>
Total program revenue	3,762,771
Net program revenue	<u>(575,585)</u>
 General revenue:	
Interest income	510,013
Transfers (note 4)	<u>(2,240,388)</u>
Total general revenue and transfers	<u>(1,730,375)</u>
Change in net assets	(2,305,960)
Net assets at October 1, 2006	<u>14,518,188</u>
Net assets at September 30, 2007	<u><u>\$ 12,212,228</u></u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Balance Sheet
Governmental Funds
As of September 30, 2007

Assets	General Operating Fund	Debt Service Fund	Capital Projects Fund	Total
Equity in pooled cash and investments (note 2)	\$ -	6,212,050	1,753,102	\$ 7,965,152
Other cash and investments	16,617	-	-	16,617
Accounts receivable	-	13,681	-	13,681
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 16,617</u>	<u>6,225,731</u>	<u>1,753,102</u>	<u>\$ 7,995,450</u>
Liabilities and Fund Balances				
Liabilities :				
Negative equity in pooled cash (note 2)	\$ 15,988	-	-	\$ 15,988
Fund balances:				
Reserved for capital projects	-	-	1,753,102	1,753,102
Reserved for debt service	-	6,225,731	-	6,225,731
Unreserved	629	-	-	629
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>629</u>	<u>6,225,731</u>	<u>1,753,102</u>	<u>7,979,462</u>
Total liabilities and fund balances	<u>\$ 16,617</u>	<u>6,225,731</u>	<u>1,753,102</u>	<u>\$ 7,995,450</u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
As of September 30, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances - total governmental funds		\$ 7,979,462
Capital lease and related accrued interest receivables are not current financial resources and therefore are not reported in the governmental funds.		78,527,882
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund		
Bond issuance costs	\$ 1,477,562	
Less accumulated amortization	<u>(518,454)</u>	959,108
Long term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental fund		
Governmental long term debt payable	\$ (77,495,000)	
Bond discount	94,291	
Bond premium	(1,543,846)	
Accrued interest payable	(1,032,882)	
Loss on refunding	<u>4,723,213</u>	<u>(75,254,224)</u>
Net assets of governmental activities:		<u>\$ 12,212,228</u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2007

	<u>General Operating Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:				
Building rents	\$ -	14,706,163	-	\$ 14,706,163
Interest income	629	290,980	218,404	510,013
Total revenues	<u>629</u>	<u>14,997,143</u>	<u>218,404</u>	<u>15,216,176</u>
Expenditures:				
Contractual services	-	299	-	299
Debt service:				
Principal	-	9,860,000	-	9,860,000
Interest	-	5,420,725	-	5,420,725
Total expenditures	<u>-</u>	<u>15,281,024</u>	<u>-</u>	<u>15,281,024</u>
Excess (deficiency) of revenues over (under) expenditures	629	(283,881)	218,404	(64,848)
Other Financing Sources (Uses):				
Transfers out	-	-	(2,240,388)	(2,240,388)
Payment to refunded bond escrow agent	-	(51,388,591)	-	(51,388,591)
Bond issuance	-	50,380,000	-	50,380,000
Bond premium	-	1,578,154	-	1,578,154
Total other financing sources (uses)	<u>-</u>	<u>569,563</u>	<u>(2,240,388)</u>	<u>(1,670,825)</u>
Net change in fund balances	629	285,682	(2,021,984)	(1,735,673)
Fund balances at October 1, 2006	<u>-</u>	<u>5,940,049</u>	<u>3,775,086</u>	<u>9,715,135</u>
Fund balances at September 30, 2007	<u>\$ 629</u>	<u>6,225,731</u>	<u>1,753,102</u>	<u>\$ 7,979,462</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2007

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

Net change in fund balances - total governmental funds		\$ (1,735,673)
Governmental funds report building rental principal and accrued interest received as revenue in the year collected. However, in the Statement of Activities the revenue was reported in prior years upon project completion and principal collected reduces the lease receivable		(10,943,392)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces bonds payable in the Statement of Net Assets.		60,670,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The amount represents the proceeds received net of bond issuance costs, discounts/premiums, and other deferred charges that must be amortized over the life of the bond		(46,560,419)
Expenses in the Statement of Activities that do not require the use of current financial resources are not reported in governmental funds:		
Change in accrued interest expense	\$ 653,392	
Amortization of current year loss on refunding	(2,439,886)	
Amortization of current year bond discounts	(1,064,944)	
Amortization of current year bond premiums	34,308	
Amortization of current year bond issuance costs	(919,346)	(3,736,476)
Change in net assets of governmental activities		\$ (2,305,960)

