

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended .

Unit Name	Berrien County, Michigan	County	BERRIEN	Type	COUNTY	MuniCode	110000
Opinion Date	June 30, 2008	Audit Submitted	June 30, 2008	Fiscal Year	12/31/2007		

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

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

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$45,275,451"/>
General Fund Expenditure:	<input type="text" value="\$38,450,033"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$12,737,782"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="\$12,227,996"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Stephen W.	Last Name	Blann	Ten Digit License Number	1101024801				
CPA Street Address	2330 East Paris Ave. SE	City	Grand Rapids	State	MI	Zip Code	49546	Telephone	(616) 975-4100
CPA Firm Name	Rehmann Robson	Unit's Street Address	701 Main Street	City	St. Joseph	Zip Code	49085		



COUNTY OF BERRIEN, MICHIGAN

Audited Financial Statements

**For the Year Ended
December 31, 2007**



REHMANN ROBSON

Certified Public Accountants

COUNTY OF BERRIEN, MICHIGAN
For the Year Ended December 31, 2007

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For the Year Ended December 31, 2007

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

June 30, 2008

The Board of Commissioners
County of Berrien, Michigan
St. Joseph, 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 the **COUNTY OF BERRIEN, MICHIGAN**, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the 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 Berrien County Road Commission, which represents 87% of the assets, and 88% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Berrien County Road Commission is based on the report of the other auditors.

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

In our opinion, based on our audit and the report 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 the County of Berrien, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-16 and the historical pension information listed in the table of contents on page 70 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of the County of Berrien, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Berrien, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit and the report of other auditors, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Lehmann Johnson".

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management team of **Berrien County** offers readers of the County's financial statements a narrative overview and analysis of the financial activities of the County for the **fiscal year ended December 31, 2007**. Readers are encouraged to consider the information presented here in conjunction with the accompanying audited financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. This is limited to a schedule concerning the County's progress in funding its obligation to provide pension benefits to its employees including an overview of the pension funding status.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the County's finances is, **"Is the County as a whole better off or worse off as a result of this year's activities?"** The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as a way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. **After a restatement of 2006 net assets, the 2007 net assets of the County increased by \$6,188,429. The answer is, yes, the County as a whole is better off as a result of activity during 2007.** The Statement of Net Assets and the Statement of Activities present information about the following:

Governmental Activities. All of the County's basic services are considered to be governmental activities, including legislative, judicial, general government, public safety, public works, health and welfare, recreation and cultural, community development and other activities. Property taxes, state revenue sharing, grants and charges for services finance most of these activities.

Business-Type Activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections, property foreclosures, and public works projects.

Component Units. The County includes four legally separate entities in its financial statements: the Berrien County Road Commission, the Berrien County Drain Commissioner, the Berrien County Brownfield Redevelopment Authority and the Berrien County Economic Development Corporation. Although legally separate, these component units are important because the County is financially accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government. The Berrien County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore, has been included as an integral part of the primary government. **Financial information for component units are reported separately from the financial information presented for the primary government itself and are excluded from this summary analysis.**

Reporting the County's Most Significant Funds

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. However, the County establishes other funds to help it control and manage money for particular purposes and to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two primary kinds of funds – **governmental and proprietary** – use different accounting approaches.

Governmental Funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County maintains many individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Revenue Sharing Reserve Fund and the Capital Reserve Fund which are considered to be major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This accounting method is similar to the method used by private companies. The County maintains two different types of proprietary funds. **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for delinquent tax operations, property foreclosures and public works projects funds. **Internal service funds** are an accounting device used to accumulate and allocate costs equitably among the County's various functions. The County uses internal service funds to account for its self-insurance programs for health insurance, property/liability insurance, workers' compensation and unemployment compensation. Because these services predominantly benefit governmental, rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operations, property foreclosures and public works projects funds. Similarly, a combining statement of the four internal service funds (Property/Liability, Workers' Compensation, Health Care, and Unemployment Insurance) is prepared to show the detail that makes up the total for internal service funds.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for certain amounts held on behalf of others. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. **Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not directly available to support the County's own programs.** The County maintains a Pension Trust Fund which is considered a fiduciary fund because the total assets are held to pay current and future pension and retiree health insurance benefits. **The Pension Trust Fund had total assets of \$139,842,503 at December 31, 2007, an increase of \$4,249,282 during the year. The ratio of actuarial valuation assets of \$132,385,511 to actuarial accrued liabilities of \$139,264,155 was 95.1% at December 31, 2007.** The County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Additional Information

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain **required supplementary information**. This is limited to a schedule concerning the County's progress in funding its obligation to provide pension benefits to certain employees.

The combining and individual fund financial statements and schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$104,577,528 (net assets). As summarized on the table that follows, the majority of these net assets are restricted for investment in capital assets or for other purposes and may not be used to meet the government's regular ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$6,188,429 during 2007. Net assets from governmental activities increased by \$4,667,292 while net assets from business-type activities (i.e. Delinquent Tax and Public Works Projects funds) increased by \$1,521,137.
- As of the close of 2007, the County's governmental funds (which include the general, special revenue, debt service, and capital projects funds) reported combined ending fund balances of \$44,533,980, an increase of \$223,400 during the year. Of this fund balance amount, \$43,933,980 is available for spending at the government's discretion as unreserved fund balance while the remaining balance of \$600,000 is reserved for advances to component units (\$450,000) and long-term receivables (\$150,000).
- The General Fund showed an increase of \$1,931,063 during 2007. At December 31, 2007, unreserved fund balance for the General Fund was \$12,287,782, or 31.96% of total general fund expenditures. A healthy General Fund balance as necessary due to the discontinuance of state shared revenue payments for counties, increasing health and retirement plan costs, and the loss of other State funding. The total fund balance for the General Fund was \$12,737,782 at December 31, 2007.
- Effective October 1, 2004 the State of Michigan eliminated revenue sharing payments to counties and replaced it with a funding mechanism that involves a gradual shift in county operating property tax millage from a winter tax levy to a summer tax levy. The new legislation required the establishment of a restricted fund known as the Revenue Sharing Reserve Fund which is used to accumulate monies to replace the revenue sharing payments formerly made by the State. The fund balance in the Revenue Sharing Reserve Fund was \$14,272,189 at December 31, 2007.
- The County's total long-term installment debt decreased by \$1,444,690 during 2007 and was a total of \$21,190,901 at December 31, 2007. Total debt was \$130.44 on a per capita basis (162,453 population-2000 Census). The decrease in the County's long-term debt was due to principal payments made throughout the year on the outstanding balances. The County maintains low debt levels in comparison with other local units of government in Michigan and borrows only for public works, capital improvements and tax revolving fund purposes-not for ongoing operations.
- As of January 11, 2007 Standard & Poor's rating agency rated Berrien County's bond credit at AA-. This rating reflects the County's recent history of strong financial reserves and maintenance of low overall debt burden.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County’s governmental and business-type activities. As noted earlier, net assets may, over time, serve as a useful indicator of a government’s financial position. **As the following table demonstrates, the assets for Berrien County exceeded its liabilities by \$104,577,528 for the fiscal year ending December 31, 2007.**

**Berrien County’s Net Assets
December 31, 2007-2006**

	Governmental Activites		Business-Type Activites		Total	
	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06
Current/other Assets	\$65,277,000	\$62,141,548	\$41,964,417	\$41,018,475	\$107,241,417	\$103,160,023
Capital Assets	30,727,068	31,156,600	316,155	189,092	31,043,223	31,345,692
Total Assets	96,004,068	93,298,148	42,280,572	41,207,567	138,278,900	138,284,640
Long-Term Liabilities	12,227,996	13,204,537	10,797,016	11,237,901	23,025,012	24,442,438
Other Liabilities	10,535,919	11,520,750	146,069	153,428	10,681,988	11,674,178
Total Liabilities	22,763,915	24,725,287	10,943,085	11,391,329	33,707,000	36,116,616
Net Assets: Invested in Capital Assets, Net of Related Debt						
	20,762,628	20,477,008	196,274	133,519	20,958,902	20,610,527
Restricted	32,586,006	33,400,939	-	-	32,586,006	33,400,939
Unrestricted	19,891,519	14,694,914	31,141,101	29,682,719	51,032,620	44,377,633
Total Net Assets	\$73,240,153	\$68,572,861	\$31,337,375	\$29,816,238	\$104,577,528	\$98,389,099

Berrien County had a net investment in capital assets of \$20,958,902 at December 31, 2007. This represents 20.15% of total net assets. The County’s investment in capital assets (i.e., land, buildings, vehicles, computers, and equipment) is shown net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The County conducts an annual inventory of its capital assets using the services of American Appraisal Associates.

In addition, the County has restricted net assets of \$32,586,006 at December 31, 2007. This represents 31.33% total net assets. Restricted net assets represents resources that are subject to external restrictions on how they may be used. Restricted net assets include, for example, restrictions for capital projects, debt service, grants, 911 operations and the Register of Deeds Automation Fund. Restricted net assets decreased by \$814,933 during 2007 due to the completion of many capital projects such as the Sheriffs Training facility and the 2100 E. Empire Building.

Finally, the County has unrestricted net assets in the amount of \$51,032,620 at December 31, 2007. This represents 48.51% of total net assets. Unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At December 31, 2007, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Berrien County's Changes in Net Assets December 31, 2007-2006

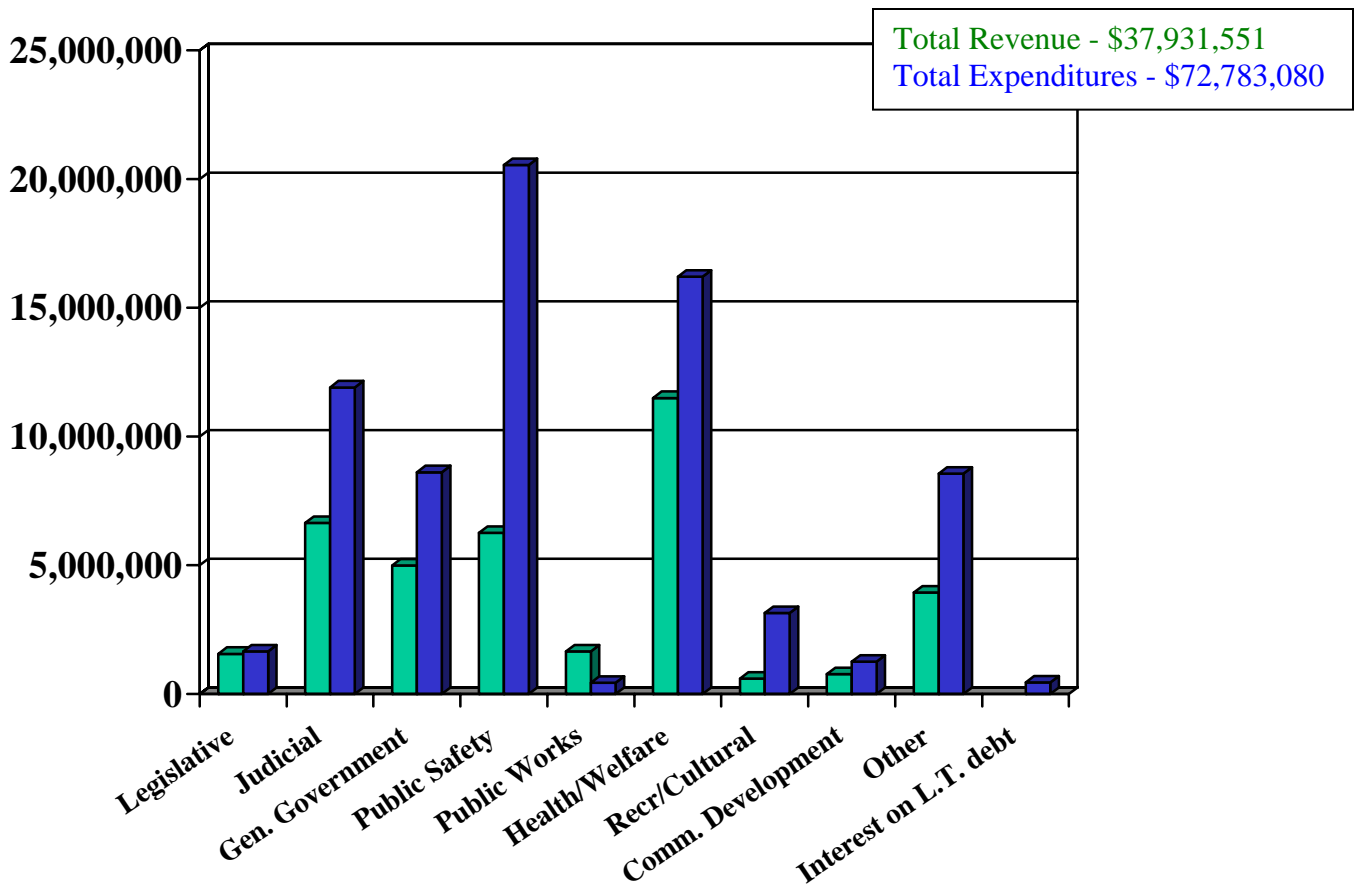
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06
Revenue:						
Program Revenue:						
Charges for Services	\$13,497,846	\$14,038,040	\$2,802,969	\$2,511,293	\$16,300,815	\$16,549,333
Operating Grants & Contributions	24,433,705	23,204,179	989,021	906,233	25,422,726	24,110,412
General Revenue					-	-
Property Taxes	35,952,736	40,670,904	-	-	35,952,736	40,670,904
Unrestricted Grants & Contributions	461,003	311,047	-	-	461,003	311,047
Unrestricted Investment Earnings	2,405,082	2,132,714	-	-	2,405,082	2,132,714
Transfers-Internal Act.	700,000	-	(700,000)	-	-	-
Total Revenue	77,450,372	80,356,884	3,091,990	3,417,526	80,542,362	83,774,410
Expenses:						
Legislative	1,658,433	1,635,148	-	-	1,658,433	1,635,148
Judicial	11,907,766	11,017,368	-	-	11,907,766	11,017,368
General Government	8,615,363	8,736,342	-	-	8,467,535	8,736,342
Public Safety	20,540,100	20,690,625	-	-	20,540,100	20,690,625
Public Works	445,541	1,237,485	-	-	445,541	1,237,485
Health & Welfare	16,199,395	16,651,945	-	-	16,199,395	16,651,945
Recreation/Cultural	3,148,404	2,931,828	-	-	3,148,404	2,931,828
Community Dev.	1,261,843	1,442,820	-	-	1,261,843	1,442,820
Other Gov. Activity	8,554,774	9,353,188	-	-	8,554,774	9,353,188
Interest on L.T. Debt	451,461	475,643	-	-	451,461	475,643
Delinquent Tax Coll / Forfeitures	-	-	1,014,841	915,936	1,014,841	915,936
Public Works Projects	-	-	556,012	566,906	556,012	566,906
Total Expenses	72,783,080	74,172,392	1,570,853	1,482,842	74,206,105	75,655,234
Increase in Net Assets	4,667,292	6,184,492	1,521,137	1,934,684	6,182,801	8,119,176
Net Assets - Beg.	68,572,861	62,388,369	29,816,238	27,881,554	98,389,099	90,269,923
Net Assets - End	\$73,240,153	\$68,572,861	\$31,337,375	\$29,816,238	\$104,577,528	\$98,389,099

The County's net assets increased by \$6,188,429 during 2007 as compared to an increase of \$8,119,176 during 2006.

Governmental Activities. Governmental activities increased the County’s net assets by \$4,667,292 during 2007. For the most part, increases in expenses in governmental activities closely follow inflation and growth in the demand for services. Increasing health insurance and pension costs continue to have an impact across many departments and activities. New spending initiatives continued in 2007 with the renovation of the Berrien County 2100 Complex, a large building that will allow for the expansion of many of the departments within the county. Capital improvement projects through the Building Authority continued at the County Courthouse and Jail.

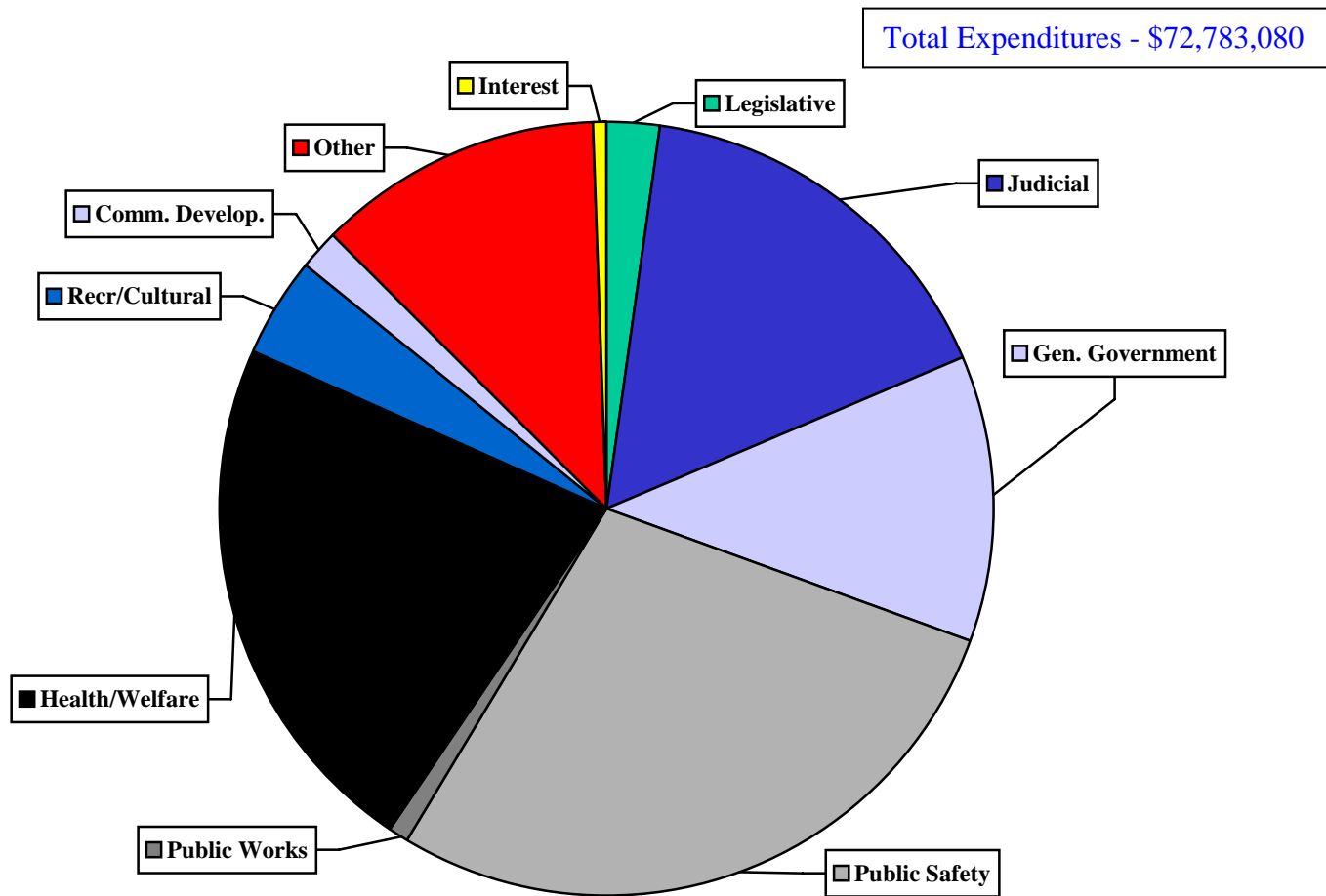
A chart of program revenue and expenses for governmental activities is as follows:

Program Revenue and Expenses Governmental Activities



A chart of expenses of governmental activities by type is as follows:

Governmental Activities Expenses

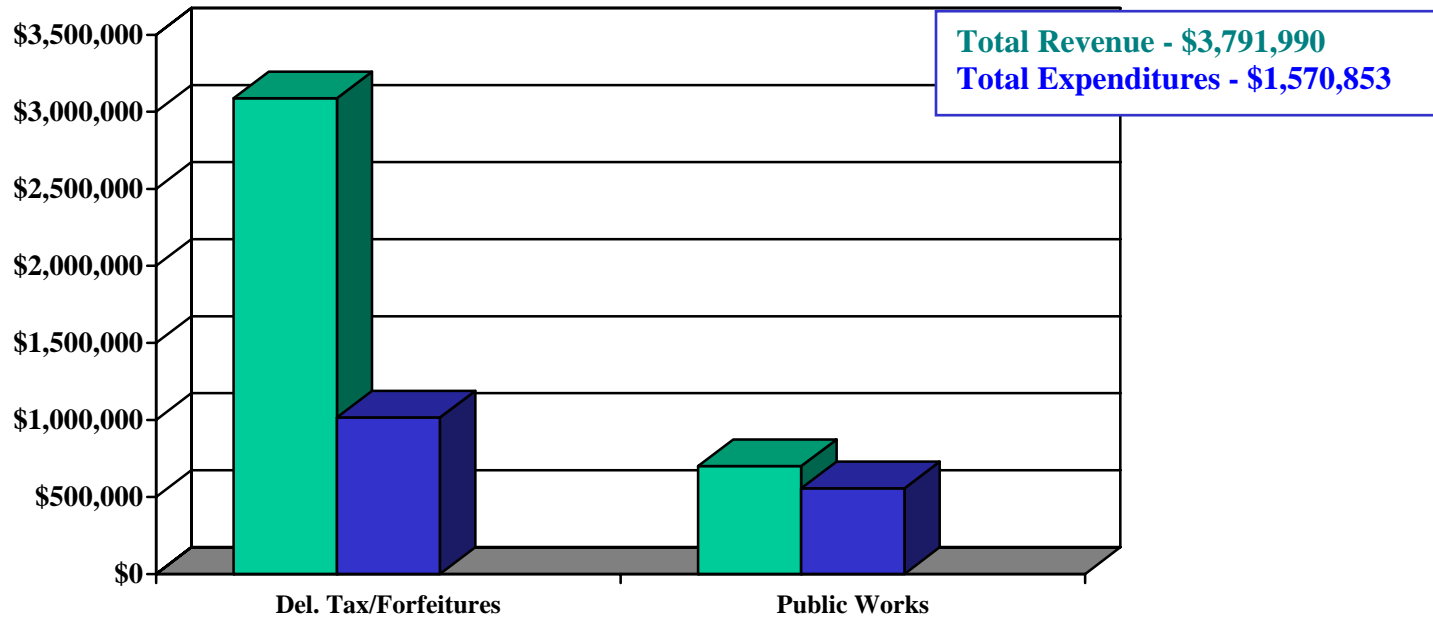


Business-Type Activities. Business-type activities (i.e. Delinquent Tax Revolving funds, Delinquent Tax Forfeiture funds and the Public Works Projects funds) **increased the County's net assets by \$1,521,137 during 2007.** Key elements of the current year increase are as follows:

- Charges for services for business-type activities were \$2,802,969 or 74.08% of revenue. These charges include delinquent tax administration fees to property owners, interest on taxes, loan forfeiture charges and other charges for services.
- Operating grants and contributions for business-type activities were \$989,021 or 25.92% of revenue.

A chart of program revenue and expenses for business-type activities is as follows:

Program Revenue and Expenses Business-type Activities



Financial Analysis of the County's Funds

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

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

At December 31, 2007, the County's governmental funds reported a combined ending fund balance of \$44,533,980. This is an increase of \$223,400 in comparison with the prior year. Of the total fund balance amount, \$450,000 has been reserved for advances to component units and \$150,000 has been reserved for long-term receivables. A total of \$43,933,980 is unreserved fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, unreserved fund balance of the General Fund was \$12,287,782 while total fund balance was \$12,737,782. The total General Fund balance increased by \$1,931,063 during 2007. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 31.96% of total General Fund expenditures. The County has determined that it is important to maintain an adequate unreserved General Fund balance in order to maintain fiscal flexibility in difficult economic times and due to the precarious nature of State of Michigan funding to counties and increasing operating costs.

The fund balance of the Revenue Sharing Reserve fund decreased by \$2,851,568, which is primarily due to the transfer out of funds to the general fund, in an amount determined annually by the State.