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Notes to the Basic Financial Statements
For the year ended September 30, 2007

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The Wayne County Building Authority (the Authority), a blended component unit of the Charter County of Wayne, Michigan (the County), was created in 1961 under provisions of Act No. 31, Public Acts of Michigan, Extra Session of 1948, as amended. All revenues or other funds received by the Authority must be disbursed for specific purposes in accordance with agreements with the County and the holders of the Authority's bonds. The financial statements of the Authority reflect the operations associated with the acquisition, furnishing, equipping, owning, improvement, enlarging, operation, and maintenance of buildings and building sites for lease to, and eventual ownership by, the County. These financial statements represent the Authority and are not intended to present the financial position and results of operations of the County in conformity with accounting principles generally accepted in the United States of America. The financial statements of the Authority have been included in the County's comprehensive annual financial report and reported as special revenue, debt service and capital projects funds. These financial statements, along with the County's Comprehensive Annual Financial Report can be obtained by contacting the Department of Management and Budget at 600 Randolph, Detroit, MI 48226.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

The government-wide Statements of Net Assets and Statement of Activities report the overall financial activity of the Authority. Governmental activities are financed through intergovernmental revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for the Authority's governmental activities. Program revenues include charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Interest and rents, and charges for services are

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Notes to the Basic Financial Statements
For the year ended September 30, 2007

(1) Summary of Significant Accounting Policies, continued

susceptible to accrual. Other receipts become measurable and available when cash is received by the Authority and are recognized as revenue at that time. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt are recorded when payment is due. Proceeds of long-term debt are reported as other financing sources.

Administrative overhead charges are included in direct expenses.

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The financial statements of the Authority include the following fund types:

Governmental Funds

- General Operating Fund – This fund accounts for all financial resources and expenditures except those required to be accounted for in another fund, and represents the Authority’s General Operating Fund.
- Debt Service Fund – This fund is used to record the financial resources and payment of principal and interest on bonds.
- Capital Projects Fund – This fund is used to account for the acquisition and/or construction of major capital facilities.

C. *Assets, Liabilities, and Net Assets or Equity*

Building Rent Revenue – Lease payments are collected from the County to satisfy the rent obligations under all of the project leases. Lease transactions are accounted for as direct financing leases by the Authority whereby the present value of the future lease payments is recorded as a lease receivable using the interest rate implicit in the lease. Building rent revenue is recognized in the fund financial statements as the principal and interest are collected. In the government-wide financial statements, the entire principal portion of the lease is recognized as revenue upon completion of the project and interest is recognized as it is collected.

Bond Discounts, Loss on Refunding, and Issuance Costs - In the government-wide financial statements, bond discounts, loss on refunding, and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond discounts and loss on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CHARTER COUNTY OF WAYNE, MICHIGAN
BUILDING AUTHORITY
(A Component Unit of the Charter County of Wayne, Michigan)
Notes to the Basic Financial Statements
For the year ended September 30, 2007

(1) Summary of Significant Accounting Policies, continued

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

Fund Balance Reserves and Designations - In addition to the reserve for debt service and capital projects, the Authority may reserve or designate fund balances to reflect resources segregated for future use and not available for appropriation or expenditure. As of September 30, 2007, there are no such reserves or designations.

Net Assets - The government-wide financial statements utilize a net asset presentation. Net assets are typically categorized as invested in capital assets (net of related debt), restricted and unrestricted. The Authority's restricted net assets consist of constraints placed on net asset use externally imposed by creditors through debt agreements, and unspent bond proceeds on capital projects. The remaining net assets represent unrestricted liquid assets.

Interfund Transactions - Interfund transactions include the following:

- a. Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.
- b. Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.
- c. Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Cash and Investments - Cash resources of the Authority are pooled and invested. Interest on pooled investments is allocated among the respective funds based on average investment balances. Securities traded on national and international exchanges are valued at last reported sales price at current exchange rates, which represent fair value. Mortgages are valued on the basis of future principal and interest payments and are discounted at the prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair market value. Gains or losses on investments sold or exchanged are recognized when the transactions are completed, which approximates their settlement dates.

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Notes to the Basic Financial Statements
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(1) Summary of Significant Accounting Policies, continued

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain amounts presented in the prior year data in the Management's Discussion and Analysis have been reclassified in order to be consistent with the current year's presentation.

(2) Cash and Investments

State statutes (Public Act 20 of 1943, as amended) place limitations on the nature of deposits and investments available to the County. Deposits include demand deposits, money markets, and certificates of deposits in federally insured banks, credit unions and savings and loan associations. Statutes authorize the County to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, external investment pools (organized under Public Act 367 or 121) and mutual funds composed of otherwise legal investments (except those with fluctuating per share value).

The investment policy adopted by the County, in accordance with Public Act 20 of 1943, as amended authorizes investments in U.S. Treasuries, agencies, and instrumentalities, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings bank, or savings and loan association that is a member of the FDIC. The treasurer may invest in commercial paper (rated A2/P2 or above), repurchase agreements, and bankers' acceptances. Investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512, under the local government investment pool Act of 1985, PA 121, MCL 129.141 to 129.150 and investment pools organized under the surplus funds investment act, 1982 PA 367, MCL 129.111 to 129.118 are also permitted. Investments may also be made in mutual funds registered under the investment company Act of 1940 Title I of Chapter 686, 54 stat. 789, 15 U.S.C. 80A-1 to 80A-3 and 80A-4 to 80A-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation, which maintain a rating of AAA or better by a nationally recognized statistical rating agency or that maintain a net \$1.00 share value. The foremost objective of the investment policy is the safety of investment principal.

The County's cash and investments are subject to several types of risk, which are discussed in more detail below.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In compliance with State law, the County's investment policy limits investments of commercial paper to the two highest classifications established by not less than two standard rating services, and which mature not more than 270 days after the date of purchase. As of year-end, the credit quality ratings of investments (other than the U.S. government) are as follows for the primary government (non-fiduciary):

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(2) Cash and Investments, continued

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Organization</u>
Money market funds	\$ 1,933,905	Not Rated	PA 367 Fund
Money market funds	88,255,879	Not Rated	\$1 per share
Money market funds	21,731,691	AAAm	S&P
Money market funds	23,591,468	AAAm-G	S&P
Money market funds	58,340,544	AAA-V1	Fitch
Commercial paper	9,032,173	A-1+, P-1	S&P, Moody's

In December 2007, subsequent to year-end, Standard and Poor's Ratings Services assigned a "AAAm" stability fund rating to the previously unrated money market funds totaling \$88.3 million as of September 30, 2007.

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government's deposits may not be recovered. The County's investment policy requires that deposits over the \$100,000 insured limit in a commercial bank shall not equal more than 25% of the combined capital and surplus of that bank, savings bank, or savings and loan association and that institution must meet minimum standards of at least one standard rating service. If deposits in a credit union exceed the \$100,000 insured limit, that institution must meet the minimum standards of at least one standard rating service. At year-end, the County portfolio had \$235,376,999 of bank deposits (primarily demand deposits and certificates of deposit) with a carrying value of \$174,637,418, that were largely uninsured and uncollateralized. Other primary government depository accounts (outside of the portfolio administered by the Wayne County Treasurer) had a total bank balance of \$383,326 with a carrying value of \$30,476. The County believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the government evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with acceptable levels of estimated risk are used as depositories.

Custodial Credit Risk of Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either the counterparty, or the counterparty's trust department or agent, but not in the County's name.

The County's investment policy requires that bonds, securities, and obligations of the United States or an agency or instrumentality or the United States must be held in the name of the County treasurer, be purchased using the delivery versus payment procedure, and be held in third party safekeeping. Commercial paper should either be purchased directly from the issuing corporation, or be held in safekeeping by a third party institution. At year-end, none of the County's investments were subject to custodial credit risk due to one of the following:

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(2) Cash and Investments, continued

- Investments were held by a third-party safe-keeper in the County's name,
- Investments were held by a trustee in the County's name,
- Investments were part of a mutual fund.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments with a single issuer. Through its investment policy, the County places limits on the amount the government may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to the use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test – Maximum investment is 25% of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments –

Investment Type	Limit	Actual at Year-End
Bankers' acceptances	50%	0.0%
Repurchase agreements	25	0.00
U.S. government	100	0.00
Commercial paper	60	2.06
Money market funds, mutual funds and investment pools	50	44.23
Certificates of deposit (bank)	50	17.31
Certificates of deposit (credit union)	10	0.00
Certificates of deposit (savings and loan associations)	10	2.97

County limits based on use of a single issuer –

Investment Type	Limit
Bankers' acceptances	25% of total portfolio
Repurchase agreement	10% of total portfolio
Certificates of deposit (bank)	33% of total portfolio
Certificates of deposit (S&L)	5% of total portfolio

At year-end, the County's investment portfolio did not exceed the limits based on use of a single issuer.