The fund balance of the Capital Reserve fund increased by \$324,376, which is entirely attributable to interest earnings and investment gains.

Proprietary Funds. The County's proprietary funds (e.g. Delinquent Tax Revolving, Self-insurance) provide the same type of information found in the government-wide financial statements, but in greater detail. Proprietary funds focus on total **economic resources** (not just spendable resources) and use the accrual basis of accounting. The proprietary fund statements provide a long-term view of fund activities.

Unrestricted net assets of the delinquent tax, property foreclosure, self-insurance and other proprietary funds were \$39,518,082 at year-end. The Delinquent Tax Revolving funds had net assets of \$30,237,700 at December 31, 2007, an increase of \$1,705,841 during the year. The self-insurance funds increased \$2,681,245 during 2007. The self-insurance funds had net assets of \$8,180,707 at December 31, 2007.

General Fund Budgetary Highlights

The final budget for revenue and incoming transfers in the General Fund was \$47,324,203 for 2007. Actual revenue and incoming transfers for 2007 was \$48,852,280

The final budget for expenditures and outgoing transfers in the General Fund was \$47,324,203 for 2007. Additional year-end appropriations were made to several funds totaling \$2,818,250 (detail on page 13). The additional appropriations were financed from savings in other budgeted accounts. Actual expenditures and outgoing transfers for 2007 were \$46,921,217.

Berrien County's Transfer Detail December 31, 2007

Funds	2007
Health Department	\$50,000
Public Maintenance & Improvement	2,482,250
Vehicles	200,000
FOC-KPEP	36,000
B H City Contract	50,000
Other Funds	5,652,934
2007 Year End Transfers	8,471,184

Overall during the 2007, the General Fund revenue exceeded budgeted total and expenditures were less than the final budget, thus, resulting in an increase in the General Fund balance of \$1,931,063 during 2007.

Capital Asset and Debt Administration

Capital Assets. The County's cost of capital assets for its governmental activities at December 31, 2007 was \$30,727,068 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, computers and equipment. The County's business-type activities (i.e. Delinquent Tax Revolving funds, Public Works Projects funds) had net capital assets of \$316,155 at the end of the year. **Total capital assets, net were \$31,043,223 at December 31, 2007.**

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

- Building Authority renovations continued with the completion of the replacement windows of all the windows at the County Courthouse. A total of \$333,966 was spent during 2007. Projects for 2008 include replacement of the elevators in the Berrien County Jail
- Ongoing replacement of Sheriff's Department vehicles and computer equipment.
- Completed construction of the Sheriff's Training Facility.

Berrien County's Capital Assets December 31, 2007 – 2006

	<u>Governmental Activities</u>		<u>Business-Types Activities</u>		<u>Total</u>	
	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06
Land	\$5,356,839	\$5,601,207	-	-	\$5,356,839	\$5,601,207
Land Improvements	1,367,996	1,380,496	-	-	1,367,996	1,380,496
Buildings	33,365,704	30,535,513	-	-	33,365,704	30,535,513
Equipment	9,840,894	9,522,536	853,704	676,864	10,694,598	10,199,400
Total Cost	49,931,433	47,039,752	853,704	676,864	50,785,137	47,716,616
Less Accr Depr	(19,204,365)	(20,072,874)	(537,549)	(487,772)	(19,741,914)	(20,560,646)
Net Cost	\$30,727,068	\$26,966,878	\$316,155	\$189,092	\$31,043,223	\$27,155,970

Long-Term Debt. At the end of the fiscal year, the County had total long-term installment debt outstanding of \$21,190,153. This long-term debt is summarized as follows:

Berrien County's Outstanding Debt December 31, 2007-2006

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total</u>	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
General Obligation Bonds	\$9,650,000	\$10,525,000	\$6,740,000	\$7,380,000	\$16,390,000	\$17,905,000
DPW Notes	-	-	-	-	-	-
Delinquent Tax Notes	-	-	3,937,135	3,802,328	3,937,135	3,802,328
Capital Leases	743,137	871,942	119,881	55,573	863,018	927,515
Total	\$10,393,137	\$11,396,942	\$10,797,016	\$11,237,901	\$21,190,153	\$22,634,843

At December 31, 2007, general obligation bonds include \$9,650,000 in Building Authority debt and \$6,740,000 in Public Works debt for water/sewer projects with local units of government. The County's total installment debt decreased by \$1,444,690 during 2007. The County retired debt of \$875,000 in general obligation bonds/notes and \$10,115,193 in delinquent tax notes during 2007.

During 2007, the County borrowed \$10,250,000 in delinquent tax notes. Debt service requirements for general obligation bonds are \$1,515,000 in principal and \$693,820 in interest for 2007. Principal and interest is paid on the delinquent tax notes as delinquent tax proceeds are received.

As indicated previously, Standard & Poor's increased Berrien County's credit rating for general obligation bonds from A+ to AA- on January 11, 2006. This is a very strong and solid rating and reflects the improved financial position of the County. The County's Delinquent Limited Tax Notes are not rated.

State statute limits the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation (State Equalized Value). The current legal debt limitation for the County is \$859,615,685, while the County has only utilized \$16,390,000 (1.19%) of its legal borrowing capacity.

Economic Factors and Next Year's Budgets and Rates

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

- The cost of maintaining the defined benefit retirement plan has impacted the fiscal operations of the County. Employer contributions for the Sheriff's Unit increased from 18.55% for 2007 to 20.05% for 2008 while the employer contribution for the Courthouse Unit increased from 6.30 % in 2007 to 6.91% for 2008. These increases are due to plan benefit enhancements and the rising cost of retiree health care benefits. Investment earnings decreased through 2007 with greater expectations for 2008.
- Interest rates on investments have been low the past few years, but increased slightly during periods of 2007 as the Federal Reserve increased its discount rate. The 2008 budget assumes similar rates of investment earnings. In Michigan, local units of government are restricted to investing operating funds in fixed income investments and may not invest in equities. Pension funds may invest in the stock market. Unrestricted investment earnings were \$2,416,557 during 2007 as compared to \$2,132,714 during 2006.
- The County is self-funded for its property and liability insurance through the Michigan Municipal Risk Management Authority, one of the largest public entity insurance pools in the United States. Property and liability insurance premiums, especially for governmental entities, have dramatically increased due to many factors, including poor investment earnings by the insurance companies and the hard re-insurance market. The County has net assets in its Property/Liability Insurance Fund of \$2,537,909 at December 31, 2007.
- The County is also self-funded for its health insurance coverage. Some national projections point to a doubling of health care costs over the next five years. Expenditures for health care are budgeted to increase from \$11,383,244 during 2007 to \$12,501,326 during 2008. The County has net assets in its Health Care Insurance Fund of \$4,352,164 at December 31, 2007.
- The unemployment rate for Berrien County is 7.0% for March 2008, which is a decrease from the unemployment rate of 7.2% in March 2007. The unemployment rate for Berrien County is higher than the State of Michigan average of 6.9% (April 2008) and the United States average of 8.5% (May 2008). During 2008, the County will undertake economic development initiatives to encourage job growth and retention. Historically, the County has used monies in its Delinquent Tax Revolving Funds and Brownfield Redevelopment Authority Fund for economic development projects.

- Michigan has two constitutional laws that limit property tax revenue growth to the rate of inflation or 5.0%, whichever is smaller. (This tax limitation does not apply to new construction or to property transfers). The rate of inflation factor for 2007 was 3.7%. Property tax revenue increased from \$40,205,834 in 2007 to \$47,601,416 in 2008, an increase of \$7,395,582. Other factors for the increase in property tax revenue are the inflation adjustment and new construction. Property tax revenue is the County's largest source of revenue.
- The County has committed to maintaining a sufficient General Fund balance to provide fiscal flexibility and to meet unforeseen emergencies. The County's unreserved General Fund balance was \$12,287,782 at December 31, 2007.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of Berrien County's finances for all those who may be interested. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to **Berrien County Administration Center, Financial Services Department, 701 Main Street, St. Joseph, Michigan 49085-1316**. You may also contact us at **(269) 982-8623**. A complete copy of this financial report is available at the County Website: **www.berriencounty.org**.

Thank you for your interest in Berrien County!

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN
Statement of Net Assets
December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 53,648,831	\$ 7,445,118	\$ 61,093,949	\$ 2,361,898
Restricted cash	518,305	-	518,305	168,566
Investments	6,238,960	15,418,681	21,657,641	3,273,369
Receivables, net	11,785,404	12,151,152	23,936,556	11,051,111
Internal balances	(6,914,500)	6,914,500	-	-
Prepaid items and other assets	-	34,966	34,966	1,347,652
Capital assets not being depreciated	5,356,839	-	5,356,839	13,903,296
Capital assets being depreciated, net	25,370,229	316,155	25,686,384	68,061,249
Total assets	96,004,068	42,280,572	138,284,640	100,167,141
Liabilities				
Accounts payable and accrued expenses	4,654,075	146,181	4,800,256	4,508,390
Unearned revenue	5,881,844	-	5,881,844	-
Long-term liabilities:				
Due within one year	2,844,860	1,016,613	3,861,473	1,750,000
Due in more than one year	9,383,136	9,780,403	19,163,539	5,627,195
Total liabilities	22,763,915	10,943,197	33,707,112	11,885,585
Net assets				
Invested in capital assets, net of related debt	20,762,628	196,274	20,958,902	76,839,502
Restricted for:				
Capital projects	972,048	-	972,048	-
Public safety	4,572,480	-	4,572,480	-
Culture and recreation	172,633	-	172,633	-
Health and welfare	1,468,207	-	1,468,207	-
Community development	597,969	-	597,969	-
Judicial	746,041	-	746,041	-
State mandated programs and other purposes	24,056,628	-	24,056,628	168,566
Unrestricted	19,891,519	31,141,101	51,032,620	11,273,488
Total net assets	\$ 73,240,153	\$ 31,337,375	\$ 104,577,528	\$ 88,281,556

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 1,658,433	\$ 3,401	\$ 1,562,752	\$ -	\$ (92,280)
Judicial	11,907,766	4,132,633	2,507,067	-	(5,268,066)
General government	8,615,363	2,771,781	2,216,190	-	(3,627,392)
Public safety	20,540,100	2,395,303	3,857,887	-	(14,286,910)
Public works	445,541	1,190	1,662,466	-	1,218,115
Health and welfare	16,199,395	924,672	10,574,541	-	(4,700,182)
Recreation and cultural	3,148,404	473,089	126,825	-	(2,548,490)
Community development	1,261,843	332,679	442,017	-	(487,147)
Other governmental activities	8,554,774	2,463,098	1,483,960	-	(4,607,716)
Interest on long-term debt	451,461	-	-	-	(451,461)
Total governmental activities	<u>72,783,080</u>	<u>13,497,846</u>	<u>24,433,705</u>	<u>-</u>	<u>(34,851,529)</u>
Business-type activities:					
Delinquent tax collections/forfeitures	1,014,841	2,118,316	968,897	-	2,072,372
Public works projects	556,012	684,653	20,124	-	148,765
Total business-type activities	<u>1,570,853</u>	<u>2,802,969</u>	<u>989,021</u>	<u>-</u>	<u>2,221,137</u>
Total primary government	<u>\$ 74,353,933</u>	<u>\$ 16,300,815</u>	<u>\$ 25,422,726</u>	<u>\$ -</u>	<u>\$ (32,630,392)</u>
Component units					
County roads	\$ 15,768,436	\$ -	\$ 14,050,031	\$ 1,007,391	\$ (711,014)
County drains	684,308	-	922,086	135,000	372,778
Brownfield redevelopment	2,573,355	5,500	2,988,131	-	420,276
Economic development	26,244	1,335	28,925	-	4,016
Total component units	<u>\$ 19,052,343</u>	<u>\$ 6,835</u>	<u>\$ 17,989,173</u>	<u>\$ 1,142,391</u>	<u>\$ 86,056</u>

continued...

COUNTY OF BERRIEN, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended December 31, 2007

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (34,851,529)	\$ 2,221,137	\$ (32,630,392)	\$ 86,056
General revenues:				
Property taxes	35,952,736	-	35,952,736	-
Grants and contributions not restricted to specific programs	461,003	-	461,003	-
Unrestricted investment earnings	2,405,082	-	2,405,082	-
Transfers - internal activities	700,000	(700,000)	-	-
 Total general revenues	 39,518,821	 (700,000)	 38,818,821	 -
 Change in net assets	 4,667,292	 1,521,137	 6,188,429	 86,056
 Net assets, beginning of year, as restated	 68,572,861	 29,816,238	 98,389,099	 88,195,500
 Net assets, end of year	 \$ 73,240,153	 \$ 31,337,375	 \$ 104,577,528	 \$ 88,281,556

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

FUND FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN
Balance Sheet
Governmental Funds
December 31, 2007

	General 101.00	Revenue Sharing Reserve 285.00	Capital Reserve 403.00	Other Governmental Funds	Total
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 12,609,415	\$ 14,272,189	\$ 243,445	\$ 16,202,104	\$ 43,327,153
Investments	-	-	5,696,399	542,561	6,238,960
Receivables:					
Taxes receivable - current	1,703,337	-	-	5,153,286	6,856,623
Taxes receivable - delinquent	100,661	-	-	17,828	118,489
Due from other governments	100,689	-	-	2,609,603	2,710,292
Due from other funds	7,634	-	-	26,224	33,858
Advances to other funds	6,189,500	-	-	-	6,189,500
Advances to component units	1,950,000	-	-	-	1,950,000
Notes receivable	-	-	-	150,000	150,000
<u>TOTAL ASSETS</u>	\$ 22,661,236	\$ 14,272,189	\$ 5,939,844	\$ 24,701,606	\$ 67,574,875
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ 320,209	\$ -	\$ -	\$ 582,246	\$ 902,455
Accrued and other liabilities	466,510	-	-	257,038	723,548
Due to other governments	-	-	-	11,560	11,560
Due to other funds	9,023	-	-	24,835	33,858
Interfund payable	-	-	-	137,247	137,247
Advances from other governments	-	-	-	90,000	90,000
Advances from other funds	7,689,500	-	5,414,500	-	13,104,000
Undistributed receipts	-	-	-	343	343
Deferred revenue	1,438,212	-	-	6,599,672	8,037,884
Total liabilities	9,923,454	-	5,414,500	7,702,941	23,040,895
Fund balance					
Reserved for:					
Long-term receivables	-	-	-	150,000	150,000
Advances to other funds and component units	450,000	-	-	-	450,000
Unreserved:					
Designated for subsequent years' expenditures	-	2,920,601	-	-	2,920,601
Designated for subsequent years' expenditures, reported in nonmajor special revenue funds	-	-	-	2,320,765	2,320,765
Designated for subsequent years' expenditures, reported in nonmajor capital projects funds	-	-	-	70,000	70,000
Undesignated	12,287,782	11,351,588	525,344	-	24,164,714
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	13,652,239	13,652,239
Debt service funds	-	-	-	260	260
Capital projects funds	-	-	-	805,401	805,401
Total fund balance	12,737,782	14,272,189	525,344	16,998,665	44,533,980
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 22,661,236	\$ 14,272,189	\$ 5,939,844	\$ 24,701,606	\$ 67,574,875

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

COUNTY OF BERRIEN, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
December 31, 2007

Fund balances - total governmental funds	\$ 44,533,980
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Amounts reported for *governmental activities* in the statement of net assets are different because:

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

Add: capital assets not being depreciated	5,356,839
Add: capital assets being depreciated, net	25,370,229

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred property taxes	1,456,040
Add: long-term receivables	700,000

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

Add: net assets of governmental activities accounted for in internal service funds	8,180,707
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds and leases payable	(10,393,137)
Subtract: compensated absences	(1,834,859)
Subtract: accrued interest on long-term liabilities	(129,646)

Net assets of governmental activities	<u>\$ 73,240,153</u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General 101.00	Revenue Sharing Reserve 285.00	Capital Reserve 403.00	Other Governmental Funds	Total
Revenue					
Taxes	\$ 30,295,586	\$ -	\$ -	\$ 5,151,554	\$ 35,447,140
Licenses and permits	201,065	-	-	259,860	460,925
Intergovernmental revenue	3,100,386	-	-	16,404,447	19,504,833
Charges for services	7,589,297	-	-	4,690,878	12,280,175
Fines and forfeitures	633,126	-	-	123,620	756,746
Interest revenue	1,733,065	496,085	324,376	584,741	3,138,267
Other revenue and reimbursements	1,722,926	-	-	2,057,832	3,780,758
Total revenue	45,275,451	496,085	324,376	29,272,932	75,368,844
Expenditures					
Current expenditures:					
Legislative	1,701,436	-	-	-	1,701,436
Judicial	8,879,804	-	-	3,514,843	12,394,647
General government	8,039,281	-	-	239,967	8,279,248
Public safety	13,515,092	-	-	7,837,087	21,352,179
Public works	-	-	-	466,424	466,424
Health and welfare	761,695	-	-	15,910,530	16,672,225
Recreation and cultural	355,729	-	-	2,785,045	3,140,774
Community development	983,125	-	-	319,182	1,302,307
Other governmental activities	4,213,871	-	-	4,857,025	9,070,896
Debt service:					
Principal	-	-	-	1,003,805	1,003,805
Interest and fiscal charges	-	-	-	461,503	461,503
Total expenditures	38,450,033	-	-	37,395,411	75,845,444
Revenue over (under) expenditures	6,825,418	496,085	324,376	(8,122,479)	(476,600)
Other financing sources (uses)					
Transfers in	3,576,829	-	-	11,133,946	14,710,775
Transfers out	(8,471,184)	(3,347,653)	-	(2,191,938)	(14,010,775)
Total other financing sources (uses)	(4,894,355)	(3,347,653)	-	8,942,008	700,000
Net changes in fund balances	1,931,063	(2,851,568)	324,376	819,529	223,400
Fund balance, beginning of year	10,806,719	17,123,757	200,968	16,179,136	44,310,580
Fund balance, end of year	\$ 12,737,782	\$ 14,272,189	\$ 525,344	\$ 16,998,665	\$ 44,533,980

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

COUNTY OF BERRIEN, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds \$ 223,400

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

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

Add: capital outlay	1,805,929
Subtract: transfers from construction in progress	(635,741)
Subtract: depreciation expense	(1,451,892)
Subtract: loss on disposal of capital assets	(147,828)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: change in deferred property taxes and special assessments	505,596
Add: change in long-term receivables	700,000

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

Add: principal payments on long-term liabilities	1,003,805
--	-----------

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

Add: change in accrued interest on bonds	10,042
Subtract: change in the accrual of compensated absences	(27,264)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.

Add: interest revenue from governmental internal service fund	175,932
Add: operating gain from governmental activities accounted for in internal service fund	2,505,313

Change in net assets of governmental activities	\$ 4,667,292
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The accompanying notes are an integral part of these financial statements.

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue				
Taxes	\$ 28,854,517	\$ 28,854,517	\$ 30,295,586	\$ 1,441,069
Licenses and permits	198,200	198,200	201,065	2,865
Intergovernmental revenues	3,021,589	3,021,589	3,100,386	78,797
Charges for services	7,488,102	7,488,102	7,589,297	101,195
Fines and forfeitures	596,000	596,000	633,126	37,126
Interest revenue	1,018,576	1,018,576	1,733,065	714,489
Other revenue and reimbursements	1,345,390	1,345,390	1,722,926	377,536
	<u>42,522,374</u>	<u>42,522,374</u>	<u>45,275,451</u>	<u>2,753,077</u>
Total revenue				
Expenditures				
Legislative:				
Board of Commissioners	528,132	595,407	588,055	(7,352)
Appropriations to outside agencies	877,375	888,860	888,860	-
County Administrator	224,108	224,527	224,521	(6)
	<u>1,629,615</u>	<u>1,708,794</u>	<u>1,701,436</u>	<u>(7,358)</u>
Total legislative				
Judicial:				
Circuit court	771,491	751,708	751,674	(34)
District court	2,634,571	2,554,219	2,554,149	(70)
Probate court	253,854	231,538	231,529	(9)
Jury board	12,617	11,481	11,480	(1)
Family Court Intake	618,690	593,195	593,186	(9)
Tri-court cashiering unit	325,165	312,481	312,473	(8)
Trial court	2,007,827	1,955,155	1,955,139	(16)
District court probation	660,011	628,281	628,272	(9)
Adult probation	26,197	16,084	16,080	(4)
Juvenile probation	973,297	686,549	686,542	(7)
Probate court administration	931,003	954,487	954,475	(12)
Tri-court enforcement services	186,061	184,812	184,805	(7)
	<u>9,400,784</u>	<u>8,879,990</u>	<u>8,879,804</u>	<u>(186)</u>
Total judicial				

continued...

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued)				
General government:				
Elections	\$ 69,585	\$ 132,724	\$ 132,585	\$ (139)
Clerk	1,032,945	1,003,416	1,003,406	(10)
Equalization	535,728	529,928	529,920	(8)
Personnel	332,032	335,714	335,711	(3)
Purchasing	145,790	146,448	146,443	(5)
Corporate counsel	79,263	78,895	78,888	(7)
Prosecutor	2,592,551	2,440,881	2,440,716	(165)
Register of deeds	323,962	304,919	304,914	(5)
Treasurer	341,023	349,445	349,374	(71)
Courthouse and grounds	1,156,266	1,105,694	1,103,612	(2,082)
Building authority	2,653	1,198	1,198	-
South county building	296,273	243,798	243,512	(286)
Other county property	154,650	107,049	105,186	(1,863)
Administration center	256,181	293,620	293,609	(11)
2100 complex	136,128	96,399	96,389	(10)
Training facility	-	6,826	6,823	(3)
Drain commissioner	406,477	413,569	413,558	(11)
Building security	128,022	125,844	125,842	(2)
Financial services	364,643	327,602	327,595	(7)
Total general government	<u>8,354,172</u>	<u>8,043,969</u>	<u>8,039,281</u>	<u>(4,688)</u>
Public safety:				
Sheriff's office and road patrol	4,103,390	4,120,630	4,119,771	(859)
Jail inmate rehabilitation	73,225	84,833	84,828	(5)
Sheriff's department radios	54,534	67,215	67,214	(1)
Sheriff's department marine safety	219,633	226,368	224,800	(1,568)
Special teams	52,505	46,746	45,201	(1,545)
Motorcycle division	6,505	6,211	6,209	(2)
Jail division	7,754,864	7,440,865	7,429,894	(10,971)
Jail maintenance	896,417	848,158	847,415	(743)
Emergency management	259,986	267,251	264,827	(2,424)
Animal shelter	443,144	424,953	424,933	(20)
Total public safety	<u>13,864,203</u>	<u>13,533,230</u>	<u>13,515,092</u>	<u>(18,138)</u>
Health and welfare:				
Contagious disease	\$ 35,000	\$ 17,631	\$ 17,630	\$ (1)
Medical examiner	99,000	113,518	113,515	(3)
Veterans services	114,609	99,156	99,150	(6)
Veterans burial	15,000	31,400	31,400	-
Mental health	500,000	500,000	500,000	-
Total health and welfare	<u>763,609</u>	<u>761,705</u>	<u>761,695</u>	<u>(10)</u>

continued...

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual (Concluded)
General Fund
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued)				
Recreation and cultural:				
Cooperative extension service	245,335	248,812	248,751	(61)
Historical association	106,978	106,978	106,978	-
Total recreation and cultural	<u>352,313</u>	<u>355,790</u>	<u>355,729</u>	<u>(61)</u>
Community development:				
Economic development	557,980	525,546	525,536	(10)
Planning commission	-	-	(8,609)	(8,609)
Plat board	4,335	4,774	4,773	(1)
Survey and remonumentation	112,964	123,204	121,862	(1,342)
GIS/mapping	373,139	339,570	339,563	(7)
Total community development	<u>1,048,418</u>	<u>993,094</u>	<u>983,125</u>	<u>(9,969)</u>
Other expenditures:				
Information systems	2,185,156	2,052,633	2,052,615	(18)
Automation upgrade	59,000	55,720	55,717	(3)
Central supply	98,000	99,902	99,902	-
Mailing services	332,487	272,179	272,172	(7)
Motor pool	299,688	289,702	289,224	(478)
Telephone switchboard-central	360,362	272,712	270,982	(1,730)
Printing and microfilming	396,592	364,933	362,879	(2,054)
Copy center	39,100	33,920	33,919	(1)
Insurance and surety bonds	725,905	699,248	699,248	-
Drains at large	75,000	52,609	52,608	(1)
BPW St. Joseph River	-	24,605	24,605	-
Contingencies	-	326,590	-	(326,590)
Total other expenditures	<u>4,571,290</u>	<u>4,544,753</u>	<u>4,213,871</u>	<u>(330,882)</u>
Total expenditures	<u>39,984,404</u>	<u>38,821,325</u>	<u>38,450,033</u>	<u>(371,292)</u>
Revenue over expenditures	<u>2,537,970</u>	<u>3,701,049</u>	<u>6,825,418</u>	<u>3,124,369</u>
Other financing sources (uses)				
Transfers in	4,801,829	4,801,829	3,576,829	(1,225,000)
Transfers out	(5,668,311)	(8,502,878)	(8,471,184)	(31,694)
Total other financing (uses)	<u>(866,482)</u>	<u>(3,701,049)</u>	<u>(4,894,355)</u>	<u>(1,193,306)</u>
Net change in fund balances	1,671,488	-	1,931,063	1,931,063
Fund balance, beginning of year	<u>10,806,719</u>	<u>10,806,719</u>	<u>10,806,719</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 12,478,207</u></u>	<u><u>\$ 10,806,719</u></u>	<u><u>\$ 12,737,782</u></u>	<u><u>\$ 1,931,063</u></u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Special Revenue Fund
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue				
Taxes	\$ 8,070,000	\$ 8,070,000	\$ -	\$ (8,070,000)
Interest revenue	-	-	496,085	496,085
Total revenue	8,070,000	8,070,000	496,085	(7,573,915)
Other financing uses				
Transfers out	(3,347,653)	(3,347,653)	(3,347,653)	-
Net change in fund balances	4,722,347	4,722,347	(2,851,568)	(7,573,915)
Fund balances, beginning of year	17,123,757	17,123,757	17,123,757	-
Fund balances, end of year	<u>\$ 21,846,104</u>	<u>\$ 21,846,104</u>	<u>\$ 14,272,189</u>	<u>\$ (7,573,915)</u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Royalton Township Water System No. 25 851.84	Non-Major Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 6,369,043	\$ 47	\$ 938,781	\$ 7,307,871	\$ 10,458,925
Investments	15,418,679	2	-	15,418,681	-
Receivables:					
Taxes receivable - delinquent	4,776,181	-	-	4,776,181	-
Interest	684,279	-	-	684,279	-
Interfund	137,247	-	-	137,247	-
Current portion of leases receivable	-	100,000	540,000	640,000	-
Advance to other funds	6,914,500	-	-	6,914,500	-
Inventory, at cost	-	-	34,966	34,966	-
Total current assets	<u>34,299,929</u>	<u>100,049</u>	<u>1,513,747</u>	<u>35,913,725</u>	<u>10,458,925</u>
Non-current assets:					
Restricted cash	-	-	-	-	518,305
Leases receivable, net of current portion	-	2,249,956	3,800,736	6,050,692	-
Capital assets being depreciated, net	-	-	316,155	316,155	-
Total non-current assets	<u>-</u>	<u>2,249,956</u>	<u>4,116,891</u>	<u>6,366,847</u>	<u>518,305</u>
Total assets	<u>34,299,929</u>	<u>2,350,005</u>	<u>5,630,638</u>	<u>42,280,572</u>	<u>10,977,230</u>
Liabilities					
Current liabilities:					
Accounts payable	15,581	-	18,553	34,134	-
Accrued and other liabilities	-	-	2,534	2,534	2,796,523
Due to other governments	109,513	-	-	109,513	-
Current portion of long-term debt	317,135	100,000	599,478	1,016,613	-
Total current liabilities	<u>442,229</u>	<u>100,000</u>	<u>620,565</u>	<u>1,162,794</u>	<u>2,796,523</u>
Long-term liabilities:					
Due in more than one year	<u>3,620,000</u>	<u>2,250,000</u>	<u>3,910,403</u>	<u>9,780,403</u>	<u>-</u>
Total liabilities	<u>4,062,229</u>	<u>2,350,000</u>	<u>4,530,968</u>	<u>10,943,197</u>	<u>2,796,523</u>
Net assets					
Invested in capital assets, net of related debt	-	-	196,274	196,274	-
Restricted for self-insurance claims	-	-	-	-	518,305
Unrestricted, undesignated	30,237,700	5	903,396	31,141,101	7,662,402
Total net assets	<u>\$ 30,237,700</u>	<u>\$ 5</u>	<u>\$ 1,099,670</u>	<u>\$ 31,337,375</u>	<u>\$ 8,180,707</u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Delinquent Tax Revolving</u>	<u>Royalton Township Water System No. 25 851.84</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating revenue					
Charges for services	\$ 381,383	\$ 89,908	\$ 1,324,672	\$ 1,795,963	\$ 10,925,586
Interest on taxes	1,024,053	-	-	1,024,053	-
Other operating revenue	9,304	-	-	9,304	-
Total operating revenue	<u>1,414,740</u>	<u>89,908</u>	<u>1,324,672</u>	<u>2,829,320</u>	<u>10,925,586</u>
Operating expenses					
Operation and maintenance	316,177	-	838,581	1,154,758	9,391
Public works projects	-	-	26,953	26,953	-
Benefits and claims	-	-	-	-	8,410,882
Depreciation	-	-	49,777	49,777	-
Total operating expenses	<u>316,177</u>	<u>-</u>	<u>915,311</u>	<u>1,231,488</u>	<u>8,420,273</u>
Operating income	<u>1,098,563</u>	<u>89,908</u>	<u>409,361</u>	<u>1,597,832</u>	<u>2,505,313</u>
Non-operating revenue (expenses)					
Interest income	964,916	5	(2,251)	962,670	175,932
Interest expense and fiscal charges	-	(89,908)	(249,457)	(339,365)	-
Total non-operating revenue (expenses)	<u>964,916</u>	<u>(89,903)</u>	<u>(251,708)</u>	<u>623,305</u>	<u>175,932</u>
Income before transfers	<u>2,063,479</u>	<u>5</u>	<u>157,653</u>	<u>2,221,137</u>	<u>2,681,245</u>
Transfers					
Transfers in	342,362	-	225,000	567,362	-
Transfers out	(700,000)	-	(567,362)	(1,267,362)	-
Total transfers in (out)	<u>(357,638)</u>	<u>-</u>	<u>(342,362)</u>	<u>(700,000)</u>	<u>-</u>
Change in net assets	1,705,841	5	(184,709)	1,521,137	2,681,245
Net assets, beginning of year	<u>28,531,859</u>	<u>-</u>	<u>1,284,379</u>	<u>29,816,238</u>	<u>5,499,462</u>
Net assets, end of year	<u>\$ 30,237,700</u>	<u>\$ 5</u>	<u>\$ 1,099,670</u>	<u>\$ 31,337,375</u>	<u>\$ 8,180,707</u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities
	Royalton Township Water			Total	Internal Service Funds
	Delinquent Tax Revolving	System No. 25 851.84	Other Enterprise Funds		
Cash flows from operating activities					
Cash received from customers	\$ 11,537,713	\$ 89,908	\$ 1,293,700	\$ 12,921,321	\$ -
Cash received from interfund services provided	-	-	-	-	10,925,586
Cash payments to suppliers for goods and services	(323,131)	-	(743,039)	(1,066,170)	(8,855,650)
Cash payments for delinquent tax rolls	(10,257,188)	-	-	(10,257,188)	-
Cash payments to employees for services	-	-	(125,334)	(125,334)	-
Net cash provided by operating activities	957,394	89,908	425,327	1,472,629	2,069,936
Cash flows from non-capital financing activities					
Principal payments	(10,115,193)	-	-	(10,115,193)	-
Proceeds from issuance of long-term debt	10,250,000	-	-	10,250,000	-
Transfers in	342,362	-	225,000	567,362	-
Transfers out	(700,000)	-	(567,362)	(1,267,362)	-
Net cash used in non-capital financing activities	(222,831)	-	(342,362)	(565,193)	-
Cash flows from capital and related financing activities					
Principal payments	-	(100,000)	(598,597)	(698,597)	-
Interest payments	-	(89,908)	(249,457)	(339,365)	-
Purchases of capital assets	-	-	(176,840)	(176,840)	-
Proceeds from issuance of long-term debt	-	-	122,905	122,905	-
Net cash used in capital and related financing activities	-	(189,908)	(901,989)	(1,091,897)	-
Cash flows from investing activities					
Interest received	964,916	5	(2,251)	962,670	175,932
Amounts collected on leases receivable	-	100,000	540,000	640,000	-
Purchase of investments	(15,418,679)	(2)	-	(15,418,681)	-
Sale of investments	14,447,280	-	-	14,447,280	-
Net cash (used in) provided by investing activities	(6,483)	100,003	537,749	631,269	175,932
Net increase (decrease) in cash and cash equivalents	728,080	3	(281,275)	446,808	2,245,868
Cash and cash equivalents, beginning of year	5,640,963	44	1,220,056	6,861,063	8,731,362
Cash and cash equivalents, end of year	<u>\$ 6,369,043</u>	<u>\$ 47</u>	<u>\$ 938,781</u>	<u>\$ 7,307,871</u>	<u>\$ 10,977,230</u>
Statement of net assets classification of cash and cash equivalents					
Cash and cash equivalents	\$ 6,369,043	\$ 47	\$ 938,781	\$ 7,307,871	\$ 10,458,925
Restricted cash	-	-	-	-	518,305
	<u>\$ 6,369,043</u>	<u>\$ 47</u>	<u>\$ 938,781</u>	<u>\$ 7,307,871</u>	<u>\$ 10,977,230</u>

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COUNTY OF BERRIEN, MICHIGAN
Statement of Cash Flows
Proprietary Funds (Concluded)
For the Year Ended December 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Delinquent Tax Revolving</u>	<u>Royalton Township Water System No. 25 851.84</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,098,563	\$ 89,908	\$ 409,361	\$ 1,597,832	\$ 2,505,313
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation	-	-	49,777	49,777	-
Changes in assets and liabilities:					
Taxes receivable	(763,692)	-	-	(763,692)	-
Interest receivable	(129,142)	-	-	(129,142)	-
Interfund	758,619	-	-	758,619	-
Leases receivable	-	-	(30,972)	(30,972)	-
Inventories	-	-	(2,546)	(2,546)	-
Accounts payable	(814)	-	(1,058)	(1,872)	(325)
Accrued and other liabilities	-	-	765	765	(435,052)
Due to other governments	(6,140)	-	-	(6,140)	-
Net cash provided by operating activities	<u>\$ 957,394</u>	<u>\$ 89,908</u>	<u>\$ 425,327</u>	<u>\$ 1,472,629</u>	<u>\$ 2,069,936</u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

	Pension/Other Postemployment Benefit Trust Funds			Agency Funds
	Pension	Retiree Healthcare	Total	
Assets				
Cash and cash equivalents	\$ 6,395,849	\$ 406,715	\$ 6,802,564	\$ 2,675,265
Investments:				
U.S. Government obligations	5,243,207	333,420	5,576,627	-
U.S. Government agencies	11,664,017	741,724	12,405,741	-
Corporate obligations	15,534,372	987,843	16,522,215	-
Corporate stocks	52,637,736	3,347,274	55,985,010	-
International stocks	2,078,613	132,181	2,210,794	-
Mutual funds	37,464,113	2,382,371	39,846,484	-
Certificates of deposit	-	-	-	931,255
Receivables:				
Taxes receivable - delinquent	-	-	-	1,219,355
Accrued interest	463,588	29,480	493,068	-
Total assets	131,481,495	8,361,008	139,842,503	\$ 4,825,875
Liabilities				
Undistributed receipts	-	-	-	\$ 3,606,520
Delinquent taxes payable	-	-	-	1,219,355
Total liabilities	-	-	-	\$ 4,825,875
Net Assets				
Held in trust for pension and other postemployment benefits	<u>\$131,481,495</u>	<u>\$ 8,361,008</u>	<u>\$ 139,842,503</u>	

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Changes in Plan Net Assets
Pension/Other Postemployment Benefits Trust Funds
For the Year Ended December 31, 2007

	<u>Pension</u>	<u>Retiree Health</u>	<u>Total</u>
Additions			
Investment income:			
Net realized and unrealized appreciation in fair value of investments	\$ 4,224,328	\$ 268,628	\$ 4,492,956
Interest and dividends	3,460,021	220,025	3,680,046
Less investment expenses	(616,056)	(39,175)	(655,231)
	<u>7,068,293</u>	<u>449,478</u>	<u>7,517,771</u>
Contributions:			
Employer	2,229,778	1,112,028	3,341,806
Employees	2,390,230	-	2,390,230
	<u>4,620,008</u>	<u>1,112,028</u>	<u>5,732,036</u>
Total contributions			
	<u>4,620,008</u>	<u>1,112,028</u>	<u>5,732,036</u>
Total additions	<u>11,688,301</u>	<u>1,561,506</u>	<u>13,249,807</u>
Deductions			
Pension benefit payments	7,817,780	-	7,817,780
Contribution refunds	289,927	-	289,927
Medical insurance premiums	-	799,524	799,524
Administration	87,716	5,578	93,294
	<u>8,195,423</u>	<u>805,102</u>	<u>9,000,525</u>
Total deductions			
	<u>8,195,423</u>	<u>805,102</u>	<u>9,000,525</u>
Net additions to net assets held in trust for benefits	3,492,878	756,404	4,249,282
Net assets held in trust for benefits, beginning of year	<u>128,087,900</u>	<u>7,505,321</u>	<u>135,593,221</u>
Net assets held in trust for benefits, end of year	<u><u>\$ 131,481,495</u></u>	<u><u>\$ 8,361,008</u></u>	<u><u>\$ 139,842,503</u></u>

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

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Component Units
December 31, 2007

	<u>Road Commission</u>	<u>Drain Commission</u>	<u>Brownfield Redevelopment Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 22,334	\$ 1,478,537	\$ 530,231	\$ 330,796	\$ 2,361,898
Restricted cash	168,566	-	-	-	168,566
Investments	3,273,369	-	-	-	3,273,369
Receivables, net	2,724,372	2,318,000	3,480,625	2,528,114	11,051,111
Prepaid items and other assets	1,347,652	-	-	-	1,347,652
Capital assets not being depreciated	13,903,296	-	-	-	13,903,296
Capital assets being depreciated, net	65,499,360	2,561,889	-	-	68,061,249
Total assets	<u>86,938,949</u>	<u>6,358,426</u>	<u>4,010,856</u>	<u>2,858,910</u>	<u>100,167,141</u>
Liabilities					
Accounts payable and accrued liabilities	1,054,606	453,784	1,500,000	1,500,000	4,508,390
Long-term liabilities:					
Due within one year	625,000	1,125,000	-	-	1,750,000
Due in more than one year	2,012,344	1,615,243	1,999,608	-	5,627,195
Total liabilities	<u>3,691,950</u>	<u>3,194,027</u>	<u>3,499,608</u>	<u>1,500,000</u>	<u>11,885,585</u>
Net assets					
Invested in capital assets, net of related debt	77,017,856	(178,354)	-	-	76,839,502
Restricted for other purposes	168,566	-	-	-	168,566
Unrestricted	6,060,577	3,342,753	511,248	1,358,910	11,273,488
Total net assets	<u>\$ 83,246,999</u>	<u>\$ 3,164,399</u>	<u>\$ 511,248</u>	<u>\$ 1,358,910</u>	<u>\$ 88,281,556</u>

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

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2007

	<u>Road Commission</u>	<u>Drain Commission</u>	<u>Brownfield Redevelopment Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Expenses					
County roads	\$ 15,768,436	\$ -	\$ -	\$ -	\$ 15,768,436
County drains	-	684,308	-	-	684,308
Brownfield redevelopment	-	-	2,573,355	-	2,573,355
Economic development	-	-	-	26,244	26,244
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	15,768,436	684,308	2,573,355	26,244	19,052,343
Program revenues					
Charges for services	-	-	5,500	1,335	6,835
Operating grants and contributions	14,050,031	922,086	2,988,131	-	17,960,248
Capital grants and contributions	1,007,391	135,000	-	-	1,142,391
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total program revenues	15,057,422	1,057,086	2,993,631	1,335	19,109,474
Change in net assets	(711,014)	372,778	420,276	4,016	86,056
Net assets, beginning of year	83,958,013	2,791,621	90,972	1,354,894	88,195,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 83,246,999</u>	<u>\$ 3,164,399</u>	<u>\$ 511,248</u>	<u>\$ 1,358,910</u>	<u>\$ 88,281,556</u>

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

NOTES to FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN

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Notes to the Financial Statements

For the Year Ended December 31, 2007

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COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Berrien, Michigan (the “County” or “government”) was incorporated in 1829 and covers an area of approximately 585 square miles in southwest lower Michigan. The County operates under a 13-member elected Board of Commissioners and an appointed County Administrator.

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

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations and 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 combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit:

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

Discretely Presented Component Units:

The Berrien County Road Commission (the “Road Commission”), established pursuant to State statutes, is governed by a three-member board appointed by the County. Its receipts are deposited with the County Treasurer, who invests certain of those deposits. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County and included as part of the County’s total tax levy as well as reported in the Road Commission. The Road Commission has a September 30 year end.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

The Berrien County Drain Commission (the “Drain Commission”) oversees all drainage districts established pursuant to the Michigan Drain Code of 1956, which are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GASB Statement No 14, and is disclosed as a component unit, accordingly. The Drain Commission has a December 31 year end.

The Berrien County Brownfield Redevelopment Authority was created pursuant to the provisions of Public Act 381 of 1996, in order to revitalize environmentally distressed Brownfield redevelopment areas. Its five-member Board is appointed by the Berrien County Board of Commissioners. The Authority’s budget must be approved by the Berrien County Board of Commissioners. The Authority has a December 31 year end.

The Berrien County Economic Development Corporation (the “EDC”), organized pursuant to State statutes, was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving or expanding within the County so as to provide needed services and facilities to the residents of the County. The governing body of the EDC is appointed by the County, and the EDC is financially accountable to the County, as defined by GASB Statement No. 14, and is disclosed as a component unit, accordingly. The EDC has a December 31 year end.

Complete financial statements for the Road Commission and Brownfield Redevelopment Authority may be obtained at the entity’s administrative offices. The Drain Commission and Economic Development Corporation do not issue separate financial statements.

Berrien County Road Commission
2860 E. Napier Avenue
Benton Harbor, Michigan 49023

**Berrien County Brownfield
Redevelopment Authority**
701 Main Street
St. Joseph, MI 49085

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

B. Government-wide and fund financial statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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

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

The County reports the following major governmental funds:

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

The *revenue sharing reserve fund* accounts for accelerated property tax collections held for the replacement of future state shared revenues.

The *capital reserve capital projects fund* accounts for the construction or purchase of major capital facilities.

The County reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *Royalton Township Water System No. 25 enterprise fund* accounts for monies received under capital leases with a local governmental unit for the construction of, and subsequent debt retirement for, a water distribution system.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

Debt service funds account for the servicing of long-term debt not being financed by proprietary funds.

Capital projects funds account for the construction or purchase of major capital facilities.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis, such as the County's self-insurance programs.

The *pension and other postemployment benefit (OPEB) trust funds* are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension and OPEB trust funds account for the assets of the County's defined benefit pension and OPEB plans.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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 and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: a) short-term investments are reported at cost, which approximates fair value; b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; c) investments that do not have established market values are reported at estimated fair value; and d) cash deposits are reported at carrying amount, which reasonably approximates fair value.

State statutes authorizes the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. Receivables and payables

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

3. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method.

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

4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Capital assets of the primary government and Drain Commission component unit are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Public domain infrastructure	35
System infrastructure	35
Vehicles	3-20
Equipment	5-10

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Capital assets in the Road Commission discretely presented component unit are depreciated as follows:

	<u>Methods</u>	<u>Useful Lives- Years</u>
Buildings	Straight-line	40
Salt storage bins	Units of production	Various
Road equipment	Sum of years-digits	5-8
Other equipment	Straight-line	10-20
Roads	Straight-line	5-30
Other infrastructure	Straight-line	12-50

5. *Compensated absences*

Eligible employees are permitted to accumulate earned but unused vacation benefits in varying amounts based on length of service and certain other established criteria. Amounts not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

6. *Long-term obligations*

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

7. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and certain special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is at the functional level. Management may make transfers of appropriations within functions. Transfers of appropriations between functions require the approval of the Board. The Board made several supplemental budgetary appropriations throughout the year which were not considered material.

The annual budgeting process begins in July of each year. Department heads submit budget requests/recommendations to the responsible parent committee (i.e., Finance, Personnel, Administration) for approval. Once approved, the Department heads are required to hold a budget hearing with the Finance Committee by the second Tuesday in September. The County Administrator tabulates a budget overview, including recommendations, for the Finance Committee to adjust and approve a final budget. Following truth-in-taxation hearings, the final budget is submitted to the Board of Commissioners for adoption. The Board has until December 31 to adopt the budget, although it normally targets October for the General Fund and mid-December for the special revenue funds.

B. **Excess of expenditures over appropriations**

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the County were adopted on a functional level basis, which is the legal level of control.

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

	Amended Budget	Actual	Over (Under) Budget
Health Department Grants - 221.xx	\$ 5,320,293	\$ 6,323,169	\$ 1,002,876

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

C. Unbudgeted funds

The County failed to adopt budgets for certain special revenue funds, as required by State law. The following special revenue funds are reported in the combining and individual fund financial statements and schedules as unbudgeted:

Nonmajor special revenue funds:

Social Services
Child Care Social Services

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Following is a reconciliation of deposits and investments as of December 31, 2007:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and cash equivalents	\$ 61,093,949	\$ 2,361,898	\$ 63,455,847
Restricted cash	518,305	168,566	686,871
Investments	21,657,641	3,273,369	24,931,010
Statement of Fiduciary Net Assets:			
Cash and cash equivalents	9,477,829	-	9,477,829
Investments	<u>133,478,126</u>	<u>-</u>	<u>133,478,126</u>
Total	<u>\$ 226,225,850</u>	<u>\$ 5,803,833</u>	<u>\$ 232,029,683</u>
Deposits and Investments:			
Bank deposits:			
Checking/savings accounts			\$ 38,538,564
Certificates of deposit			6,476,127
Investments in securities and mutual funds:			
Treasurer's investment pool			48,322,200
Pension and OPEB investments			138,155,872
Cash on deposit with agent			518,305
Cash on hand			<u>18,615</u>
Total			<u>\$ 232,029,683</u>

Restricted cash consists of the County's deposits with MMRMA. See Note IV.A for additional information.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. At year end, the carrying amount of the County's deposits was \$45,532,996. The combined bank balance of these deposits was \$46,625,611, of which \$45,674,664 was uninsured and uncollateralized. Since the bank deposits of the primary government and discretely presented component units are pooled, separate risk categorizations or identification of FDIC coverage is not possible.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2007:

U.S. agencies	\$ 18,753,320
Repurchase agreements (collateralized by U.S. government securities)	10,072,046
Money market and cash management funds	<u>19,496,834</u>
Total	<u>\$ 48,322,200</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

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

As of December 31, 2007, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's. United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At December 31, 2007, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
Government repurchase	Bank of New York	22.4%

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2007, all of the County's debt securities were scheduled to mature in one to three years.

Pension and Other Postemployment Benefit Trust Fund Investments

The Trusts' investments are primarily held in a bank-administered trust fund. Following is a summary of the Trusts' investments as of December 31, 2007:

Investments at fair value, as determined by quoted market price:

	<u>Total</u>	<u>On Securities Loan</u>
U.S. treasuries	\$ 5,576,627	\$ -
U.S. agencies	12,405,741	10,578,908
Corporate bonds	16,522,215	-
Domestic equities	55,985,010	2,447,338
International equities	2,210,794	-
Mutual funds	38,652,921	-
Money market	6,802,564	-
Total investments	<u>\$ 138,155,872</u>	<u>\$ 13,026,246</u>

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in domestic and foreign stocks, government securities, corporate securities, mortgages, real estate and various other investment instruments, subject to certain limitations.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust's investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks.