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The County's investment policy addresses this risk by limiting the maturities on investments:

Fund/Fund Type	Maturity Maximum
General Fund, Operating Funds	One Year
Debt Service, Special Assessment, Nonexpendable Trust Funds	Five Years
Delinquent Tax Revolving Fund	Four Years
Funds subject to federal arbitrage restrictions	Varies

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For the year ended September 30, 2007

(2) Cash and Investments, continued

The County's investment policy also dictates that for operating funds, investment maturities shall be scheduled to coincide with projected cash flow needs, according to the following general guidelines:

Length of Maturity	Percent of Portfolio (minimums)
Under 30 days	10%
Under 90 days	25%
Under 270 days	50%
Under one year	100%

At year-end, the average maturities of investments subject to interest rate risk are as follows:

	Fair Value	Avg. Days to Maturity
Commercial paper	\$ 9,032,173	31.67
Cash/investments not subject to interest rate risk:		
Certificates of deposit and demand deposits	174,703,810	
Money market funds	193,853,487	
Total portfolio deposits and investments	\$ 377,589,470	

Cash and investments in the pooled accounts are allocated to the respective County funds and accounts based on an internal ledger system maintained by the County Treasurer. At September 30, 2007, the Building Authority's pooled cash and investments totaled \$7,965,152, which is 2.1 percent of the portfolio. No pooled amounts are directly attributable to a specific bank account or investment.

(3) Leases Receivable

The Authority's leasing operations consist of leasing of facilities for use by the County or any of its agencies under direct financing arrangements expiring in various years through 2019.

Following is a summary of the components of the Authority's net investment in direct financing leases at September 30, 2007:

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For the year ended September 30, 2007

(3) Leases Receivable, continued

Total minimum lease payments to be received	\$	96,500,566
Less - unearned income		<u>19,005,566</u>
Net leases receivable	\$	<u>77,495,000</u>
Statement of Net Assets classification:		
Current portion of leases receivable	\$	10,950,000
Long-term portion of leases receivable		<u>66,545,000</u>
Total	\$	<u><u>77,495,000</u></u>

Minimum lease payments to be received from the County as of September 30, 2007, is as follows:

	<u>Series 2007B</u>	<u>Series 1996A</u>		<u>Total</u>
	<u>Bonds</u>	<u>Bonds</u>		
2008	10,413,785	3,854,490	\$	14,268,275
2009	9,483,788	3,850,190		13,333,978
2010	10,469,538	3,854,033		14,323,571
2011	3,453,663	3,857,700		7,311,363
2012	3,443,536	3,863,862		7,307,398
2013-2017	17,365,281	15,494,075		32,859,356
2018-2019	<u>7,096,625</u>	<u>-</u>		<u>7,096,625</u>
Total minimum lease payments	61,726,216	34,774,350		96,500,566
Less: Amount representing interest	<u>(11,346,216)</u>	<u>(7,659,350)</u>		<u>(19,005,566)</u>
Present value of the minimum lease payments	<u>\$ 50,380,000</u>	<u>27,115,000</u>	\$	<u>77,495,000</u>

(4) Interfund Transfers and Balances

At September 30, 2007, no interfund balances existed. During the year, the Building Authority Capital Projects Fund transferred \$2,240,388 to the County's General Fund for improvements to various Wayne County buildings.

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(5) Debt and Other Obligations

The details of the Authority's long-term obligations at September 30, 2007, are as follow:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts due within one year</u>
Bonds payable:					
Series 1994A, (excluding Warren Valley Golf Course) 2.80% to 6.125% due serially to December 2018	\$ 55,703,000	-	(55,703,000)	\$ -	\$ -
Series 1996A, 4.00% to 6.50% due serially to June 2016	29,380,000	-	(2,265,000)	27,115,000	2,405,000
Series 2007B, 4.25% to 5.75% Ref94A, due serially to December 2018	-	50,380,000		50,380,000	8,545,000
Series 1994A, (including Warren Valley Golf Course), 3.50% to 6.125% due serially to December 2018	2,702,000	-	(2,702,000)	-	-
Subtotal bonds payable	87,785,000	50,380,000	(60,670,000)	77,495,000	10,950,000
Bond discounts	(965,759)	-	871,468	(94,291)	(10,880)
Bond premiums	-	1,578,154	(34,308)	1,543,846	137,231
Deferred amount on refunding	(2,334,926)	2,439,886	(4,828,173)	(4,723,213)	(419,841)
Total bonds payable, net	<u>\$ 84,484,315</u>	<u>54,398,040</u>	<u>(64,661,013)</u>	<u>\$ 74,221,342</u>	<u>\$ 10,656,510</u>