As of December 31, 2007, the Trusts' investments in debt securities were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. Agencies</u>	<u>Corporate Bonds</u>
AAA	\$ 12,405,741	\$ 1,259,000
AA	-	6,959,000
A	-	6,157,000
BBB	-	2,147,215
	<u>\$ 12,405,741</u>	<u>\$ 16,522,215</u>

United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The Trust's investments in bond mutual and money market funds are not rated.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trusts' investment policy requires that securities be held in trust by a third-party institution in the Trusts' name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the Trusts' investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the Trusts' name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Trust's investment in a single issuer. At December 31, 2007 the Trusts' investment portfolio was concentrated as follows.

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
Mutual fund	McBt Opportunistic EAFE Fund	7.4%
Mutual fund	State Street Global Advisors	13.6%
Mutual fund	TT International Investment Trust	7.1%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trusts' investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2007, maturities of the Trusts' debt securities were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
U.S. treasuries	\$ 5,576,627	5.53
U.S. agencies	12,405,741	3.96
Corporate bonds	16,522,215	2.54
	<u>\$ 34,504,583</u>	<u>3.42</u>

Securities Lending. A contract approved by the Trusts' Board permits the Trusts to lend its securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The Trusts' custodial bank manages the securities lending program and receives cash as collateral. The collateral securities cannot be pledged or sold by the Trusts unless the borrower defaults. Collateral cash is initially pledged 100 percent of the fair value of the securities lent, and may not fall below 100 percent during the term of the loan. The Trusts did not impose any restrictions during the year on the amount of securities that could be loaned. There were no failures by any borrowers to return loaned securities or to pay distributions thereon during the year. At year-end, the Trusts have no credit risk exposure to borrowers because the amounts the borrowers owe the Trusts exceed the amounts the Trusts owe the borrowers. The contract with the Trusts' custodian requires it to indemnify the Trust if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Trusts for income distributions by the securities' issuers while the securities are on loan.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

B. Receivables

Receivables in the governmental activities are as follows:

Taxes (current)	\$ 6,856,623
Taxes (delinquent)	118,489
Due from other governments	2,710,292
Advances to component units (not due within one year)	1,950,000
Notes receivable (not due within one year)	<u>150,000</u>
	<u>\$ 11,785,404</u>

Receivables in the business-type activities are as follows:

Taxes (delinquent)	\$ 4,776,181
Interest	684,279
Leases, current portion	640,000
Leases, long-term portion	<u>6,044,952</u>
	<u>\$ 12,145,412</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	\$ 1,438,212	\$ -
Property taxes receivable (other governmental funds)	17,828	5,500,152
Long-term receivables	700,000	
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>381,692</u>
	<u>\$ 2,156,040</u>	<u>\$ 5,881,844</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

C. Capital assets

Capital assets activity for the year ended December 31, 2007 was as follows:

Primary government

	Beginning Balance	Restatements	Additions	Disposals	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,965,466	\$ (150,685)	\$ -	\$ (2)	\$ 4,814,779
Construction in progress	635,741	201,504	340,556	(635,741)	542,060
Total capital assets not being depreciated	<u>5,601,207</u>	<u>50,819</u>	<u>340,556</u>	<u>(635,743)</u>	<u>5,356,839</u>
Capital assets, being depreciated:					
Land improvements	1,380,496	(12,500)	-	-	1,367,996
Buildings	30,535,513	2,543,645	299,446	(12,900)	33,365,704
Equipment	9,522,536	(593,965)	1,165,927	(253,604)	9,840,894
Total capital assets being depreciated	<u>41,438,545</u>	<u>1,937,180</u>	<u>1,465,373</u>	<u>(266,504)</u>	<u>44,574,594</u>
Less accumulated depreciation for:					
Land improvements	(940,612)	12,500	(50,280)	-	(978,392)
Buildings	(13,605,354)	1,834,109	(630,213)	4,386	(12,397,072)
Equipment	(5,526,908)	355,114	(771,399)	114,292	(5,828,901)
Total accumulated depreciation	<u>(20,072,874)</u>	<u>2,201,723</u>	<u>(1,451,892)</u>	<u>118,678</u>	<u>(19,204,365)</u>
Total capital assets being depreciated, net	<u>21,365,671</u>	<u>4,138,903</u>	<u>13,481</u>	<u>(147,826)</u>	<u>25,370,229</u>
Capital assets, net	<u>\$ 26,966,878</u>	<u>\$ 4,189,722</u>	<u>\$ 354,037</u>	<u>\$ (783,569)</u>	<u>\$ 30,727,068</u>

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type Activities				
Capital assets, being depreciated:				
Equipment	\$ 676,864	\$ 176,840	\$ -	\$ 853,704
Less accumulated depreciation for:				
Equipment	(487,772)	(49,777)	-	(537,549)
Capital assets, net	<u>\$ 189,092</u>	<u>\$ 127,063</u>	<u>\$ -</u>	<u>\$ 316,155</u>

As explained in note IV.E, beginning capital assets and accumulated depreciation were restated in connection with an updated capital asset inventory completed during 2007.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Component units

	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Road Commission				
Capital assets, not being depreciated:				
Land	\$ 12,983,415	\$ 919,881	\$ -	\$ 13,903,296
Capital assets, being depreciated:				
Buildings	2,097,961	55,424	-	2,153,385
Equipment	11,798,938	660,764	(538,770)	11,920,932
Infrastructure	125,214,467	3,581,285	-	128,795,752
Total capital assets being depreciated	139,111,366	4,297,473	(538,770)	142,870,069
Less accumulated depreciation for:				
Buildings	(1,531,313)	(64,152)	-	(1,595,465)
Equipment	(9,416,784)	(898,260)	497,415	(9,817,629)
Infrastructure	(61,414,844)	(4,542,771)	-	(65,957,615)
Total accumulated depreciation	(72,362,941)	(5,505,183)	497,415	(77,370,709)
Total capital assets being depreciated, net	66,748,425	(1,207,710)	(41,355)	65,499,360
Capital assets, net	\$ 79,731,840	\$ (287,829)	\$ (41,355)	\$ 79,402,656
	Beginning Balance	Additions	Disposals	Ending Balance
Component Unit - Drain Commission				
Capital assets, being depreciated:				
Land improvements	\$ 12,500	\$ -	\$ -	\$ 12,500
Equipment	228,779	-	(90,709)	138,070
Infrastructure	2,800,061	877,717	-	3,677,778
Total capital assets being depreciated	3,041,340	877,717	(90,709)	3,828,348
Less accumulated depreciation for:				
Land improvements	(12,500)	-	-	(12,500)
Equipment	(131,951)	(9,205)	90,709	(50,447)
Infrastructure	(1,109,523)	(93,989)	-	(1,203,512)
Total accumulated depreciation	(1,253,974)	(103,194)	90,709	(1,266,459)
Total capital assets being depreciated, net	\$ 1,787,366	\$ 774,523	\$ -	\$ 2,561,889

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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

Governmental activities:

Judicial	\$ 130,222
General government	856,724
Public safety	388,242
Health and welfare	20,545
Recreation and cultural	48,159
Community development	<u>8,000</u>

Total depreciation expense – governmental activities **\$ 1,451,892**

Business-type activities:

Public works	<u>\$ 49,777</u>
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D. Accounts payable

Accounts payable and accrued liabilities in the government-wide financial statements are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable	\$ 902,455	\$ 34,022
Accrued liabilities	3,520,071	2,534
Due to other governments	11,560	109,513
Advances from other governments	90,000	-
Undistributed receipts	343	-
Accrued interest on long-term debt	<u>129,646</u>	<u>-</u>
Total	<u>\$ 4,654,075</u>	<u>\$ 146,069</u>

E. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2007 is as follows:

	Due From		
<u>Due To</u>	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 9,023	\$ 9,023
Non-major governmental funds	<u>7,634</u>	<u>17,201</u>	<u>24,835</u>
Total	<u>\$ 7,634</u>	<u>\$ 26,224</u>	<u>\$ 33,858</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The General Fund has made long-term advances to the Drain Commission and Economic Development Corporation component units in the amounts of \$450,000 and \$1,500,000, respectively and to the Capital Reserve Fund in the amount of \$5,414,500; \$6,914,500 was advanced by the Delinquent Tax Revolving Fund to the General Fund to provide sufficient resources for these advances.

In addition, certain nonmajor governmental funds with negative balances in the County's pooled cash accounts reported an interfund payable, which is equal to the interfund receivable of \$137,247 reported in the Delinquent Tax Revolving Fund.

For the year ended December 31, 2007, interfund transfers consisted of the following:

	<u>In</u>	<u>Out</u>
General Fund	\$ 3,576,829	\$ 8,471,184
Revenue Sharing Reserve Fund	-	3,347,653
Non-major governmental funds	11,133,946	2,191,938
Delinquent Tax Revolving Fund	342,362	700,000
Nonmajor enterprise fund	<u>225,000</u>	<u>567,362</u>
	<u>\$ 15,278,137</u>	<u>\$ 15,278,137</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Long-term debt

Primary government

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds, which had an original issuance amount of \$31,090,000, currently outstanding are as follows:

Governmental Activities

	<u>Due</u>	<u>Installments</u>	<u>Interest Rate</u>	<u>Amount</u>
2002 Berrien County Building Authority	2015	\$575,000 - \$900,000	3.00% - 4.65%	\$ 6,375,000
2005 Berrien County Building Authority	2020	\$175,000 - \$300,000	3.25% - 4.10%	<u>3,275,000</u>
				<u><u>\$ 9,650,000</u></u>

Annual debt service requirements to maturity for governmental activities general obligation bonds are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 875,000	\$ 388,938	\$ 1,263,938
2009	925,000	357,800	1,282,800
2010	975,000	323,388	1,298,388
2011	1,000,000	285,513	1,285,513
2012	1,050,000	245,862	1,295,862
2013-2017	3,925,000	575,949	4,500,949
2016-2020	900,000	73,500	973,500
Total	<u><u>\$ 9,650,000</u></u>	<u><u>\$ 2,250,950</u></u>	<u><u>\$ 11,900,950</u></u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Business-type Activities

	<u>Due</u>	<u>Installments</u>	<u>Interest Rate</u>	<u>Amount</u>
1995 Royalton Township Water System No. 20	2014	\$50,000 - \$95,000	5.10% - 6.00%	\$ 545,000
1998 Royalton Township Water System No. 23	2018	\$75,000 - \$145,000	4.30% - 4.75%	1,195,000
1996 Buchanan Township Sewer System No. 23 and Water System No. 21	2015	\$35,000 - \$50,000	5.15% - 5.80%	295,000
1989 City of Watervliet Sewer System No. 22	2009	\$20,000 - \$35,000	7.15% - 7.30%	65,000
1993 Village of Baroda Sewer System No. 18 Refunding Bonds	2016	\$30,000 - \$65,000	5.50% - 6.50%	130,000
1998 City of Benton Harbor Water System No. 17 Refunding Bonds	2008	\$140,000 - \$185,000	4.30% - 4.38%	150,000
1999 Coloma Township Sewer System No. 24	2019	\$50,000 - \$125,000	5.00% - 5.70%	1,170,000
2001 Village of Berrien Springs/Oronoko Township Water/Sewer System No. 26	2020	\$15,000 - \$35,000	4.60% - 5.65%	325,000
2003 Royalton Township Water System No. 25	2023	\$25,000 - \$200,000	2.00% - 4.45%	2,350,000
2005 Royalton Township Water System No. 26	2025	\$5,000 - \$45,000	3.35% - 4.70%	515,000
				<u><u>\$ 6,740,000</u></u>

Annual debt service requirements to maturity for business-type activities general obligation bonds are as follows:

<u>Year Ended</u>	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$	640,000	\$	304,882
2009		500,000		277,977
2010		465,000		253,301
2011		460,000		230,377
2012		450,000		208,712
2013-2017		2,350,000		704,238
2018-2022		1,550,000		220,182
2023-2026		325,000		13,450
Total	<u>\$</u>	<u>6,740,000</u>	<u>\$</u>	<u>2,213,119</u>
			<u>\$</u>	<u>8,953,119</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Delinquent tax notes. The government issues delinquent tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the proprietary funds (i.e., Delinquent Tax Revolving Enterprise Fund) as they are expected to be repaid from proprietary fund revenues. Each series of delinquent tax notes are subject to variable interest rates which are determined on a weekly basis by the County's remarketing agent using established criteria and legal limitations. Principal and interest payments are predicated upon actual collections of delinquent property taxes, which are subject to collection over a period not to exceed three years. Delinquent tax notes outstanding at December 31, 2007, are as follows:

<u>Series</u>	<u>Amount</u>
2006 - \$9,100,000 G.O. Limited Tax Notes payable, variable interest rate, dated May 4, 2006	\$ 317,135
2007 - \$10,250,000 G.O. Limited Tax Notes payable, variable interest rate, dated May 24, 2007	<u>3,620,000</u>
	<u>\$ 3,937,135</u>

Leases payable. The Drain Working Capital Enterprise Fund has two outstanding capital leases. The current principal balance of \$37,945 on a truck is payable in annual installments with interest at 5.00%, maturing December 2008. The current principal balance of \$81,936 on equipment is payable in annual installments of \$40,968 with interest at 7.00%, maturing December 2009.

Annual debt service requirements to maturity for these leases are as follows:

Year Ended	Principal	Interest	Total
December 31,			
2008	\$ 59,478	\$ 7,633	\$ 67,111
2009	<u>60,403</u>	<u>3,840</u>	<u>64,243</u>
Total	<u>\$ 119,881</u>	<u>\$ 11,472</u>	<u>\$ 131,353</u>

During 2006, the County entered into a capital lease for public safety communications equipment. The current principal balance of \$743,137 is payable in annual installments with interest at 4.81%, maturing December 2012.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Annual debt service requirements to maturity for this lease are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 135,001	\$ 35,745	\$ 170,746
2009	141,494	29,251	170,745
2010	148,300	22,446	170,746
2011	155,433	15,312	170,745
2012	162,909	7,836	170,745
Total	<u>\$ 743,137</u>	<u>\$ 110,590</u>	<u>\$ 853,727</u>

Road Commission component unit

Michigan Department of Transportation bonds. The Road Commission borrows from the Michigan Transportation Bond Fund to finance various capital projects.

	<u>Due</u>	<u>Interest Rate</u>	<u>Amount</u>
1998 Michigan Department of Transportation Bonds	2008	4.00%	\$ 125,000
2000 Michigan Department of Transportation Bonds	2010	4.50% - 4.75%	1,540,000
Total component unit - Road Commission			<u>\$ 1,665,000</u>

Notes payable. The Road Commission also issues notes payable to local townships, and enters into equipment purchase agreements. Such notes are repayable at varying interest rates through 2014, and amounted to \$719,800 at December 31, 2007.

Annual debt service requirements to maturity for Michigan Department of Transportation bonds and notes payable are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 625,000	\$ 69,025	\$ 694,025
2009	450,000	47,838	497,838
2010	500,000	30,300	530,300
2011	540,000	10,450	550,450
2012	100,000	-	100,000
2013-2014	169,800	-	169,800
Total	<u>\$ 2,384,800</u>	<u>\$ 157,613</u>	<u>\$ 2,542,413</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Drain Commission component unit

Special assessment bonds. The Drain Commission is authorized by State statues to issue special assessment bonds for the construction or major maintenance of drainage districts. Such bonds are repaid from special assessments paid by local property owners.

	<u>Due</u>	<u>Installments</u>	<u>Interest Rate</u>	<u>Amount</u>
1999 Sawyer Village Drainage District Bonds	2009	\$30,000 - \$35,000	4.50%	\$ 70,000
2002 Hollywood Road Detention Drainage District Bonds	2022	\$15,000 - \$20,000	4.13% - 5.00%	<u>300,000</u>
Total component unit - Drain Commission				<u>\$ 370,000</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year Ended</u>	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$	55,000	\$	16,132
2009		55,000		13,760
2010		20,000		11,380
2011		20,000		10,540
2012		20,000		9,700
2013-2017		100,000		35,600
2018-2022		<u>100,000</u>		<u>12,360</u>
Total	<u>\$</u>	<u>370,000</u>	<u>\$</u>	<u>109,472</u>
			<u>\$</u>	<u>479,472</u>

Drain notes. The Drain Commission issues drain notes payable to finance various drain capital projects. Interest rates vary from 3.09% to 6.67%, with repayment based on actual collections of special assessments, which are subject to collection over a period of three to ten years. Drain notes outstanding at December 31, 2007, amounted to \$2,370,243.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Brownfield Redevelopment Authority component unit

Loans Payable. The Brownfield Redevelopment Authority has two loans outstanding for the purpose of rehabilitating local properties. These bonds are to be repaid from property tax captures in future years.

	<u>Due</u>	<u>Installments</u>	<u>Interest Rate</u>	<u>Amount</u>
2007 DEQ Cleanup Revolving Fund Loan	2021	\$0 - \$19,992	0.00% - 2.00%	\$ 999,608
2007 Michigan Cleanup Initiative Loan	2022	\$0 - \$17,997	0.00% - 2.00%	<u>1,000,000</u>

Total component unit - Brownfield Redevelopment Authority	<u>\$ 1,999,608</u>
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Annual debt service requirements to maturity for these loans are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ -	\$ -	\$ -
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	191,465	19,992	211,457
2013-2017	912,240	145,048	1,057,288
2018-2022	<u>895,903</u>	<u>50,101</u>	<u>946,004</u>
Total	<u>\$ 1,999,608</u>	<u>\$ 215,141</u>	<u>\$ 2,214,749</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Changes in long-term debt.

Long-term debt liability activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 10,525,000	\$ -	\$ 875,000	\$ 9,650,000	\$ 875,000
Capital leases payable	871,942	-	128,805	743,137	135,001
Compensated absences	1,807,595	1,841,698	1,814,434	1,834,859	1,834,859
	<u>\$ 13,204,537</u>	<u>\$ 1,841,698</u>	<u>\$ 2,818,239</u>	<u>\$ 12,227,996</u>	<u>\$ 2,844,860</u>
<u>Business-type activities</u>					
General obligation bonds	\$ 7,380,000	\$ -	\$ 640,000	\$ 6,740,000	\$ 640,000
Notes payable	3,802,328	10,250,000	10,115,193	3,937,135	317,135
Capital leases payable	55,573	122,905	58,597	119,881	59,478
	<u>\$ 11,237,901</u>	<u>\$ 10,372,905</u>	<u>\$ 10,813,790</u>	<u>\$ 10,797,016</u>	<u>\$ 1,016,613</u>
<u>Road Commission component unit</u>					
General obligation bonds	\$ 2,140,000	\$ -	\$ 475,000	\$ 1,665,000	\$ 475,000
General obligation notes payable	669,800	200,000	150,000	719,800	150,000
Compensated absences	90,217	-	-	90,217	-
OPEB liability	66,014	96,313	-	162,327	-
	<u>\$ 2,966,031</u>	<u>\$ 296,313</u>	<u>\$ 625,000</u>	<u>\$ 2,637,344</u>	<u>\$ 625,000</u>
<u>Drain Commission component unit</u>					
General obligation bonds payable	\$ 420,000	\$ -	\$ 50,000	\$ 370,000	\$ 55,000
Drain notes payable	1,493,023	1,551,563	674,343	2,370,243	1,070,000
	<u>\$ 1,913,023</u>	<u>\$ 1,551,563</u>	<u>\$ 724,343</u>	<u>\$ 2,740,243</u>	<u>\$ 1,125,000</u>
<u>Brownfield Redevelopment Authority component unit</u>					
Loans payable	<u>\$ -</u>	<u>\$ 1,999,608</u>	<u>\$ -</u>	<u>\$ 1,999,608</u>	<u>\$ -</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

IV. OTHER INFORMATION

A. Risk management / self-insurance programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self-insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Property/Liability Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, the government records a restricted asset for its portion of the unexpended member retention fund. At December 31, 2007, the balance of the County's member retention fund was \$518,305.

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and automobile liability	\$200,000 specific occurrence
Motor vehicle physical damage	County assumes all risk
Property damage and crime	\$1,000 per occurrence plus 10% of the next \$100,000

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, which are recorded in the Property/Liability Insurance internal service fund, are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ 533,860	\$ 843,988
Incurred claims (including change in IBNR provision)	(165,451)	(248,619)
Claim payments	<u>(49,087)</u>	<u>(61,509)</u>
Unpaid claims, end of year	<u>\$ 319,322</u>	<u>\$ 533,860</u>

Health insurance. The County is self-insured for its employee health insurance. The plan is accounted for in the Health Care Insurance internal service fund. The self-insured program is administered by a third-party administrator who provides claims review and processing services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$2,014,225	\$1,801,874
Incurred claims (including IBNR's)	8,264,471	8,950,434
Claim payments	<u>(8,212,578)</u>	<u>(8,738,083)</u>
Unpaid claims, end of year	<u>\$2,066,118</u>	<u>\$2,014,225</u>

Unemployment. The County is self-insured for unemployment benefits, which is accounted for in the Unemployment Insurance internal service fund. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expensed when paid:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	32,443	30,645
Claim payments	<u>(32,443)</u>	<u>(30,645)</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Workers' compensation. The government maintains a self-insurance program for workers' compensation coverage which is accounted for in the Workers' Compensation Insurance internal service fund. The program is administered by a third-party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$300,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ 683,490	\$ 528,806
Incurred claims (including IBNR's)	113,801	382,892
Claim payments	<u>(386,208)</u>	<u>(228,208)</u>
Unpaid claims, end of year	<u>\$ 411,083</u>	<u>\$ 683,490</u>

Board errors and omissions. The County is also self-insured for Board errors and omissions, which is accounted for in the Property/Liability Insurance internal service fund. No estimated claims liability were outstanding at December 31, 2007 and 2006, nor were the amount of claims paid or incurred during 2007 and 2006 of any consequence.

Road Commission. The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefit claims and participates in the Michigan County Road Commission self-insurance pool for workers' compensation and property liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan County Road Commission self-insurance pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

B. Property taxes

Through 2004, the County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2004, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended December 31, 2007, the County recognized the full July 1, 2007 levy.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

The assessed and taxable value of real and personal property for the 2007 levy was \$6,266,685,108. The general operating tax rate for this levy was 4.7882 mills with an additional 0.2477 mills, 0.3468 mills, and 0.2973 mills assessed for 911 emergency services, public safety operations, and senior center operations, respectively.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

C. Pension plan

The County has a single-employer defined benefit contributory pension plan, the Berrien County Employees Amended Retirement Plan (the "Plan"), which provides retirement, death and disability benefits covering substantially all of its employees, including Road Commission employees. Membership of the Plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	510
Terminated plan members entitled to but not yet receiving benefits	50
Active plan members	<u>906</u>
	<u>1,466</u>

Eligible members are required to contribute 4.0 to 17.0% of their annual compensation to the Plan with the County contributing such additional amounts, as necessary, to provide assets sufficient to pay for member benefits. The County's contribution to the Plan for the year ended December 31, 2007, represents 5.89% of the annual covered payroll.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

The County is the administrator of the Plan. Administrative costs of the Plan are financed through investment earnings. The Plan is included as a pension trust fund in the County's financial statements; a stand-alone financial report of the Plan has not been issued.

Plan amendments are under the authority of the County Board of Commissioners. Changes in required contributions are subject to the approval of the County Board of Commissioners.

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which they are due. The County's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments are reported at fair value which is determined using selected bases as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments that do not have established fair values are reported at estimated fair value; and cash deposits are reported at carrying amounts which reasonably approximates fair value.

The Plan's annual retirement benefits cost and net retirement benefits obligation for the current year were as follows:

Annual required contribution / retirement benefit cost	\$ 2,229,778
Contribution made	<u>(2,229,778)</u>
Decrease in net retirement benefit obligation	-
Net retirement benefit obligation, beginning of year	<u> -</u>
Net retirement benefit obligation, end of year	<u> -</u>

The annual required contribution for the current year was determined as part of an actuarial valuation of the Plan as of December 31, 2005, using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on investments of 8.5%; (b) projected salary increases of 4.5% attributable to inflation; (c) additional projected salary increases ranging from 4.5% to 8.5%, depending on age, attributable to seniority/merit; and (d) projected pension benefit increases of 2.0% annually after retirement through January 1, 2010.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 20 years on an open basis.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Three-Year Trend Information – Pension

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Benefit</u> <u>Cost</u> <u>(APBC)</u>	<u>Percentage</u> <u>of APBC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Benefit</u> <u>Obligation</u>
12/31/2005	\$ 836,144	100%	\$ -
12/31/2006	1,430,228	100	-
12/31/2007	2,229,778	100	-

GASB Statement 25 requires supplemental information as presented after the Notes to Financial Statements section of this report.

D. Other Postemployment Benefits

Plan description. The Berrien County Employees Amended Retirement Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the County of Berrien. In addition to the retirement benefits described above, the Plan provides 50% health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. The Plan is included as an other postemployment benefits trust fund in the County’s financial statements; a stand-alone financial report of the Plan has not been issued.

Contributions. The contribution requirements of Plan members and the County are established and may be amended by the County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For the year ended December 31, 2007, the County contributed \$1,112,028 to the Plan, including \$1,112,028 for current premiums (approximately 50% of total premiums) and an additional \$0 to prefund benefits. Plan members receiving benefits contributed \$1,112,028, or approximately 50% of total premiums, through their required contribution of \$123.50 - \$211.95 per month for retiree-only coverage and \$247.00 - \$456.07 for retiree and spouse coverage (offered to Sheriff department retirees only), depending on age and bargaining unit. Beginning with the fiscal year ending December 31, 2008, the County will be required to begin recognizing expenses for OPEB costs in the government-wide and proprietary fund financial statements based on an actuarially determined annual required contribution (ARC).

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2007 and the two preceding years were as follows:

Three-Year Trend Information – OPEB

<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2005	\$ 795,539	100%	\$ -
12/31/2006	919,574	100	-
12/31/2007	1,112,028	100	-

Funded status and funding progress. As of December 31, 2007, the date of the most recent actuarial valuation, the Plan was 18.15% funded. The actuarial accrued liability for benefits was \$46,390,077, and the actuarial value of assets was \$8,418,495, resulting in an unfunded actuarial accrued liability (UAAL) of \$37,971,582. The covered payroll (annual payroll of the active employees covered by the Plan) was \$34,524,792 and the ratio of the UAAL to the covered payroll was 110%.

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

In the December 31, 2007 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions includes: (a) a rate of return on investments of 8.5%; (b) projected salary increases of 4.5% attributable to inflation; (c) additional projected salary increases ranging from 4.5% to 8.5%, depending on age, attributable to seniority/merit; and (d) projected healthcare benefit increases of 4.5% to 11.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years on an open basis.

E. Restatements

Beginning net assets of governmental activities were increased by \$4,189,722 as a result of the physical inventory of capital assets which was completed in 2007.

F. Commitments

The County has entered into various construction commitments, which were still outstanding at December 31, 2007. Total construction commitments amounted to approximately \$3,212,000 at year end, and will be financed through various special revenue and capital projects funds in 2008. The Road Commission had commitments for construction contracts totaling approximately \$682,000 at September 30, 2007.

G. Subsequent Event

Subsequent to year-end, the Road Commission received \$200,000 of debt proceeds from a local township for future road improvements within the township.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BERRIEN, MICHIGAN
Employees Amended Retirement Plan
Required Supplementary Information

Schedule of Funding Progress (*Pension*)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Overfunded AAL (OAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	OAAL as a Percent of Covered Payroll
12/31/1998	\$ 86,424,636	\$ 67,104,485	\$ 19,320,151	128.8%	\$ 29,660,480	65.1%
12/31/1999	96,214,069	75,070,457	21,143,612	128.2%	30,287,916	69.8%
12/31/2000	104,038,742	81,118,784	22,919,958	128.3%	30,730,953	74.6%
12/31/2001	110,985,081	86,849,872	24,135,209	127.8%	32,379,176	74.5%
12/31/2002	113,221,069	94,923,712	18,297,357	119.3%	33,784,511	54.2%
12/31/2003	116,367,944	102,889,093	13,478,851	113.1%	34,086,204	39.5%
12/31/2004	118,472,101	111,946,007	6,526,094	105.8%	37,049,384	17.6%
12/31/2005	120,055,889	123,472,811	(3,416,922)	97.2%	35,858,048	-9.5%
12/31/2006	124,174,243	131,049,616	(6,875,373)	94.8%	37,225,805	-18.5%
12/31/2007	132,385,511	139,264,155	(6,878,644)	95.1%	37,880,390	-18.2%

Schedule of Employer Contributions (*Pension*)

Year Ended December 31	Annual Required Contributions	Percentage Contributed
1998	\$ 768,364	100%
1999	557,894	100%
2000	419,282	100%
2001	430,135	100%
2002	506,736	100%
2003	367,270	100%
2004	750,207	100%
2005	836,144	100%
2006	1,430,228	100%
2007	2,229,778	100%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 15,867,936	\$ 260	\$ 333,908	\$ 16,202,104
Investments	-	-	542,561	542,561
Receivables:				
Taxes receivable - current	5,153,286	-	-	5,153,286
Taxes receivable - delinquent	17,828	-	-	17,828
Due from other governments	2,609,603	-	-	2,609,603
Due from other funds	26,224	-	-	26,224
Notes receivable	150,000	-	-	150,000
	<u>\$ 23,824,877</u>	<u>\$ 260</u>	<u>\$ 876,469</u>	<u>\$ 24,701,606</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 581,178	\$ -	\$ 1,068	\$ 582,246
Accrued and other liabilities	257,038	-	-	257,038
Due to other governments	11,560	-	-	11,560
Due to other funds	24,835	-	-	24,835
Interfund payable	137,247	-	-	137,247
Advances from other governments	90,000	-	-	90,000
Undistributed receipts	343	-	-	343
Deferred revenue	6,599,672	-	-	6,599,672
	<u>7,701,873</u>	<u>-</u>	<u>1,068</u>	<u>7,702,941</u>
Fund balance				
Reserved for long-term receivables	150,000	-	-	150,000
Unreserved:				
Designated for subsequent years' expenditures	2,320,765	-	70,000	2,390,765
Undesignated	13,652,239	260	805,401	14,457,900
	<u>16,123,004</u>	<u>260</u>	<u>875,401</u>	<u>16,998,665</u>
	<u>\$ 23,824,877</u>	<u>\$ 260</u>	<u>\$ 876,469</u>	<u>\$ 24,701,606</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenue				
Taxes	\$ 5,151,554	\$ -	\$ -	\$ 5,151,554
Licenses and permits	259,860	-	-	259,860
Intergovernmental revenue	15,109,884	1,294,563	-	16,404,447
Charges for services	4,690,878	-	-	4,690,878
Fines and forfeitures	123,620	-	-	123,620
Interest revenue	557,745	-	26,996	584,741
Other revenue and reimbursements	2,041,301	-	16,531	2,057,832
Total revenue	27,934,842	1,294,563	43,527	29,272,932
Expenditures				
Current expenditures:				
Judicial	3,514,843	-	-	3,514,843
General government	239,967	-	-	239,967
Public safety	7,837,087	-	-	7,837,087
Public works	17	-	466,407	466,424
Health and welfare	15,910,530	-	-	15,910,530
Recreation and cultural	2,785,045	-	-	2,785,045
Community development	319,182	-	-	319,182
Other governmental activities	4,857,025	-	-	4,857,025
Debt service:				
Principal	128,805	875,000	-	1,003,805
Interest and fiscal charges	41,940	419,563	-	461,503
Total expenditures	35,634,441	1,294,563	466,407	37,395,411
Revenue (under) expenditures	(7,699,599)	-	(422,880)	(8,122,479)
Other financing sources (uses)				
Transfers in	10,831,946	-	302,000	11,133,946
Transfers (out)	(2,191,938)	-	-	(2,191,938)
Total other financing sources	8,640,008	-	302,000	8,942,008
Net change in fund balances	940,409	-	(120,880)	819,529
Fund balance, beginning of year	15,182,595	260	996,281	16,179,136
Fund balance, end of year	\$ 16,123,004	\$ 260	\$ 875,401	\$ 16,998,665

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Public Safety Cigarette Tax 205.00	Parks and Recreation 208.00	Historical Association Loan Fund 211.00	Berrien Community Foundation 213.00
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 31,940	\$ 29,204	\$ -	\$ 370
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	150,000	-
<u>TOTAL ASSETS</u>	\$ 31,940	\$ 29,204	\$ 150,000	\$ 370
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ 1,675	\$ -	\$ -
Accrued liabilities	-	10,678	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	12,353	-	-
Fund balances				
Reserved for long-term receivables	-	-	150,000	-
Unreserved:				
Designated for subsequent year expenditures	-	15,000	-	-
Undesignated	31,940	1,851	-	370
Total fund balances	31,940	16,851	150,000	370
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 31,940	\$ 29,204	\$ 150,000	\$ 370

Generous Juror Program 214.00	Friend of the Court 215.00	Family Counseling Services 216.00	Health Department 221.00	Drug Court Drug Treatment 221.01	Health Department Grants 221.xx	Berrien County Landfill Use 227.00
\$ 3,732	\$ 59,784	\$ 137,598	\$ 246,023	\$ 14,245	\$ 320,235	\$ 5,505,264
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	514,868	-	-	-	275,195	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 3,732	\$ 574,652	\$ 137,598	\$ 246,023	\$ 14,245	\$ 595,430	\$ 5,505,264
\$ -	\$ 559	\$ 1,098	\$ 24,923	\$ 6,040	\$ 57,840	\$ 4,225
-	33,429	-	39,684	1,171	44,198	-
-	-	-	-	-	11,560	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	119,868	-
-	33,988	1,098	64,607	7,211	233,466	4,225
-	-	-	-	-	-	-
-	-	25,000	-	-	130,017	456,052
3,732	540,664	111,500	181,416	7,034	231,947	5,044,987
3,732	540,664	136,500	181,416	7,034	361,964	5,501,039
\$ 3,732	\$ 574,652	\$ 137,598	\$ 246,023	\$ 14,245	\$ 595,430	\$ 5,505,264

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2007

	Public Maintenance & Improvement 245.00	Register of Deeds Automation 256.00	Drug Enforcement Public Safety 264.00	Law Enforcement Funds [various #s]
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 3,654,948	\$ 93,394	\$ 340,868	\$ 1,480,080
Taxes receivable - current	-	-	1,997,823	-
Taxes receivable - delinquent	-	-	7,174	-
Due from other governments	-	-	-	832,386
Due from other funds	-	-	-	24,834
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	\$ 3,654,948	\$ 93,394	\$ 2,345,865	\$ 2,337,300
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 61,150	\$ 847	\$ -	\$ 50,666
Accrued liabilities	-	1,202	-	43,296
Due to other governments	-	-	-	-
Due to other funds	-	-	-	15,811
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	-	2,132,953	721,793
Total liabilities	61,150	2,049	2,132,953	831,566
Fund balances				
Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for subsequent year expenditures	942,500	-	-	202,405
Undesignated	2,651,298	91,345	212,912	1,303,329
Total fund balances	3,593,798	91,345	212,912	1,505,734
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 3,654,948	\$ 93,394	\$ 2,345,865	\$ 2,337,300

Prosecutor's Welfare Fraud Grant 266.02	Prosecutor's Grant Victim Witness 266.04	911 County Operational Fund 266.09	Drug Court Program 267.00	County Law Library 269.00	Senior Citizen 270.00	Library 271.00
\$ -	\$ -	\$ 2,237,009	\$ 17,905	\$ 54,093	\$ 111,371	\$ -
-	-	1,427,549	-	-	1,727,914	-
-	-	5,123	-	-	5,531	-
83,167	43,276	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 83,167	\$ 43,276	\$ 3,669,681	\$ 17,905	\$ 54,093	\$ 1,844,816	\$ -
\$ 938	\$ -	\$ 12,606	\$ 76	\$ 1,000	\$ -	\$ -
5,455	3,861	24,064	2,045	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
76,774	39,415	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,524,063	-	-	1,843,136	-
83,167	43,276	1,560,733	2,121	1,000	1,843,136	-
-	-	-	-	-	-	-
-	-	320,735	-	24,875	-	-
-	-	1,788,213	15,784	28,218	1,680	-
-	-	2,108,948	15,784	53,093	1,680	-
\$ 83,167	\$ 43,276	\$ 3,669,681	\$ 17,905	\$ 54,093	\$ 1,844,816	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2007

Hazardous Materials Emergency Preparedness 273.22	Michigan Housing CDBG 274.00	Federal HOME Housing 274.04	City of Watervliet Homeowner CDBG 274.06
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ASSETS

Assets

Cash and cash equivalents	\$ 38,258	\$ -	\$ -	\$ 86
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-

TOTAL ASSETS

\$ 38,258	\$ -	\$ -	\$ 86
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LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	38,258	-	-	-

Total liabilities

38,258	-	-	-
--------	---	---	---

Fund balances

Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for subsequent year expenditures	-	-	-	-
Undesignated	-	-	-	86

Total fund balances

-	-	-	86
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**TOTAL LIABILITIES
AND FUND BALANCES**

\$ 38,258	\$ -	\$ -	\$ 86
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MSHDA 2004 Housing CDBG 274.07	Harbortown CDBG 274.08	HMIS HUD Homeless Grant 274.10	MSHDA 2006 Housing CDBG 274.11	MSHDA Property Improvement Project 274.12	Small Bus Program 281.00
\$ 11,293	\$ 149,213	\$ 4,024	\$ -	\$ 3,800	\$ 712,703
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	40,512	-	-
-	-	-	1,390	-	-
-	-	-	-	-	-
\$ 11,293	\$ 149,213	\$ 4,024	\$ 41,902	\$ 3,800	\$ 712,703
\$ 2,041	\$ -	\$ -	\$ 16,547	\$ -	\$ 88,425
-	-	-	-	-	-
-	-	-	-	-	-
1,390	-	-	7,034	600	-
-	-	-	18,321	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	149,213	4,024	-	-	37,657
3,431	149,213	4,024	41,902	600	126,082
-	-	-	-	-	-
-	-	-	-	-	3,500
7,862	-	-	-	3,200	583,121
7,862	-	-	-	3,200	586,621
\$ 11,293	\$ 149,213	\$ 4,024	\$ 41,902	\$ 3,800	\$ 712,703

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2007

	<u>Clean Sweep Pest Control Grant 281.14</u>	<u>Project Zero Transit Grant 281.17</u>	<u>Galien River Voluntary Cleanup Project 281.19</u>	<u>Job Access and Reverse Commute Program 281.20</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 28,449	\$ -	\$ -
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	-	418
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ 28,449</u>	<u>\$ -</u>	<u>\$ 418</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	418
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	28,449	-	-
Total liabilities	-	28,449	-	418
Fund balances				
Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for subsequent year expenditures	-	-	-	-
Undesignated	-	-	-	-
Total fund balances	-	-	-	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ 28,449</u>	<u>\$ -</u>	<u>\$ 418</u>

Capital Bus Purchase Grant 282.00	Social Services 290.00	Child Care Probate 292.00	Child Care Social Services 292.01	Soldiers and Sailors Relief 293.00	Veteran's Trust 294.00	Board of Public Works 296.00
\$ -	\$ 56,609	\$ 332,080	\$ 96,258	\$ 1,444	\$ 1,314	\$ 69,474
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	43,286	722,041	52,090	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ 99,895	\$ 1,054,121	\$ 148,348	\$ 1,444	\$ 1,314	\$ 69,474
\$ -	\$ -	\$ 249,179	\$ -	\$ -	\$ -	\$ -
-	-	47,550	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	90,000	-	-	-	-	-
-	-	343	-	-	-	-
-	-	257	-	-	-	-
-	90,000	297,329	-	-	-	-
-	-	-	-	-	-	-
-	-	195,681	-	-	-	-
-	9,895	561,111	148,348	1,444	1,314	69,474
-	9,895	756,792	148,348	1,444	1,314	69,474
\$ -	\$ 99,895	\$ 1,054,121	\$ 148,348	\$ 1,444	\$ 1,314	\$ 69,474

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Special Revenue Funds
December 31, 2007

Campaign Finance Administration 297.03	Juvenile Incentive Block Grant [various #s]	Going Home Reintegration 297.16	Community Restoration Board 297.19
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ASSETS

Assets

Cash and cash equivalents	\$ 3,064	\$ -	\$ -	\$ -
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	2,364	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-

TOTAL ASSETS

\$ 3,064	\$ 2,364	\$ -	\$ -
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LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	\$ -	\$ 45	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	2,319	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	-	-	-

Total liabilities

-	2,364	-	-
---	-------	---	---

Fund balances

Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for subsequent year expenditures	-	-	-	-
Undesignated	3,064	-	-	-

Total fund balances

3,064	-	-	-
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**TOTAL LIABILITIES
AND FUND BALANCES**

\$ 3,064	\$ 2,364	\$ -	\$ -
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United Way Community Involvement 297.21	Juvenile Delinquent Title V Plan Grant 297.22 and 297.23	Juvenile Justice Planning Grant 297.23	Animal Control Neuter / Spay Program 298.01	Homestead Audit Administration 620.00	Total
\$ -	\$ 1	\$ -	\$ 13,496	\$ 8,307	\$ 15,867,936
-	-	-	-	-	5,153,286
-	-	-	-	-	17,828
-	-	-	-	-	2,609,603
-	-	-	-	-	26,224
-	-	-	-	-	150,000
<hr/>					
\$ -	\$ 1	\$ -	\$ 13,496	\$ 8,307	\$ 23,824,877
<hr/>					
\$ -	\$ -	\$ -	\$ 550	\$ 748	\$ 581,178
-	-	-	-	405	257,038
-	-	-	-	-	11,560
-	-	-	-	-	24,835
-	-	-	-	-	137,247
-	-	-	-	-	90,000
-	-	-	-	-	343
-	1	-	-	-	6,599,672
<hr/>					
-	1	-	550	1,153	7,701,873
<hr/>					
-	-	-	-	-	150,000
-	-	-	2,000	3,000	2,320,765
-	-	-	10,946	4,154	13,652,239
<hr/>					
-	-	-	12,946	7,154	16,123,004
<hr/>					
\$ -	\$ 1	\$ -	\$ 13,496	\$ 8,307	\$ 23,824,877
<hr/>					

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Public Safety Cigarette Tax 205.00	Parks and Recreation 208.00	Historical Association Loan Fund 211.00	Berrien Community Foundation 213.00
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	-	352,184	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	110,278	-	10,827
Total revenue	-	462,462	-	10,827
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	915,963	-	10,592
Community development	-	-	-	-
Other governmental activities	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	915,963	-	10,592
Revenue over (under) expenditures	-	(453,501)	-	235
Other financing sources (uses)				
Transfers in	23,059	385,004	-	-
Transfers (out)	(102,256)	-	-	-
Total other financing sources (uses)	(79,197)	385,004	-	-
Net change in fund balances	(79,197)	(68,497)	-	235
Fund balances, beginning of year	111,137	85,348	150,000	135
Fund balances, end of year	\$ 31,940	\$ 16,851	\$ 150,000	\$ 370

Generous Juror Program 214.00	Friend of the Court 215.00	Family Counseling Services 216.00	Health Department 221.00	Drug Court Drug Treatment 221.01	Health Department Grants 221.xx	Berrien County Landfill Use 227.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	17,670	242,190	-	-	-
-	2,035,266	-	346,236	-	5,708,528	-
-	209,936	-	178,797	30,210	473,475	1,520,159
-	-	-	-	-	-	-
-	-	-	-	-	-	364,529
2,919	1,630	-	554,401	20	124,546	-
2,919	2,246,832	17,670	1,321,624	30,230	6,306,549	1,884,688
-	2,796,419	6,457	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,451	-	-	2,160,970	151,292	6,323,169	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,006,495
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,451	2,796,419	6,457	2,160,970	151,292	6,323,169	2,006,495
(532)	(549,587)	11,213	(839,346)	(121,062)	(16,620)	(121,807)
-	743,910	-	587,341	128,000	-	-
-	-	-	-	-	-	(123,000)
-	743,910	-	587,341	128,000	-	(123,000)
(532)	194,323	11,213	(252,005)	6,938	(16,620)	(244,807)
4,264	346,341	125,287	433,421	96	378,584	5,745,846
\$ 3,732	\$ 540,664	\$ 136,500	\$ 181,416	\$ 7,034	\$ 361,964	\$ 5,501,039

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Public Maintenance & Improvement 245.00	Register of Deeds Automation 256.00	Drug Enforcement Public Safety 264.00	Law Enforcement Funds [various #s]
Revenue				
Taxes	\$ -	\$ -	\$ 2,003,140	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	1,408,528
Charges for services	-	-	-	1,410,117
Fines and forfeitures	-	-	-	-
Interest	62,833	3,194	-	29,313
Other revenue	4,882	625	-	181,374
Total revenue	67,715	3,819	2,003,140	3,029,332
Expenditures				
Judicial	-	-	-	-
General government	-	239,967	-	-
Public safety	-	-	-	5,245,198
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	-	-
Other governmental activities	1,342,222	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	1,342,222	239,967	-	5,245,198
Revenue over (under) expenditures	(1,274,507)	(236,148)	2,003,140	(2,215,866)
Other financing sources (uses)				
Transfers in	2,619,767	191,763	-	2,203,852
Transfers (out)	-	(78,800)	(1,866,729)	(16,743)
Total other financing sources (uses)	2,619,767	112,963	(1,866,729)	2,187,109
Net change in fund balances	1,345,260	(123,185)	136,411	(28,757)
Fund balances, beginning of year	2,248,538	214,530	76,501	1,534,491
Fund balances, end of year	\$ 3,593,798	\$ 91,345	\$ 212,912	\$ 1,505,734

Prosecutor's Welfare Fraud Grant 266.02	Prosecutor's Grant Victim Witness 266.04	911 County Operational Fund 266.09	Drug Court Program 267.00	County Law Library 269.00	Senior Citizen 270.00	Library 271.00
\$ -	\$ -	\$ 1,431,322	\$ -	\$ -	\$ 1,717,092	\$ -
-	-	-	-	-	-	-
266,809	115,743	354,888	5,172	-	-	-
-	-	250	11,252	-	-	-
-	-	-	-	6,500	-	117,120
-	-	69,592	-	-	-	-
-	-	727,556	-	-	-	-
266,809	115,743	2,583,608	16,424	6,500	1,717,092	117,120
348,884	-	-	249,497	78,741	-	-
-	-	-	-	-	-	-
-	236,735	2,347,029	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,737,919	117,120
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	128,805	-	-	-	-
-	-	41,940	-	-	-	-
348,884	236,735	2,517,774	249,497	78,741	1,737,919	117,120
(82,075)	(120,992)	65,834	(233,073)	(72,241)	(20,827)	-
82,075	120,992	250,000	236,000	64,170	-	-
-	-	(4,410)	-	-	-	-
82,075	120,992	245,590	236,000	64,170	-	-
-	-	311,424	2,927	(8,071)	(20,827)	-
-	-	1,797,524	12,857	61,164	22,507	-
\$ -	\$ -	\$ 2,108,948	\$ 15,784	\$ 53,093	\$ 1,680	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Hazardous Materials Emergency Preparedness 273.22	Michigan Housing CDBG 274.00	Federal HOME Housing 274.04
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	350	-
Total revenue	-	350	-
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	4,646	2,451
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	4,646	2,451
Revenue over (under) expenditures	-	(4,296)	(2,451)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(4,296)	(2,451)
Fund balances, beginning of year	-	4,296	2,451
Fund balances, end of year	\$ -	\$ -	\$ -