In March 1994, the Authority issued \$105.9 million in Series 1994A, refunding bonds, with an average interest rate of 5.8 percent. Of the proceeds from the bonds, \$97.6 million was used to advance refund \$97.2 million of existing bonds. \$5.0 million of it was used to finance improvements to the County's Youth Home and to demolish abandoned County buildings. The remaining \$3.3 million of proceeds from the bonds were used to finance a clubhouse at the Warren Valley Golf Course. The lease payments for the clubhouse are paid from the revenues of the golf course. The County has pledged its full faith and credit for these bonds, subject to certain limitations

In August 2007, the County issued \$50.4 million in bonds with a premium of \$1.6 million through the Michigan Municipal Bond Authority's Local Government Loan Program with an average interest rate of 5.0 percent to advance refund \$50.8 million of outstanding 1994 Building Authority Refunding Bonds, including the Warren Valley Golf Course obligations. The net proceeds of \$51.4 million (after payment of \$569,562 in underwriting fees, insurance, and other issuance costs) were used to purchase investments that were placed in an irrevocable trust with an escrow agent. These amounts placed in escrow provide for all future debt service payments on the 1994 Building Authority bonds. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed. This refunding resulted in the recognition of an accounting loss of \$4.8 million for the year ended September 30, 2007 however the County actually reduced its aggregate debt service payments by \$3.6 million over the next twelve years.

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For the year ended September 30, 2007

(5) Debt and Other Obligations, continued

The economic gain that resulted (difference between the present values of the old and new debt service payments) was \$3.1 million. The 2007 bonds mature in fiscal year 2019.

In November 1996, the Authority issued \$45.0 million in Series 1996A debt with an average interest rate of 5.8 percent to finance construction of the Wayne County Juvenile Detention Facility, as well as other capital projects. These bonds are payable by the Authority solely from rental payments to be made by the County and from funds relating to this issue held by the Trustee. The County's obligation to make the rental payments is a limited tax general obligation supported by the full faith and credit of the County, subject to certain limitations.

The annual requirements to pay principal and interest on the debt outstanding as of September 30, 2007 are as follows:

	<u>Series 2007B Bonds</u>			<u>Series 1996A Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 8,545,000	1,868,785	\$ 10,413,785	\$ 2,405,000	1,449,490	\$ 3,854,490
2009	7,585,000	1,898,788	9,483,788	2,545,000	1,305,190	3,850,190
2010	8,985,000	1,484,538	10,469,538	2,685,000	1,169,033	3,854,033
2011	2,250,000	1,203,663	3,453,663	2,835,000	1,022,700	3,857,700
2012	2,355,000	1,088,536	3,443,536	2,990,000	873,862	3,863,862
2013-2017	13,905,000	3,460,281	17,365,281	13,655,000	1,839,075	15,494,075
2018-2019	<u>6,755,000</u>	<u>341,625</u>	<u>7,096,625</u>	-	-	-
Totals	<u>\$ 50,380,000</u>	<u>11,346,216</u>	<u>\$ 61,726,216</u>	<u>\$ 27,115,000</u>	<u>7,659,350</u>	<u>\$ 34,774,350</u>

	<u>Total Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 10,950,000	3,318,275	\$ 14,268,275
2009	10,130,000	3,203,978	13,333,978
2010	11,670,000	2,653,571	14,323,571
2011	5,085,000	2,226,363	7,311,363
2012	5,345,000	1,962,398	7,307,398
2013-2017	27,560,000	5,299,356	32,859,356
2018-2019	<u>6,755,000</u>	<u>341,625</u>	<u>7,096,625</u>
Totals	<u>\$ 77,495,000</u>	<u>19,005,566</u>	<u>\$ 96,500,566</u>

At September 30, 2007, bond discounts and related accumulated amortization were \$213,015 and \$118,723, respectively. At September 30, 2007, bond issuance costs and related accumulated amortization were \$1,477,562 and \$518,454 respectively. At September 30, 2007, the loss on refunding and related accumulated amortization was \$4,828,173 and \$104,960, respectively.