City of Watervliet Homeowner CDBG 274.06	MSHDA 2004 Housing CDBG 274.07	Harbortown CDBG 274.08	HMIS HUD Homeless Grant 274.10	MSHDA 2006 Housing CDBG 274.11	MSHDA Property Improvement Project 274.12	Small Bus Program 281.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	9,526	10,641	209,943	-	608,729
-	-	-	-	-	-	502,351
-	-	-	-	-	-	-
-	-	-	-	-	-	28,284
48,728	7,530	-	-	-	23,448	40,509
48,728	7,530	9,526	10,641	209,943	23,448	1,179,873
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,642	12,015	9,526	10,641	209,943	20,248	-
-	-	-	-	-	-	1,152,208
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,642	12,015	9,526	10,641	209,943	20,248	1,152,208
86	(4,485)	-	-	-	3,200	27,665
-	3,643	-	-	-	-	-
-	-	-	-	-	-	-
-	3,643	-	-	-	-	-
86	(842)	-	-	-	3,200	27,665
-	8,704	-	-	-	-	558,956
\$ 86	\$ 7,862	\$ -	\$ -	\$ -	\$ 3,200	\$ 586,621

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Clean Sweep Pest Control Grant 281.14	Project Zero Transit Grant 281.17	Galien River Voluntary Cleanup Project 281.19	Job Access and Reverse Commute Program 281.20
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	3,216	-	1,074	15,120
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	-	-	-
Total revenue	3,216	-	1,074	15,120
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	-	-
Other governmental activities	3,216	-	1,074	15,120
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	3,216	-	1,074	15,120
Revenue over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

Capital Bus Purchase Grant 282.00	Social Services 290.00	Child Care Probate 292.00	Child Care Social Services 292.01	Soldiers and Sailors Relief 293.00	Veteran's Trust 294.00	Board of Public Works 296.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
332,569	586,919	2,819,484	228,124	-	12,280	-
-	-	-	-	-	-	1,190
-	-	-	-	-	-	-
-	-	194,003	-	-	-	-
332,569	586,919	3,013,487	228,124	-	12,280	1,190
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	17
-	604,904	6,215,530	443,435	51	11,179	-
-	-	-	-	-	-	-
332,569	-	-	-	-	-	-
-	-	-	-	-	-	-
332,569	604,904	6,215,530	443,435	51	11,179	17
-	(17,985)	(3,202,043)	(215,311)	(51)	1,101	1,173
-	26,900	2,879,699	280,000	1,000	-	-
-	-	-	-	-	-	-
-	26,900	2,879,699	280,000	1,000	-	-
-	8,915	(322,344)	64,689	949	1,101	1,173
-	980	1,079,136	83,659	495	213	68,301
\$ -	\$ 9,895	\$ 756,792	\$ 148,348	\$ 1,444	\$ 1,314	\$ 69,474

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Campaign Finance Administration 297.03	Juvenile Incentive Block Grant [various #s]	Going Home Reintegration 297.16
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	12,479	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	550	5	-
	<hr/>		
Total revenue	550	12,484	-
Expenditures			
Judicial	-	17,303	1
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>		
Total expenditures	-	17,303	1
	<hr/>		
Revenue over (under) expenditures	550	(4,819)	(1)
Other financing sources (uses)			
Transfers in	-	4,769	1
Transfers (out)	-	-	-
	<hr/>		
Total other financing sources (uses)	-	4,769	1
	<hr/>		
Net change in fund balances	550	(50)	-
	<hr/>		
Fund balances, beginning of year	2,514	50	-
	<hr/>		
Fund balances, end of year	\$ 3,064	\$ -	\$ -
	<hr/> <hr/>		

Community Restoration Board 297.19	United Way Community Involvement 297.21	Juvenile Delinquent Title V Plan Grant 297.22 and 297.25	Juvenile Justice Planning Grant 297.23	Animal Control Neuter / Spay Program 298.01	Homestead Audit Administration 620.00	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,151,554
-	-	-	-	-	-	259,860
70	1,000	12,631	4,909	-	-	15,109,884
-	-	-	-	-	957	4,690,878
-	-	-	-	-	-	123,620
-	-	-	-	-	-	557,745
-	-	-	-	7,120	-	2,041,301
70	1,000	12,631	4,909	7,120	957	27,934,842
-	-	12,631	4,910	-	-	3,514,843
-	-	-	-	-	-	239,967
-	-	-	-	8,125	-	7,837,087
-	-	-	-	-	-	17
-	-	-	-	-	-	15,910,530
-	-	-	-	-	-	2,785,045
70	1,000	-	-	-	-	319,182
-	-	-	-	-	4,121	4,857,025
-	-	-	-	-	-	128,805
-	-	-	-	-	-	41,940
70	1,000	12,631	4,910	8,125	4,121	35,634,441
-	-	-	(1)	(1,005)	(3,164)	(7,699,599)
-	-	-	1	-	-	10,831,946
-	-	-	-	-	-	(2,191,938)
-	-	-	1	-	-	8,640,008
-	-	-	-	(1,005)	(3,164)	940,409
-	-	-	-	13,951	10,318	15,182,595
\$ -	\$ -	\$ -	\$ -	\$ 12,946	\$ 7,154	\$ 16,123,004

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Public Safety Cigarette Tax - 205.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	110,002	-	(110,002)
Total revenue	110,002	-	(110,002)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	-
Revenue over (under) expenditures	110,002	-	(110,002)
Other financing sources (uses)			
Transfers in	26,677	23,059	(3,618)
Transfers (out)	(136,679)	(102,256)	34,423
Total other financing sources (uses)	(110,002)	(79,197)	30,805
Net change in fund balances	-	(79,197)	(79,197)
Fund balances, beginning of year	111,137	111,137	-
Fund balances, end of year	\$ 111,137	\$ 31,940	\$ (79,197)

Parks and Recreation - 208.00			Historical Association Loan Fund - 211.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
356,000	352,184	(3,816)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
198,482	110,278	(88,204)	-	-	-
554,482	462,462	(92,020)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
939,486	915,963	(23,523)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
939,486	915,963	(23,523)	-	-	-
(385,004)	(453,501)	(68,497)	-	-	-
385,004	385,004	-	-	-	-
-	-	-	-	-	-
385,004	385,004	-	-	-	-
-	(68,497)	(68,497)	-	-	-
85,348	85,348	-	150,000	150,000	-
\$ 85,348	\$ 16,851	\$ (68,497)	\$ 150,000	\$ 150,000	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Berrien Community Foundation - 213.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	11,826	10,827	(999)
Total revenue	11,826	10,827	(999)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	11,826	10,592	(1,234)
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	11,826	10,592	(1,234)
Revenue over (under) expenditures	-	235	235
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	235	235
Fund balances, beginning of year	135	135	-
Fund balances, end of year	\$ 135	\$ 370	\$ 235

Generous Juror Program - 214.00			Friend of the Court - 215.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	2,026,402	2,035,266	8,864
-	-	-	200,000	209,936	9,936
-	-	-	-	-	-
-	-	-	-	-	-
4,000	2,919	(1,081)	39,500	1,630	(37,870)
4,000	2,919	(1,081)	2,265,902	2,246,832	(19,070)
-	-	-	2,973,812	2,796,419	(177,393)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,000	3,451	(549)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,000	3,451	(549)	2,973,812	2,796,419	(177,393)
-	(532)	(532)	(707,910)	(549,587)	158,323
-	-	-	707,910	743,910	36,000
-	-	-	-	-	-
-	-	-	707,910	743,910	36,000
-	(532)	(532)	-	194,323	194,323
4,264	4,264	-	346,341	346,341	-
\$ 4,264	\$ 3,732	\$ (532)	\$ 346,341	\$ 540,664	\$ 194,323

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Family Counseling Services - 216.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	20,000	17,670	(2,330)
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	10,000	-	(10,000)
Total revenue	30,000	17,670	(12,330)
Expenditures			
Judicial	30,000	6,457	(23,543)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	30,000	6,457	(23,543)
Revenue over (under) expenditures	-	11,213	11,213
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	11,213	11,213
Fund balances, beginning of year	125,287	125,287	-
Fund balances, end of year	\$ 125,287	\$ 136,500	\$ 11,213

Health Department - 221.00			Drug Court-Drug Treatment - 221.01		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
286,700	242,190	(44,510)	-	-	-
348,100	346,236	(1,864)	-	-	-
362,031	178,797	(183,234)	40,000	30,210	(9,790)
-	-	-	-	-	-
-	-	-	-	-	-
835,822	554,401	(281,421)	-	20	20
1,832,653	1,321,624	(511,029)	40,000	30,230	(9,770)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,428,703	2,160,970	(267,733)	168,000	151,292	(16,708)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,428,703	2,160,970	(267,733)	168,000	151,292	(16,708)
(596,050)	(839,346)	(243,296)	(128,000)	(121,062)	6,938
596,050	587,341	(8,709)	128,000	128,000	-
-	-	-	-	-	-
596,050	587,341	(8,709)	128,000	128,000	-
-	(252,005)	(252,005)	-	6,938	6,938
433,421	433,421	-	96	96	-
\$ 433,421	\$ 181,416	\$ (252,005)	\$ 96	\$ 7,034	\$ 6,938

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Health Department Grants - 221.xx		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	4,260,383	5,708,528	1,448,145
Charges for services	434,799	473,475	38,676
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	625,111	124,546	(500,565)
Total revenue	5,320,293	6,306,549	986,256
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	5,320,293	6,323,169	1,002,876
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	5,320,293	6,323,169	1,002,876
Revenue over (under) expenditures	-	(16,620)	(16,620)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(16,620)	(16,620)
Fund balances, beginning of year	378,584	378,584	-
Fund balances, end of year	\$ 378,584	\$ 361,964	\$ (16,620)

Berrien County Landfill Use- 227.00			Public Maintenance & Improvement - 245.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,929,989	1,520,159	(409,830)	-	-	-
-	-	-	-	-	-
101,400	364,529	263,129	-	62,833	62,833
298,390	-	(298,390)	2,285,381	4,882	(2,280,499)
<u>2,329,779</u>	<u>1,884,688</u>	<u>(445,091)</u>	<u>2,285,381</u>	<u>67,715</u>	<u>(2,217,666)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,206,779	2,006,495	(200,284)	4,798,631	1,342,222	(3,456,409)
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,206,779</u>	<u>2,006,495</u>	<u>(200,284)</u>	<u>4,798,631</u>	<u>1,342,222</u>	<u>(3,456,409)</u>
123,000	(121,807)	(244,807)	(2,513,250)	(1,274,507)	1,238,743
-	-	-	2,513,250	2,619,767	106,517
(123,000)	(123,000)	-	-	-	-
<u>(123,000)</u>	<u>(123,000)</u>	<u>-</u>	<u>2,513,250</u>	<u>2,619,767</u>	<u>106,517</u>
-	(244,807)	(244,807)	-	1,345,260	1,345,260
<u>5,745,846</u>	<u>5,745,846</u>	<u>-</u>	<u>2,248,538</u>	<u>2,248,538</u>	<u>-</u>
\$ 5,745,846	\$ 5,501,039	\$ (244,807)	\$ 2,248,538	\$ 3,593,798	\$ 1,345,260

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Register of Deeds Automation- 256.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	9,000	3,194	(5,806)
Other revenue	97,264	625	(96,639)
Total revenue	106,264	3,819	(102,445)
Expenditures			
Judicial	-	-	-
General government	252,464	239,967	(12,497)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	252,464	239,967	(12,497)
Revenue over (under) expenditures	(146,200)	(236,148)	(89,948)
Other financing sources (uses)			
Transfers in	225,000	191,763	(33,237)
Transfers (out)	(78,800)	(78,800)	-
Total other financing sources (uses)	146,200	112,963	(33,237)
Net change in fund balances	-	(123,185)	(123,185)
Fund balances, beginning of year	214,530	214,530	-
Fund balances, end of year	\$ 214,530	\$ 91,345	\$ (123,185)

Drug Enforcement Public Safety - 264.00			Law Enforcement Funds - [various #s]		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ 1,918,717	\$ 2,003,140	\$ 84,423	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1,567,127	1,408,528	(158,599)
-	-	-	1,444,890	1,410,117	(34,773)
-	-	-	-	-	-
-	-	-	-	29,313	29,313
31,000	-	(31,000)	686,360	181,374	(504,986)
1,949,717	2,003,140	53,423	3,698,377	3,029,332	(669,045)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,959,214	5,245,198	(714,016)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,959,214	5,245,198	(714,016)
1,949,717	2,003,140	53,423	(2,260,837)	(2,215,866)	44,971
(56,562)	-	56,562	2,277,621	2,203,852	(73,769)
(1,893,155)	(1,866,729)	26,426	(16,784)	(16,743)	41
(1,949,717)	(1,866,729)	82,988	2,260,837	2,187,109	(73,728)
-	136,411	136,411	-	(28,757)	(28,757)
76,501	76,501	-	1,534,491	1,534,491	-
\$ 76,501	\$ 212,912	\$ 136,411	\$ 1,534,491	\$ 1,505,734	\$ (28,757)

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Prosecutor's Welfare Fraud Grant - 266.02		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	293,054	266,809	(26,245)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	293,054	266,809	(26,245)
Expenditures			
Judicial	354,112	348,884	(5,228)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	354,112	348,884	(5,228)
Revenue over (under) expenditures	(61,058)	(82,075)	(21,017)
Other financing sources (uses)			
Transfers in	61,058	82,075	21,017
Transfers (out)	-	-	-
Total other financing sources (uses)	61,058	82,075	21,017
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Prosecutor's Grant Victim-Witness - 266.04			911 County Operational Fund - 266.09		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 1,411,990	\$ 1,431,322	\$ 19,332
-	-	-	-	-	-
118,500	115,743	(2,757)	376,000	354,888	(21,112)
-	-	-	-	250	250
-	-	-	-	-	-
-	-	-	-	69,592	69,592
-	-	-	1,270,328	727,556	(542,772)
118,500	115,743	(2,757)	3,058,318	2,583,608	(474,710)
-	-	-	-	-	-
-	-	-	-	-	-
239,493	236,735	(2,758)	3,303,908	2,347,029	(956,879)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	128,805	128,805
-	-	-	-	41,940	41,940
239,493	236,735	(2,758)	3,303,908	2,517,774	(786,134)
(120,993)	(120,992)	1	(245,590)	65,834	311,424
120,993	120,992	(1)	250,000	250,000	-
-	-	-	(4,410)	(4,410)	-
120,993	120,992	(1)	245,590	245,590	-
-	-	-	-	311,424	311,424
-	-	-	1,797,524	1,797,524	-
\$ -	\$ -	\$ -	\$ 1,797,524	\$ 2,108,948	\$ 311,424

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Drug Court Program - 267.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	5,000	5,172	172
Charges for services	18,000	11,252	(6,748)
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	23,000	16,424	(6,576)
Expenditures			
Judicial	287,426	249,497	(37,929)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	287,426	249,497	(37,929)
Revenue over (under) expenditures	(264,426)	(233,073)	31,353
Other financing sources (uses)			
Transfers in	264,426	236,000	(28,426)
Transfers (out)	-	-	-
Total other financing sources (uses)	264,426	236,000	(28,426)
Net change in fund balances	-	2,927	2,927
Fund balances, beginning of year	12,857	12,857	-
Fund balances, end of year	\$ 12,857	\$ 15,784	\$ 2,927

County Law Library - 269.00			Senior Citizen - 270.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 1,728,817	\$ 1,717,092	\$ (11,725)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,500	6,500	-	-	-
-	-	-	-	-	-
13,000	-	(13,000)	9,170	-	(9,170)
13,000	6,500	(6,500)	1,737,987	1,717,092	(20,895)
83,670	78,741	(4,929)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,737,987	1,737,919	(68)
-	-	-	-	-	-
-	-	-	-	-	-
83,670	78,741	(4,929)	1,737,987	1,737,919	(68)
(70,670)	(72,241)	(1,571)	-	(20,827)	(20,827)
70,670	64,170	(6,500)	-	-	-
-	-	-	-	-	-
70,670	64,170	(6,500)	-	-	-
-	(8,071)	(8,071)	-	(20,827)	(20,827)
61,164	61,164	-	22,507	22,507	-
\$ 61,164	\$ 53,093	\$ (8,071)	\$ 22,507	\$ 1,680	\$ (20,827)

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Library - 271.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	117,120	117,120
Interest	-	-	-
Other revenue	-	-	-
Total revenue	-	117,120	117,120
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	118,500	117,120	(1,380)
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	118,500	117,120	(1,380)
Revenue over (under) expenditures	(118,500)	-	118,500
Other financing sources (uses)			
Transfers in	118,500	-	(118,500)
Transfers (out)	-	-	-
Total other financing sources (uses)	118,500	-	(118,500)
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

**Hazardous Materials
Emergency Preparedness - 273.22**

Michigan Housing CDBG - 274.00

Hazardous Materials Emergency Preparedness - 273.22			Michigan Housing CDBG - 274.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,000	-	(22,000)	4,646	350	(4,296)
22,000	-	(22,000)	4,646	350	(4,296)
-	-	-	-	-	-
-	-	-	-	-	-
22,000	-	(22,000)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,646	4,646	-
-	-	-	-	-	-
-	-	-	-	-	-
22,000	-	(22,000)	4,646	4,646	-
-	-	-	-	(4,296)	(4,296)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(4,296)	(4,296)
-	-	-	4,296	4,296	-
\$ -	\$ -	\$ -	\$ 4,296	\$ -	\$ (4,296)

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Federal HOME Housing - 274.04		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	2,451	-	(2,451)
Total revenue	2,451	-	(2,451)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	2,451	2,451	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	2,451	2,451	-
Revenue over (under) expenditures	-	(2,451)	(2,451)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(2,451)	(2,451)
Fund balances, beginning of year	2,451	2,451	-
Fund balances, end of year	\$ 2,451	\$ -	\$ (2,451)

City of Watervliet Homeowner CDBG - 274.06			MSHDA 2004 Housing CDBG - 274.07		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
48,642	48,728	86	13,273	7,530	(5,743)
48,642	48,728	86	13,273	7,530	(5,743)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
48,642	48,642	-	13,273	12,015	(1,258)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
48,642	48,642	-	13,273	12,015	(1,258)
-	86	86	-	(4,485)	(4,485)
-	-	-	-	3,643	3,643
-	-	-	-	-	-
-	-	-	-	3,643	3,643
-	86	86	-	(842)	(842)
-	-	-	8,704	8,704	-
\$ -	\$ 86	\$ 86	\$ 8,704	\$ 7,862	\$ (842)

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Harbortown CDBG - 274.08		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	16,000	9,526	(6,474)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	16,000	9,526	(6,474)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	16,000	9,526	(6,474)
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	16,000	9,526	(6,474)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

HMIS HUD Homeless Grant - 274.10			MSHDA 2006 Housing CDBG - 274.11		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
10,665	10,641	(24)	232,233	209,943	(22,290)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,000	-	(5,000)
10,665	10,641	(24)	237,233	209,943	(27,290)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,665	10,641	(24)	237,233	209,943	(27,290)
-	-	-	-	-	-
-	-	-	-	-	-
10,665	10,641	(24)	237,233	209,943	(27,290)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	MSHDA Property Improvement Project - 274.12		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	23,148	23,448	300
Total revenue	23,148	23,448	300
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	23,148	20,248	(2,900)
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	23,148	20,248	(2,900)
Revenue over (under) expenditures	-	3,200	3,200
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	3,200	3,200
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ 3,200	\$ 3,200

Small Bus Program - 281.00			Clean Sweep Pest Control Grant - 281.14		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
698,500	608,729	(89,771)	5,256	3,216	(2,040)
552,600	502,351	(50,249)	-	-	-
-	-	-	-	-	-
20,000	28,284	8,284	-	-	-
23,179	40,509	17,330	-	-	-
<u>1,294,279</u>	<u>1,179,873</u>	<u>(114,406)</u>	<u>5,256</u>	<u>3,216</u>	<u>(2,040)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,294,279	1,152,208	(142,071)	5,256	3,216	(2,040)
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,294,279</u>	<u>1,152,208</u>	<u>(142,071)</u>	<u>5,256</u>	<u>3,216</u>	<u>(2,040)</u>
-	27,665	27,665	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	27,665	27,665	-	-	-
<u>558,956</u>	<u>558,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 558,956</u>	<u>\$ 586,621</u>	<u>\$ 27,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Project Zero Transit Grant - 281.17		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	29,000	-	(29,000)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	29,000	-	(29,000)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	29,000	-	(29,000)
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	29,000	-	(29,000)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

<u>Galien River Voluntary Cleanup Project - 281.19</u>			<u>Job Access and Reverse Commute Project - 281.20</u>		
<u>Amended</u>		<u>Over</u>	<u>Amended</u>		<u>Over</u>
<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>	<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>
		<u>Budget</u>			<u>Budget</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,528	1,074	(454)	115,000	15,120	(99,880)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,528	1,074	(454)	115,000	15,120	(99,880)
-	-	-	-	-	-
-	-	-	-	-	-
1,528	1,074	(454)	115,000	15,120	(99,880)
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Capital Bus Purchase Grant - 282.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	400,000	332,569	(67,431)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	400,000	332,569	(67,431)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	400,000	332,569	(67,431)
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	400,000	332,569	(67,431)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Child Care Probate - 292.00			Soldiers and Sailors Relief - 293.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,819,960	2,819,484	(476)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,098,423	194,003	(904,420)	-	-	-
3,918,383	3,013,487	(904,896)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,766,982	6,215,530	(551,452)	1,000	51	(949)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,766,982	6,215,530	(551,452)	1,000	51	(949)
(2,848,599)	(3,202,043)	(353,444)	(1,000)	(51)	949
2,848,599	2,879,699	31,100	1,000	1,000	-
-	-	-	-	-	-
2,848,599	2,879,699	31,100	1,000	1,000	-
-	(322,344)	(322,344)	-	949	949
1,079,136	1,079,136	-	495	495	-
\$ 1,079,136	\$ 756,792	\$ (322,344)	\$ 495	\$ 1,444	\$ 949

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Veteran's Trust - 294.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	11,782	12,280	498
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	11,782	12,280	498
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	11,782	11,179	(603)
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	11,782	11,179	(603)
Revenue over (under) expenditures	-	1,101	1,101
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	1,101	1,101
Fund balances, beginning of year	213	213	-
Fund balances, end of year	\$ 213	\$ 1,314	\$ 1,101

Board of Public Works - 296.00			Campaign Finance Administration - 297.03		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
5,500	1,190	(4,310)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,500	550	(950)
5,500	1,190	(4,310)	1,500	550	(950)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,500	17	(5,483)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,500	-	(1,500)
-	-	-	-	-	-
-	-	-	-	-	-
5,500	17	(5,483)	1,500	-	(1,500)
-	1,173	1,173	-	550	550
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,173	1,173	-	550	550
68,301	68,301	-	2,514	2,514	-
\$ 68,301	\$ 69,474	\$ 1,173	\$ 2,514	\$ 3,064	\$ 550

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Juvenile Incentive Block Grant - [various #s]		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	27,966	12,479	(15,487)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	50	5	(45)
Total revenue	28,016	12,484	(15,532)
Expenditures			
Judicial	31,122	17,303	(13,819)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	31,122	17,303	(13,819)
Revenue over (under) expenditures	(3,106)	(4,819)	(1,713)
Other financing sources (uses)			
Transfers in	3,106	4,769	1,663
Transfers (out)	-	-	-
Total other financing sources (uses)	3,106	4,769	1,663
Net change in fund balances	-	(50)	(50)
Fund balances, beginning of year	50	50	-
Fund balances, end of year	\$ 50	\$ -	\$ (50)

Going Home Reintegration - 297.16				Community Restoration Board - 297.19			
Amended Budget	Actual	Over (Under) Budget		Amended Budget	Actual	Over (Under) Budget	
\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-
-	-	-	-	-	-	-	-
-	-	-	-	70	70	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	70	70	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1	1	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	70	70	-	-
-	-	-	-	-	-	-	-
-	1	1	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1	1	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	United Way Community Investment - 297.21		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	1,000	1,000	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	1,000	1,000	-
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	1,000	1,000	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,000	1,000	-
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

**Juvenile Delinquent Title V
Plan Grant - 297.22 and 297.25**

Juvenile Justice Planning Grant - 297.23

Juvenile Delinquent Title V Plan Grant - 297.22 and 297.25			Juvenile Justice Planning Grant - 297.23		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
22,311	12,631	(9,680)	15,000	4,909	(10,091)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1	-	(1)	-	-	-
22,312	12,631	(9,681)	15,000	4,909	(10,091)
22,312	12,631	(9,681)	15,000	4,910	(10,090)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,312	12,631	(9,681)	15,000	4,910	(10,090)
-	-	-	-	(1)	(1)
-	-	-	-	1	1
-	-	-	-	-	-
-	-	-	-	1	1
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Animal Control Neuter / Spay Program - 298.01		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	11,000	7,120	(3,880)
	11,000	7,120	(3,880)
Total revenue	11,000	7,120	(3,880)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	11,000	8,125	(2,875)
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	11,000	8,125	(2,875)
Total expenditures	11,000	8,125	(2,875)
Revenue over (under) expenditures	-	(1,005)	(1,005)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
	-	-	-
Total other financing sources (uses)	-	-	-
Fund balances, beginning of year	-	(1,005)	(1,005)
Fund balances, beginning of year	13,951	13,951	-
Fund balances, end of year	\$ 13,951	\$ 12,946	\$ (1,005)

Homestead Audit Administration - 620.00			Total Budgeted Special Revenue Funds		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 5,059,524	\$ 5,151,554	\$ 92,030
-	-	-	306,700	259,860	(46,840)
-	-	-	13,400,837	14,294,841	894,004
3,000	957	(2,043)	5,346,809	4,690,878	(655,931)
-	-	-	-	123,620	123,620
-	-	-	130,400	557,745	427,345
3,000	-	(3,000)	7,781,949	2,041,301	(5,740,648)
6,000	957	(5,043)	32,026,219	27,119,799	(4,906,420)
-	-	-	3,797,454	3,514,843	(282,611)
-	-	-	252,464	239,967	(12,497)
-	-	-	9,535,615	7,837,087	(1,698,528)
-	-	-	5,500	17	(5,483)
-	-	-	14,696,760	14,862,191	165,431
-	-	-	2,811,799	2,785,045	(26,754)
-	-	-	357,128	319,182	(37,946)
6,000	4,121	(1,879)	8,857,973	4,857,025	(4,000,948)
-	-	-	-	128,805	128,805
-	-	-	-	41,940	41,940
6,000	4,121	(1,879)	40,314,693	34,586,102	(5,728,591)
-	(3,164)	(3,164)	(8,288,474)	(7,466,303)	822,171
-	-	-	10,541,302	10,525,046	(16,256)
-	-	-	(2,252,828)	(2,191,938)	60,890
-	-	-	8,288,474	8,333,108	44,634
-	(3,164)	(3,164)	-	866,805	866,805
10,318	10,318	-	15,097,956	15,097,956	-
\$ 10,318	\$ 7,154	\$ (3,164)	\$ 15,097,956	\$ 15,964,761	\$ 866,805

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	<u>Unbudgeted Funds</u>		<u>Total Actual</u>
	<u>Social Services 290.00</u>	<u>Child Care Social Services 292.01</u>	
Revenue			
Taxes	\$ -	\$ -	\$ 5,151,554
Licenses and permits	-	-	259,860
Intergovernmental revenue	586,919	228,124	15,109,884
Charges for services	-	-	4,690,878
Fines and forfeitures	-	-	123,620
Interest	-	-	557,745
Other revenue	-	-	2,041,301
Total revenue	586,919	228,124	27,934,842
Expenditures			
Judicial	-	-	3,514,843
General government	-	-	239,967
Public safety	-	-	7,837,087
Public works	-	-	17
Health and welfare	604,904	443,435	15,910,530
Recreation and cultural	-	-	2,785,045
Community development	-	-	319,182
Other governmental activities	-	-	4,857,025
Debt service:			
Principal	-	-	128,805
Interest and fiscal charges	-	-	41,940
Total expenditures	604,904	443,435	35,634,441
Revenue over (under) expenditures	(17,985)	(215,311)	(7,699,599)
Other financing sources (uses)			
Transfers in	26,900	280,000	10,831,946
Transfers (out)	-	-	(2,191,938)
Total other financing sources (uses)	26,900	280,000	8,640,008
Fund balances, beginning of year	8,915	64,689	940,409
Fund balances, beginning of year	980	83,659	15,182,595
Fund balances, end of year	<u>\$ 9,895</u>	<u>\$ 148,348</u>	<u>\$ 16,123,004</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2007

	Bridge Bond 301.00	Building Authority 450.00	Total
Assets			
Cash and cash equivalents	\$ 260	\$ -	\$ 260
Fund balances			
Unreserved, undesignated	\$ 260	\$ -	\$ 260

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2007

	Bridge Bond 301.00	Building Authority 450.00	Total
Revenue			
Intergovernmental	\$ -	\$ 1,294,563	\$ 1,294,563
Expenditures			
Debt service:			
Principal	-	875,000	875,000
Interest and fiscal charges	-	419,563	419,563
Total expenditures	-	1,294,563	1,294,563
Fund balances, beginning of year	-	-	-
Fund balances, beginning of year	260	-	260
Fund balances, end of year	\$ 260	\$ -	\$ 260

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2007

	Vehicle/ Equipment Replacement 402.00	Animal Shelter 413.00	Building Authority 450.00	Courthouse 470.00	Total
Assets					
Cash and cash equivalents	\$ 320,185	\$ 10,586	\$ 3,136	\$ 1	\$ 333,908
Investments	-	117,000	425,561	-	542,561
Total assets	\$ 320,185	\$ 127,586	\$ 428,697	\$ 1	\$ 876,469
Liabilities					
Accounts payable	\$ 1,068	\$ -	\$ -	\$ -	\$ 1,068
Fund balances					
Unreserved:					
Designated for subsequent year expenditures	70,000	-	-	-	70,000
Undesignated	249,117	127,586	428,697	1	805,401
Total fund balances	319,117	127,586	428,697	1	875,401
Total liabilities and fund balances	\$ 320,185	\$ 127,586	\$ 428,697	\$ 1	\$ 876,469

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended December 31, 2007

	Vehicle/ Equipment Replacement 402.00	Animal Shelter 413.00	Building Authority 450.00	Courthouse 470.00	Total
Revenue					
Interest revenue	\$ -	\$ 2,317	\$ 24,679	\$ -	\$ 26,996
Other	-	16,531	-	-	16,531
Total revenue	-	18,848	24,679	-	43,527
Expenditures					
Public works	153,075	-	313,332	-	466,407
Revenue over (under) expenditures	(153,075)	18,848	(288,653)	-	(422,880)
Other financing sources					
Transfers in	302,000	-	-	-	302,000
Total other financing sources	302,000	-	-	-	302,000
Fund balances, beginning of year	148,925	18,848	(288,653)	-	(120,880)
Fund balances, beginning of year	170,192	108,738	717,350	1	996,281
Fund balances, end of year	\$ 319,117	\$ 127,586	\$ 428,697	\$ 1	\$ 875,401

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2007

	Delinquent Tax Foreclosure 617.xx	Delinquent Personal Property Tax 618.00	Drain Working Capital 639.00	Baroda Township Water System No. 14 851.09
Assets				
Current assets:				
Cash and cash equivalents	\$ 510,242	\$ 151,427	\$ 227,053	\$ -
Current portion of leases receivable	-	-	-	-
Inventory	-	-	34,966	-
Total current assets	<u>510,242</u>	<u>151,427</u>	<u>262,019</u>	<u>-</u>
Non-current assets:				
Leases receivable, net of current portion	-	-	-	-
Capital assets being depreciated, net	-	-	316,155	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>316,155</u>	<u>-</u>
Total assets	<u>510,242</u>	<u>151,427</u>	<u>578,174</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	17,758	-	-	-
Accrued liabilities	1,401	1,133	-	-
Current portion of long-term debt	-	-	59,478	-
Total current liabilities	<u>19,159</u>	<u>1,133</u>	<u>59,478</u>	<u>-</u>
Long-term liabilities:				
Due in more than one year	-	-	60,403	-
Total liabilities	<u>19,159</u>	<u>1,133</u>	<u>119,881</u>	<u>-</u>
Net assets				
Invested in capital assets, net of related debt	-	-	196,274	-
Unrestricted	491,083	150,294	262,019	-
Total net assets	<u>\$ 491,083</u>	<u>\$ 150,294</u>	<u>\$ 458,293</u>	<u>\$ -</u>

Royalton Township Water System No. 20 851.15	Royalton Township Water System No. 23 851.17	Buchanan Township Sewer System No. 23/ Water System No. 21 851.41	Royalton Township Sewer System No. 20 851.70 & .79	City of Watervliet Sewer System No. 22 851.72	Village of Baroda Sewer System No. 18 Refunding 851.74	City of Benton Harbor Water System No. 17 Refunding 851.80
\$ -	\$ 158	\$ 7,417	\$ 795	\$ -	\$ -	\$ -
75,000	100,000	35,000	-	30,000	40,000	150,000
-	-	-	-	-	-	-
75,000	100,158	42,417	795	30,000	40,000	150,000
470,000	1,094,842	252,583	-	35,000	90,000	-
-	-	-	-	-	-	-
470,000	1,094,842	252,583	-	35,000	90,000	-
545,000	1,195,000	295,000	795	65,000	130,000	150,000
-	-	-	795	-	-	-
-	-	-	-	-	-	-
75,000	100,000	35,000	-	30,000	40,000	150,000
75,000	100,000	35,000	795	30,000	40,000	150,000
470,000	1,095,000	260,000	-	35,000	90,000	-
545,000	1,195,000	295,000	795	65,000	130,000	150,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds (Concluded)
December 31, 2007

	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82	Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 41,689	\$ 938,781
Current portion of leases receivable	75,000	20,000	-	15,000	540,000
Inventory	-	-	-	-	34,966
Total current assets	<u>75,000</u>	<u>20,000</u>	<u>-</u>	<u>56,689</u>	<u>1,513,747</u>
Non-current assets:					
Leases receivable, net of current portion	1,095,000	305,000	-	458,311	3,800,736
Capital assets being depreciated, net	-	-	-	-	316,155
Total non-current assets	<u>1,095,000</u>	<u>305,000</u>	<u>-</u>	<u>458,311</u>	<u>4,116,891</u>
Total assets	<u>1,170,000</u>	<u>325,000</u>	<u>-</u>	<u>515,000</u>	<u>5,630,638</u>
Liabilities					
Current liabilities:					
Accounts payable	-	-	-	-	18,553
Accrued liabilities	-	-	-	-	2,534
Current portion of long-term debt	75,000	20,000	-	15,000	599,478
Total current liabilities	<u>75,000</u>	<u>20,000</u>	<u>-</u>	<u>15,000</u>	<u>620,565</u>
Long-term liabilities:					
Due in more than one year	1,095,000	305,000	-	500,000	3,910,403
Total liabilities	<u>1,170,000</u>	<u>325,000</u>	<u>-</u>	<u>515,000</u>	<u>4,530,968</u>
Net assets					
Invested in capital assets, net of related debt	-	-	-	-	196,274
Unrestricted	-	-	-	-	903,396
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099,670</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2007

	Delinquent Tax Foreclosure 617.xx	Delinquent Personal Property Tax 618.00	Drain Working Capital 639.00	Baroda Township Water System No. 14 851.09
Operating revenue				
Charges for services	\$ 605,845	\$ 97,731	\$ 338,454	\$ 1,495
Operating expense				
Operations	656,610	42,054	139,917	-
Public works projects	-	-	-	-
Depreciation	-	-	49,777	-
Total operating expense	656,610	42,054	189,694	-
Operating income (loss)	(50,765)	55,677	148,760	1,495
Non-operating revenue				
Interest revenue	-	3,981	-	-
Interest expense and fiscal charges	-	-	-	(1,495)
Total non-operating revenue (expense)	-	3,981	-	(1,495)
Income before transfers	(50,765)	59,658	148,760	-
Transfers				
Transfers in	225,000	-	-	-
Transfers out	(567,362)	-	-	-
Total transfers	(342,362)	-	-	-
Change in net assets	(393,127)	59,658	148,760	-
Net assets, beginning of year	884,210	90,636	309,533	-
Net assets, end of year	\$ 491,083	\$ 150,294	\$ 458,293	\$ -

Royalton Township Water System No. 20 851.15	Royalton Township Water System No. 23 851.17	Buchanan Township Sewer System No. 23/ Water System No. 21 851.41	Royalton Township Sewer System No. 20 851.70 & .79	City of Watervliet Sewer System No. 22 851.72	Village of Baroda Sewer System No. 18 Refunding 851.74	City of Benton Harbor Water System No. 17 Refunding 851.80
\$ 34,490	\$ 58,068	\$ 18,145	\$ (81)	\$ 7,375	\$ 11,165	\$ 11,049
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
34,490	58,068	18,145	(81)	7,375	11,165	11,049
-	10	500	81	-	-	-
(34,490)	(58,078)	(18,645)	-	(7,375)	(11,165)	(11,049)
(34,490)	(58,068)	(18,145)	81	(7,375)	(11,165)	(11,049)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Nonmajor Enterprise Funds (Concluded)
For the Year Ended December 31, 2007

	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82	Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
Operating revenue					
Charges for services	\$ 65,985	\$ 26,351	\$ 658	\$ 47,942	\$ 1,324,672
Operating expense					
Operations	-	-	-	-	838,581
Public works projects	-	-	362	26,591	26,953
Depreciation	-	-	-	-	49,777
Total operating expense	-	-	362	26,591	915,311
Operating income (loss)	65,985	26,351	296	21,351	409,361
Non-operating revenue					
Interest revenue	-	(8,171)	(97)	1,445	(2,251)
Interest expense and fiscal charges	(65,985)	(18,180)	(199)	(22,796)	(249,457)
Total non-operating revenue (expense)	(65,985)	(26,351)	(296)	(21,351)	(251,708)
Income before transfers	-	-	-	-	157,653
Transfers					
Transfers in	-	-	-	-	225,000
Transfers out	-	-	-	-	(567,362)
Total transfers	-	-	-	-	(342,362)
Change in net assets	-	-	-	-	(184,709)
Net assets, beginning of year	-	-	-	-	1,284,379
Net assets, end of year	\$ -	\$ -	\$ -	\$ -	\$ 1,099,670

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2007

	Delinquent Tax Foreclosure 617.xx	Delinquent Personal Property Tax 618.00	Drain Working Capital 639.00	Baroda Township Water System No. 14 851.09
Cash flows from operating activities				
Cash received from customers	\$ 605,845	\$ 97,731	\$ 338,454	\$ 1,495
Cash payments to suppliers for goods and services	(569,435)	(3,541)	(142,584)	-
Cash payments to employees for services	(87,280)	(38,054)	-	-
Net cash (used in) provided by operating activities	(50,870)	56,136	195,870	1,495
Cash flows from non-capital financing activities				
Transfers in	225,000	-	-	-
Transfers out	(567,362)	-	-	-
Net cash used in non-capital and related financing activities	(342,362)	-	-	-
Cash flows from capital and related financing activities				
Principal payments	-	-	(58,597)	(25,000)
Interest payments	-	-	-	(1,495)
Purchase of capital assets	-	-	(176,840)	-
Proceeds from issuance of long-term debt	-	-	122,905	-
Net cash used in capital and related financing activities	-	-	(112,532)	(26,495)
Cash flows from investing activities				
Interest received	-	3,981	-	-
Amounts collected on leases receivable	-	-	-	25,000
Net cash provided by investing activities	-	3,981	-	25,000
Net (decrease) increase in cash and cash equivalents	(393,232)	60,117	83,338	-
Cash and cash equivalents, beginning of year	903,474	91,310	143,715	-
Cash and cash equivalents, end of year	\$ 510,242	\$ 151,427	\$ 227,053	\$ -

Royalton Township Water System No. 20 851.15	Royalton Township Water System No. 23 851.17	Buchanan Township Sewer System No. 23/ Water System No. 21 851.41	Royalton Township Sewer System No. 20 851.70 & .79	City of Watervliet Sewer System No. 22 851.72	Village of Baroda Sewer System No. 18 Refunding 851.74	City of Benton Harbor Water System No. 17 Refunding 851.80
\$ 34,490	\$ 58,079	\$ 18,645	\$ (81)	\$ 7,375	\$ 11,165	\$ 11,049
-	-	-	81	-	-	-
-	-	-	-	-	-	-
34,490	58,079	18,645	-	7,375	11,165	11,049
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(50,000)	(100,000)	(35,000)	-	(30,000)	(35,000)	(185,000)
(34,490)	(58,078)	(18,645)	-	(7,375)	(11,165)	(11,049)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(84,490)	(158,078)	(53,645)	-	(37,375)	(46,165)	(196,049)
-	10	500	81	-	-	-
50,000	100,000	35,000	-	30,000	35,000	185,000
50,000	100,010	35,500	81	30,000	35,000	185,000
-	11	500	81	-	-	-
-	147	6,917	714	-	-	-
\$ -	\$ 158	\$ 7,417	\$ 795	\$ -	\$ -	\$ -

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COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended December 31, 2007

	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82	Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
Cash flows from operating activities					
Cash received from customers	\$ 65,985	\$ 18,181	\$ 658	\$ 24,629	\$ 1,293,700
Cash payments to suppliers for goods and services	-	-	(969)	(26,591)	(743,039)
Cash payments to employees for services	-	-	-	-	(125,334)
Net cash provided by operating activities	65,985	18,181	(311)	(1,962)	425,327
Cash flows from non-capital financing activities					
Transfers in	-	-	-	-	225,000
Transfers out	-	-	-	-	(567,362)
Net cash used in non-capital and related financing activities	-	-	-	-	(342,362)
Cash flows from capital and related financing activities					
Principal payments	(50,000)	(15,000)	-	(15,000)	(598,597)
Interest payments	(65,985)	(18,180)	(199)	(22,796)	(249,457)
Purchase of capital assets	-	-	-	-	(176,840)
Proceeds from issuance of long-term debt	-	-	-	-	122,905
Net cash (used in) capital and related financing activities	(115,985)	(33,180)	(199)	(37,796)	(901,989)
Cash flows from investing activities					
Interest received	-	(8,171)	(97)	1,445	(2,251)
Amounts collected on leases receivable	50,000	15,000	-	15,000	540,000
Net cash provided by (used in) investing activities	50,000	6,829	(97)	16,445	537,749
Net increase (decrease) in cash and cash equivalents	-	(8,170)	(607)	(23,313)	(281,275)
Cash and cash equivalents, beginning of year	-	8,170	607	65,002	1,220,056
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ 41,689	\$ 938,781

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended December 31, 2007

	Delinquent Tax Foreclosure 617.xx	Delinquent Personal Property Tax 618.00	Drain Working Capital 639.00	Baroda Township Water System No. 14 851.09
Reconciliation of operating income (loss)				
to net cash provided by (used in)				
operating activities:				
Operating income (loss)	\$ (50,765)	\$ 55,677	\$ 148,760	\$ 1,495
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	-	-	49,777	-
Changes in assets and liabilities:				
Leases receivable	-	-	-	-
Inventories	-	-	(2,546)	-
Accounts payable	(411)	-	(121)	-
Accrued and other liabilities	306	459	-	-
Net cash provided by operating activities	\$ (50,870)	\$ 56,136	\$ 195,870	\$ 1,495

Royalton Township Water System No. 20 851.15	Royalton Township Water System No. 23 851.17	Buchanan Township Sewer System No. 23/ Water System No. 21 851.41	Royalton Township Sewer System No. 20 851.70 & .79	City of Watervliet Sewer System No. 22 851.72	Village of Baroda Sewer System No. 18 Refunding 851.74	City of Benton Harbor Water System No. 17 Refunding 851.80
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\$ 34,490	\$ 58,068	\$ 18,145	\$ (81)	\$ 7,375	\$ 11,165	\$ 11,049
-	-	-	-	-	-	-
-	11	500	-	-	-	-
-	-	-	81	-	-	-
-	-	-	-	-	-	-
\$ 34,490	\$ 58,079	\$ 18,645	\$ -	\$ 7,375	\$ 11,165	\$ 11,049

(continued...)

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Concluded)
For the Year Ended December 31, 2007

	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82	Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
Reconciliation of operating income (loss)					
to net cash provided by (used in)					
operating activities:					
Operating income (loss)	\$ 65,985	\$ 26,351	\$ 296	\$ 21,351	409,361
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	-	-	-	-	49,777
Changes in assets and liabilities:					
Leases receivable	-	(8,170)	-	(23,313)	(30,972)
Inventories	-	-	-	-	(2,546)
Accounts payable	-	-	(607)	-	(1,058)
Accrued and other liabilities	-	-	-	-	765
Net cash provided by operating activities	\$ 65,985	\$ 18,181	\$ (311)	\$ (1,962)	\$ 425,327

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2007

	Property/ Liability Insurance 677.00	Workers' Compensation Insurance 677.01	Health Care Insurance 677.02	Unemployment Insurance 677.03	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,327,451	\$ 1,564,102	\$ 6,418,282	\$ 149,090	\$ 10,458,925
Non-current assets:					
Restricted cash	518,305	-	-	-	518,305
Total assets	2,845,756	1,564,102	6,418,282	149,090	10,977,230
Liabilities					
Current liabilities:					
Accrued and other liabilities	319,322	411,083	2,066,118	-	2,796,523
Net assets					
Restricted for self-insurance claims	518,305	-	-	-	518,305
Unrestricted:					
Undesignated	2,008,129	1,153,019	4,352,164	149,090	7,662,402
Total net assets	\$ 2,526,434	\$ 1,153,019	\$ 4,352,164	\$ 149,090	\$ 8,180,707

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2007

	Property/ Liability Insurance 677.00	Workers' Compensation Insurance 677.01	Health Care Insurance 677.02	Unemployment Insurance 677.03	Total
Operating revenue					
Charges for services	\$ -	\$ 598,570	\$ 10,238,064	\$ 88,952	\$ 10,925,586
Operating expenses					
Operation and maintenance	-	72	7,719	1,600	9,391
Benefits and claims	(40,609)	178,131	8,240,917	32,443	8,410,882
Total operating expenses	(40,609)	178,203	8,248,636	34,043	8,420,273
Operating income (loss)	40,609	420,367	1,989,428	54,909	2,505,313
Non-operating revenue					
Interest income	175,932	-	-	-	175,932
Net assets, beginning of year	2,309,893	732,652	2,362,736	94,181	5,499,462
Net assets, end of year	\$ 2,526,434	\$ 1,153,019	\$ 4,352,164	\$ 149,090	\$ 8,180,707

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2007

	Property/ Liability Insurance 677.00	Workers' Compensation Insurance 677.01	Health Care Insurance 677.02	Unemployment Insurance 677.03	Total
Cash flows from operating activities					
Cash received from interfund services provided	\$ -	\$ 598,570	\$ 10,238,064	\$ 88,952	\$ 10,925,586
Cash payments to suppliers for goods and services	(173,929)	(450,610)	(8,197,068)	(34,043)	(8,855,650)
Net cash (used in) provided by operating activities	(173,929)	147,960	2,040,996	54,909	2,069,936
Cash flows from investing activities					
Interest received	175,932	-	-	-	175,932
Net increase in cash and cash equivalents	2,003	147,960	2,040,996	54,909	2,245,868
Cash and cash equivalents, beginning of year	2,843,753	1,416,142	4,377,286	94,181	8,731,362
Cash and cash equivalents, end of year	\$ 2,845,756	\$ 1,564,102	\$ 6,418,282	\$ 149,090	\$ 10,977,230
Balance sheet classification of cash and cash equivalents					
Cash and cash equivalents	\$ 2,327,451	\$ 1,564,102	\$ 6,418,282	\$ 149,090	\$ 10,458,925
Restricted assets	518,305	-	-	-	518,305
	\$ 2,845,756	\$ 1,564,102	\$ 6,418,282	\$ 149,090	\$ 10,977,230
Reconciliation of operating income to net cash (used in) provided by operating activities:					
Operating income	\$ 40,609	\$ 420,367	\$ 1,989,428	\$ 54,909	\$ 2,505,313
Adjustments to reconcile operating income to net cash from operating activities:					
Changes in assets and liabilities:					
Accounts payable	-	-	(325)	-	(325)
Accrued and other liabilities	(214,538)	(272,407)	51,893	-	(435,052)
Net cash (used in) provided by operating activities	\$ (173,929)	\$ 147,960	\$ 2,040,996	\$ 54,909	\$ 2,069,936

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Fiduciary Net Assets
All Agency Funds
December 31, 2007

	Trust and Agency 701.00	Court Orders Payable 702.00	Library Trust 721.00
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 1,358,200	\$ 112,561	\$ 122,834
Investments	207,255	-	724,000
Taxes receivable - delinquent	1,219,355	-	-
<u>TOTAL ASSETS</u>	\$ 2,784,810	\$ 112,561	\$ 846,834
<u>LIABILITIES</u>			
Liabilities			
Undistributed receipts	\$ 1,565,455	\$ 112,561	\$ 846,834
Delinquent taxes payable	1,219,355	-	-
<u>TOTAL LIABILITIES</u>	\$ 2,784,810	\$ 112,561	\$ 846,834

District Court Trust	Jail Inmate Trust	Total
\$ 1,064,638	\$ 17,032	\$ 2,675,265
-	-	931,255
-	-	1,219,355
<hr/>		
\$ 1,064,638	\$ 17,032	\$ 4,825,875

\$ 1,064,638	\$ 17,032	\$ 3,606,520
-	-	1,219,355
<hr/>		
\$ 1,064,638	\$ 17,032	\$ 4,825,875

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Trust and Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 1,912,234	\$ 100,134,028	\$ 100,688,062	\$ 1,358,200
Investments	205,000	122,495	120,240	207,255
Taxes receivable-delinquent	1,087,587	903,513	771,745	1,219,355
Total assets	\$ 3,204,821	\$ 101,160,036	\$ 101,580,047	\$ 2,784,810
Liabilities				
Undistributed receipts	\$ 2,117,234	\$ 40,387,397	\$ 40,939,176	\$ 1,565,455
Delinquent taxes payable	1,087,587	60,772,639	60,640,871	1,219,355
Total liabilities	\$ 3,204,821	\$ 101,160,036	\$ 101,580,047	\$ 2,784,810
<u>Court Orders Payable Fund</u>				
Assets				
Cash and cash equivalents	\$ 72,112	\$ 694,756	\$ 654,307	\$ 112,561
Liabilities				
Undistributed receipts	\$ 72,112	\$ 694,756	\$ 654,307	\$ 112,561
<u>Library Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 138,156	\$ 2,969,017	\$ 2,984,339	\$ 122,834
Investments	663,999	1,445,766	1,385,765	724,000
Total assets	\$ 802,155	\$ 4,414,783	\$ 4,370,104	\$ 846,834
Liabilities				
Undistributed receipts	\$ 802,155	\$ 4,414,783	\$ 4,370,104	\$ 846,834

continued...