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(6) Risk Management

The Authority is self-insured for general liability and other similar claims. Other claims consist of property damage and minor auto damage claims. They are considered general long-term liabilities and are recognized in the government-wide financial statements. The amount of claims liability is based on analyses performed and includes an estimate of incurred claims that have not yet been reported. The County purchases commercial insurance for claims in excess of self-insurance coverage and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

A reconciliation of the County's self-insured claims liability at September 30, 2007 follows:

Claims liability, September 30, 2005	\$	75,000
Claims incurred during fiscal year 2006		218,025
Change in estimate for prior-period claims		-
Payments on claims		(218,025)
Claims liability, September 30, 2006		75,000
Claims incurred during fiscal year 2007		15,999
Change in estimate for prior-period claims		-
Payments on claims		(15,999)
Claims liability, September 30, 2007	\$	75,000

(7) Commitments and Contingencies

The County is a defendant in a number of lawsuits and claims, and is involved in other disputes, which have resulted from providing services to citizens of the County. The ultimate effect of the unrecorded amount and resolution of these matters on the financial statements of the Authority's operations, in the opinion of the County, are not expected to be material.

CHARTER COUNTY OF WAYNE, MICHIGAN
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Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Operating Fund
For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Building rents	\$ -	-	-	\$ -
Interest income	-	-	629	629
Total revenues	<u>-</u>	<u>-</u>	<u>629</u>	<u>629</u>
Expenditures:				
Contractual services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	-	-	629	629
Other Financing Sources (Uses):				
Payment to refunded bond escrow agent	-	-	-	-
Bond issuance	-	-	-	-
Bond premium	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	629	629
Fund balances at October 1, 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at September 30, 2007	<u>\$ -</u>	<u>-</u>	<u>629</u>	<u>\$ 629</u>

See accompanying note to the required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN
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Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Building rents	\$ 14,707,200	14,707,200	14,706,163	\$ (1,037)
Interest income	300	300	290,980	290,680
Total revenues	<u>14,707,500</u>	<u>14,707,500</u>	<u>14,997,143</u>	<u>289,643</u>
Expenditures:				
Contractual services	300	300	299	(1)
Debt service:				
Principal	9,860,000	9,860,000	9,860,000	-
Interest	<u>4,847,200</u>	<u>4,847,200</u>	<u>5,420,725</u>	<u>573,525</u>
Total expenditures	<u>14,707,500</u>	<u>14,707,500</u>	<u>15,281,024</u>	<u>573,524</u>
Revenues over (under) expenditures	-	-	(283,881)	(283,881)
Other Financing Sources (Uses):				
Payment to refunded bond escrow agent	-	-	(51,388,591)	(51,388,591)
Bond issuance	-	-	50,380,000	50,380,000
Bond premium	<u>-</u>	<u>-</u>	<u>1,578,154</u>	<u>1,578,154</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>569,563</u>	<u>569,563</u>
Net change in fund balances	-	-	285,682	285,682
Fund balances at October 1, 2006	<u>5,940,049</u>	<u>5,940,049</u>	<u>5,940,049</u>	-
Fund balances at September 30, 2007	<u>\$ 5,940,049</u>	<u>5,940,049</u>	<u>6,225,731</u>	<u>\$ 285,682</u>

See accompanying note to the required supplementary information.

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Required Supplementary Information (Unaudited)
Note to the Required Supplementary Information
For the Year Ended September 30, 2007

(1) Budgets and Budgetary Accounting

Budgets shown in the financial statements for the General Operating and Debt Service funds were prepared on the modified accrual basis used to reflect actual results. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The County Executive prepared and submitted a proposed operating budget during June 2006 to the County Commission for the year beginning October 1, 2006. After public hearings to obtain taxpayers' comments, the County Commission legally enacted the budget through passage of an ordinance (annual appropriations ordinance). The legal level of budgetary control for the General Operating and Debt Service funds is at the fund level. Supplemental appropriations to the County's expenditure budget require the approval of the County Commission. Certain transfers within line items that do not affect aggregate expenditures may be made without Commission approval. Expenditures are required to remain within appropriated revenues. There were no significant amendments to the budget for the year ended September 30, 2007.

For budgetary purposes at year end, encumbrances of the budgeted governmental funds, representing purchase orders, contracts and other commitments, lapse and must be re-appropriated in the following year. All unencumbered appropriations lapse at the end of the year.