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Court Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 1,028,931	\$ 1,064,638	\$ 1,028,931	\$ 1,064,638
Liabilities				
Undistributed receipts	\$ 1,028,931	\$ 1,064,638	\$ 1,028,931	\$ 1,064,638
<u>Jail Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 54,402	\$ 17,032	\$ 54,402	\$ 17,032
Liabilities				
Undistributed receipts	\$ 54,402	\$ 17,032	\$ 54,402	\$ 17,032
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 3,205,835	\$ 104,879,471	\$ 105,410,041	\$ 2,675,265
Investments	868,999	1,568,261	1,506,005	931,255
Taxes receivable-delinquent	1,087,587	903,513	771,745	1,219,355
Total assets	\$ 5,162,421	\$ 107,351,245	\$ 107,687,791	\$ 4,825,875
Liabilities				
Undistributed receipts	\$ 4,074,834	\$ 46,578,606	\$ 47,046,920	\$ 3,606,520
Delinquent taxes payable	1,087,587	60,772,639	60,640,871	1,219,355
Total liabilities	\$ 5,162,421	\$ 107,351,245	\$ 107,687,791	\$ 4,825,875

COUNTY OF BERRIEN, MICHIGAN
Drain Commission Component Unit
Statement of Net Assets and Governmental Funds Balance Sheet
December 31, 2007

	Capital Projects Funds			
	Drain 801.00	Drain Revolving 802.00	Sawyer Village Drainage District 803.02	Hollywood Road Retention Bonds 803.03
Assets				
Cash and cash equivalents	\$ 1,259,930	\$ 57,382	\$ -	\$ 161,225
Special assessments receivable	1,948,000	-	70,000	300,000
Due from other funds	-	422,618	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	\$ 3,207,930	\$ 480,000	\$ 70,000	\$ 461,225
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	422,618	-	-	-
Advances from primary government	-	450,000	-	-
Deferred revenue	1,948,000	-	70,000	300,000
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	2,370,618	450,000	70,000	300,000
Fund balances				
Unreserved, undesignated	837,312	30,000	-	161,225
Total liabilities and fund balances	\$ 3,207,930	\$ 480,000	\$ 70,000	\$ 461,225
Net assets				
Invested in capital assets, net of related debt				
Unrestricted				
Total net assets				

Chapter 20 Abraham Drain 820.00	Chapter 20 Niles Township Drain 820.00	Total	Adjustments	Statement of Net Assets
\$ -	\$ -	\$ 1,478,537	\$ -	\$ 1,478,537
-	-	2,318,000	-	2,318,000
-	-	422,618	(422,618)	-
-	-	-	2,561,889	2,561,889
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,219,155</u>	<u>2,139,271</u>	<u>6,358,426</u>
\$ -	\$ -	\$ -	\$ 3,784	\$ 3,784
-	-	422,618	(422,618)	-
-	-	450,000	-	450,000
-	-	2,318,000	(2,318,000)	-
-	-	-	1,125,000	1,125,000
-	-	-	1,615,243	1,615,243
-	-	3,190,618	3,409	3,194,027
-	-	1,028,537	(1,028,537)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,219,155</u>		
			(178,354)	(178,354)
			3,342,753	3,342,753
			<u>\$ 3,164,399</u>	<u>\$ 3,164,399</u>

COUNTY OF BERRIEN, MICHIGAN
Drain Commission Component Unit
Statement of Activities and Governmental Funds Revenue,
Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007

	Capital Projects Funds			
	Drain 801.00	Drain Revolving 802.00	Sawyer Village Drainage District 803.02	Hollywood Road Detention Bonds 803.03
Expenditures / expenses				
Public works	\$ 1,432,973	\$ -	\$ 7,148	\$ 276
Debt Service:				
Principal	674,343	-	30,000	20,000
Interest	-	-	4,400	13,877
Total expenditures / expenses	2,107,316	-	41,548	34,153
Program revenues				
Operating grants and contributions	844,641	-	24,388	51,476
Special assessments / capital grants and contributions	-	-	-	-
Total program revenues	844,641	-	24,388	51,476
Net program revenue	-	-	-	-
General revenues				
Interest	-	-	-	-
Other financing sources				
Proceeds from long-term debt	1,551,563	-	-	-
Revenue and other sources over (under) expenditures / change in net assets	288,888	-	(17,160)	17,323
Fund balances / net assets, beginning of year	548,424	30,000	17,160	143,902
Fund balances / net assets, end of year	\$ 837,312	\$ 30,000	\$ -	\$ 161,225

Chapter 20 Abraham Drain 820.00	Chapter 20 Niles Township Drain 820.00	Total	Adjustments	Statement of Activities
\$ -	\$ 1,581	\$ 1,441,978	\$ (775,947)	\$ 666,031
-	-	724,343	(724,343)	-
-	-	18,277	-	18,277
-	1,581	2,184,598	(1,500,290)	684,308
-	1,581	922,086	-	922,086
-	-	-	135,000	135,000
-	1,581	922,086	135,000	1,057,086
-	-	-	-	372,778
-	-	-	-	-
-	-	1,551,563	(1,551,563)	-
-	-	289,051	83,727	372,778
-	-	739,486	2,052,135	2,791,621
\$ -	\$ -	\$ 1,028,537	\$ 2,135,862	\$ 3,164,399

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Net Assets and
Governmental Fund Balance Sheet
December 31, 2007

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and investments	\$ 530,231	\$ -	\$ 530,231
Due from other governments	2,889,653	-	2,889,653
Notes receivable	590,972	-	590,972
	<u>4,010,856</u>	<u>-</u>	<u>4,010,856</u>
Liabilities			
Advances from other component unit	1,500,000	-	1,500,000
Long-term debt	-	1,999,608	1,999,608
	<u>1,500,000</u>	<u>1,999,608</u>	<u>3,499,608</u>
Fund balances			
Unreserved, undesignated	<u>\$ 2,510,856</u>	<u>(2,510,856)</u>	<u>-</u>
Net assets			
Unrestricted		<u>\$ 511,248</u>	<u>\$ 511,248</u>

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

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2007

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Charges for services	\$ 5,500	\$ -	\$ 5,500
Operating grants and contributions	2,988,131	-	2,988,131
Interest revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	2,993,631	-	2,993,631
Expenditures/expenses			
Health and welfare	2,573,355	-	2,573,355
	<hr/>	<hr/>	<hr/>
Revenues over expenditures/ change in net assets	420,276	-	420,276
Other financing sources (uses)			
Issuance of long-term debt	1,999,608	(1,999,608)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	2,419,884	(1,999,608)	420,276
Fund balances/net assets			
Beginning of year	90,972	-	90,972
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 2,510,856</u>	<u>\$ (1,999,608)</u>	<u>\$ 511,248</u>

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

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Charges for services	\$ -	\$ 5,500	\$ 5,500
Operating grants and contributions	-	2,988,131	2,988,131
Total revenues	-	2,993,631	2,993,631
Expenditures			
Health and welfare	-	2,573,355	2,573,355
Non-operating revenue			
Interest revenue	-	-	-
Issuance of long-term debt	-	1,999,608	1,999,608
Total non-operating revenue	-	1,999,608	1,999,608
Net change in fund balance	-	2,419,884	2,419,884
Fund balance, beginning of year	90,972	90,972	-
Fund balance, end of year	\$ 90,972	\$ 2,510,856	\$ 2,419,884

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Statement of Net Assets
December 31, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
	<u>Supplemental Services Special Revenue Fund 287.00</u>	<u>Enterprise Funds</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 108,646	\$ 222,150	\$ 330,796
Long-term assets:			
Notes receivable	-	1,028,114	1,028,114
Advance to other component unit	-	1,500,000	1,500,000
	<hr/>	<hr/>	<hr/>
Total assets	108,646	2,750,264	2,858,910
Liabilities			
Long-term liabilities:			
Advances from primary government	-	1,500,000	1,500,000
	<hr/>	<hr/>	<hr/>
Net Assets			
Unrestricted:			
Undesignated	\$ 108,646	\$ 1,250,264	\$ 1,358,910
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Statement of Activities
For the Year Ended December 31, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
	<u>Supplemental Services Special Revenue Fund 287.00</u>	<u>Enterprise Funds</u>	<u>Total</u>
Expenses			
Community development	\$ 26,244	\$ -	\$ 26,244
Program revenues			
Charges for services	<u>-</u>	<u>1,335</u>	<u>1,335</u>
Net (expense) revenue	(26,244)	1,335	(24,909)
General revenues			
Interest revenue	<u>3,135</u>	<u>25,790</u>	<u>28,925</u>
Change in net assets	(23,109)	27,125	4,016
Net assets, beginning of year	<u>131,755</u>	<u>1,223,139</u>	<u>1,354,894</u>
Net assets, end of year	<u><u>\$ 108,646</u></u>	<u><u>\$ 1,250,264</u></u>	<u><u>\$ 1,358,910</u></u>

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Combining Statement of Net Assets
Enterprise Funds
December 31, 2007

	Small Cities Block Grant 289.00	Brownfield Redevelopment Authority Loan Fund 289.03	Revolving Loan Fund 691.00	Total
Assets				
Cash and cash equivalents	\$ 193,829	\$ -	\$ 28,321	\$ 222,150
Notes receivable	1,015,537	-	12,577	1,028,114
Advance to other component unit	-	1,500,000	-	1,500,000
Total assets	1,209,366	1,500,000	40,898	2,750,264
Liabilities				
Advances from primary government	-	1,500,000	-	1,500,000
Net assets, unrestricted	\$ 1,209,366	\$ -	\$ 40,898	\$ 1,250,264

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Combining Statement of Revenue, Expenses
and Changes in Fund Net assets
Enterprise Funds
For the Year Ended December 31, 2007

	Small Cities Block Grant 289.00	Brownfield Redevelopment Authority Loan Fund 289.03	Revolving Loan Fund 691.00	Total
Operating revenue				
Interest on loans	\$ -	\$ -	\$ 1,335	\$ 1,335
Non-operating revenue				
Interest revenue	25,790	-	-	25,790
Change in net assets	25,790	-	1,335	27,125
Net assets, beginning of year	1,183,576	-	39,563	1,223,139
Net assets, end of year	\$ 1,209,366	\$ -	\$ 40,898	\$ 1,250,264

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2007

	Small Cities Block Grant 289.00	Brownfield Redevelopment Authority Loan Fund 289.03	Revolving Loan Fund 691.00	Total
Cash flows from operating activities				
Cash received from customers	\$ 48,165	\$ -	\$ 15,275	\$ 63,440
Cash flows from investing activities				
Investment income	25,790	-	-	25,790
Net increase in cash and cash equivalents	73,955	-	15,275	89,230
Cash and cash equivalents, beginning of year	119,874	-	13,046	132,920
Cash and cash equivalents, end of year	\$ 193,829	\$ -	\$ 28,321	\$ 222,150
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ -	\$ -	\$ 1,335	\$ 1,335
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Decrease in notes receivable	48,165	-	13,940	62,105
Net cash provided by operating activities	\$ 48,165	\$ -	\$ 15,275	\$ 63,440

BERRIEN COUNTY, MICHIGAN



SINGLE AUDIT ACT COMPLIANCE

**For the Year Ended
December 31, 2007**



REHMANN ROBSON

Certified Public Accountants

**BERRIEN COUNTY, MICHIGAN
SINGLE AUDIT**

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For the Year Ended December 31, 2007

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BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Accrued (Deferred) Revenue Beginning of Year	Federal Expenditures	Current Year Receipts	Accrued (Deferred) Revenue End of Year
U.S. Department of Agriculture							
Passed-through the Michigan Department of Education:							
Entitlement	292.00	10.550	-n/a-	\$ -	\$ 1,005	\$ 1,005	\$ -
Bonus Commodities	292.00	10.550	-n/a-	-	97	97	-
School Breakfast Program:							
2006/2007	292.00	10.553	-n/a-	967	5,515	6,482	-
2007/2008	292.00	10.553	-n/a-	-	7,875	6,271	1,604
National School Lunch Program:							
Section 4:							
2006/2007	292.00	10.555	-n/a-	181	1,037	1,218	-
2007/2008	292.00	10.555	-n/a-	-	1,267	1,021	246
Section 11:							
2006/2007	292.00	10.555	-n/a-	1,569	9,004	10,573	-
2007/2008	292.00	10.555	-n/a-	-	11,354	9,150	2,204
Snack Program:							
2006/2007	292.00	10.555	-n/a-	246	1,570	1,816	-
2007/2008	292.00	10.555	-n/a-	-	1,609	1,265	344
Passed-through the Michigan Department of Community Health:							
Special Supplemental Food Program for							
Women, Infants and Children:							
2006/2007	221.70	10.557	4275	(37,887)	259,088	221,201	-
2007/2008	221.70	10.557	4275	-	293,662	313,144	(19,482)
Women, Infants and Children Breastfeeding							
Peer Counselor:							
2006/2007	221.73	10.557	W500342	(7,720)	48,883	41,163	-
2007/2008	221.73	10.557	W500342	-	7,337	15,080	(7,743)
Total U.S. Department of Agriculture				(42,644)	649,303	629,486	(22,827)
U.S. Department of Housing and Urban Development							
Passed-through the Michigan State Housing Development Authority:							
Community Development Block Grant:							
Housing	274.11	14.228	MSC-2006-1091-HOA	47,386	209,943	216,817	40,512
Harbor Town Infrastructure Project	274.08	14.228	MSC-200063-EDIG	794,073	9,526	803,599	-
Homelessness Grant	274.10	14.231	M-128B-200011-HUD	(6,665)	10,641	8,000	(4,024)
Total U.S. Department of Housing and Urban Development				834,794	230,110	1,028,416	36,488
U.S. Department of Justice							
Direct Programs:							
Justice Assistance Grant	266.97	16.738	2002-CLWX-0026	-	46,272	46,272	-
Bulletproof Vest Program	273.65	16.607	-n/a-	-	414	-	414
Passed-through the Michigan Department of Human Services:							
Juvenile Accountability Incentive Block Grant:							
2006/2007	297.20	16.523	JAIBG-06-11001	3,825	10,052	13,877	-
2007/2008	297.24	16.523	JAIBG-07-11001	-	2,427	63	2,364
Juvenile Justice and Delinquency Prevention	297.22	16.540	431N7200501	4,461	12,631	17,092	-
Going Home Reintegration Grant	297.16	16.540	JJAC-03-11001	2,094	-	2,094	-
Justice Planning Assistance	297.23	16.540	JPA07-11001	-	4,909	4,909	-
Passed-through the Michigan Department of Community Health:							
Byrne Memorial Justice Assistance Grant:							
2006/2007	221.23	16.738	2007DBBX0052	29,250	89,401	118,651	-
2007/2008	221.23	16.738	2008DJBX0029	-	49,839	6,250	43,589
Total U.S. Department of Justice				39,630	215,945	209,208	46,367

BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2007

Federal/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Accrued (Deferred) Revenue Beginning of Year	Federal Expenditures	Current Year Receipts	Accrued (Deferred) Revenue End of Year
U.S. Department of Transportation							
Passed-through the Michigan Department of Transportation: Capital Bus Purchase	282.00	20.500	2002-0018	\$ 63,110	\$ 266,055	\$ 329,165	\$ -
Small Bus Program - Section 5311	281.00	20.509	2007-0176/Z2	44,104	138,767	182,871	-
Job Access and Reverse Commute Program (JARC)	281.20	20.516	2007-0176/Z1	-	7,560	7,351	209
Passed-through the Michigan State Police, Office of Highway Safety Planning: State and Community Highway Safety	266.30	20.604	PT-07-74	-	15,525	15,525	-
Total U.S. Department of Transportation				107,214	427,907	534,912	209
U.S. Environmental Protection Agency							
Direct Award - Harbor Shores Site Assessment	243.00	66.818	-n/a-	-	37,495	-	37,495
Passed-through the Michigan Department of Environmental Quality: Capitalization Grant for the Drinking Water Revolving Fund:							
2006/2007	221.21	66.468	-n/a-	(186)	825	639	-
2007/2008	221.21	66.468	-n/a-	-	163	194	(31)
Operator of Small Water Systems Training Grant:							
2006/2007	221.21	66.471	-n/a-	(836)	3,714	2,878	-
2007/2008	221.21	66.471	-n/a-	-	2,287	2,710	(423)
Nonpoint Source Implementation Grant - Beach Monitoring:							
2006/2007	221.21	66.472	-n/a-	(1,899)	8,395	6,496	-
2007/2008	221.21	66.472	-n/a-	-	4,007	4,749	(742)
Michigan Brownfield Cleanup Revolving Loan Fund	243.00	66.817	-n/a-	-	999,608	999,608	-
Total U.S. Environmental Protection Agency				(2,921)	1,056,494	1,017,274	36,299
U.S. Department of Education							
Passed-through the Michigan Department of Community Health: Safe and Drug Free Schools (BCDFC):							
2006/2007	221.34	84.186A	20051237	(6,772)	85,145	78,373	-
2007/2008	221.34	84.186A	20061491	-	34,716	32,832	1,884
Total U.S. Department of Education				(6,772)	119,861	111,205	1,884
U.S. Department of Health and Human Services							
Direct Award - Community Alliance Against Substance Abuse	221.25	93.276	6 UD 1 SM57447-02-01	-	209,709	178,786	30,923
Passed-through the Michigan Department of Human Services: Title IV-D Incentive Payments	215.00	93.563	-n/a-	73,399	367,987	441,386	-
Title IV-D Child Support Enforcement: Friend of the Court:							
2006/2007	215.00	93.563	CS/FOC-07-11001	423,144	1,245,922	1,525,663	143,403
2007/2008	215.00	93.563	CS/FOC-08-11001	-	371,465	-	371,465
Prosecuting Attorney:							
2006/2007	266.02	93.563	CS/PA-07-11002	48,784	192,586	241,143	227
2007/2008	266.02	93.563	CS/PA-08-11002	-	70,433	-	70,433
Prosecuting Attorney Title IV-E	101.00	93.670	PROFC-05-11001-2	3,515	42,235	35,365	10,385
Passed-through the Michigan Department of Community Health: Project Grants and Cooperative Agreements for Tuberculosis Control Programs:							
2006/2007	221.62	93.116	2800	-	23,035	23,035	-
2007/2008	221.62	93.116	2800	-	7,379	7,379	-
Family Planning Services:							
2006/2007	221.55	93.217	4281	-	58,116	58,116	-
2007/2008	221.55	93.217	4281	-	23,586	23,586	-

BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2007

Federal/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Accrued (Deferred) Revenue Beginning of Year	Federal Expenditures	Current Year Receipts	Accrued (Deferred) Revenue End of Year
U.S. Department of Health and Human Services (Continued)							
Passed-through the Michigan Department of Community Health (concluded):							
Immunization Grants:							
Infant Immunization Action Plan							
2006/2007	221.61	93.268	1300	\$ -	\$ 31,411	\$ 31,411	\$ -
2007/2008	221.61	93.268	1300	-	56,951	56,951	-
Value of Federal Vaccines Received	221.61	93.268	-n/a-	-	1,496,481	1,496,481	-
Bioterrorism - Supplemental:							
2006/2007	221.20	93.283	1590-1596	(26,270)	188,156	161,886	-
2007/2008	221.20	93.283	1590-1596	-	64,953	115,408	(50,455)
Preventive Health Services - Sexually Transmitted Diseases Control Grants							
2006/2007	221.30	93.977	H25 CCH504341	-	31,494	31,494	-
2007/2008	221.30	93.977	H25 CCH504341	-	10,005	10,005	-
Preventive Health and Health Services Block Grant:							
2006/2007	221.30	93.991	B1 MI PRVS	-	14,295	14,295	-
2007/2008	221.30	93.991	B1 MI PRVS	-	4,542	4,542	-
Medical Assistance Program - Case Management Services:							
2006/2007	221.85	93.778	4356	-	37,581	48,481	(10,900)
2007/2008	221.85	93.778	4356	-	15,196	14,776	420
Infant Mortality:							
2006/2007	221.24	93.778	4259	(4,335)	53,084	48,749	-
2007/2008	221.24	93.778	4259	-	13,341	13,341	-
Prenatal Care:							
2006/2007	221.98	93.778	4281	-	112,184	112,184	-
2007/2008	221.98	93.778	4281	-	59,967	59,967	-
Lead -							
2007/2008	221.63	93.778	5XX05MI5048	-	46,146	27,002	19,144
HIV Prevention Activities - Health Department Based - AIDS/HIV Prevention:							
2006/2007	221.93	93.940	0130	(4,287)	16,520	12,233	-
2007/2008	221.93	93.940	0130	-	24,793	34,051	(9,258)
Maternal and Child Health Services Block Grant:							
Fetal Alcohol Spectrum Disorders:							
2006/2007	221.39	93.994	B1MIMCHS	-	7,501	7,501	-
2007/2008	221.39	93.994	B1MIMCHS	-	1,666	1,666	-
Family Planning Services -							
2006/2007	221.55	93.994	4281	-	11,698	11,698	-
Local Maternal Child Health:							
2006/2007	221.55	93.994	4262	-	112,612	112,612	-
2007/2008	221.55	93.994	4262	-	37,255	37,255	-
Local Maternal Child Health -							
2007/2008	221.98	93.994	4262	-	76,098	76,098	-
Case Management Services:							
2006/2007	221.85	93.994	4356	-	19,957	19,957	-
2007/2008	221.85	93.994	4356	-	7,625	7,625	-
Passed-through the Lakeshore Coordinating Council: Block Grants for Prevention and Treatment of Substance Abuse:							
Women's Specialty Services:							
2006/2007	221.32	93.959	-n/a-	(25,160)	27,210	2,050	-
2007/2008	221.32	93.959	-n/a-	-	10,415	35,063	(24,648)
Alcohol Drug Treatment:							
2006/2007	221.38	93.959	-n/a-	38,000	116,973	154,973	-
2007/2008	221.38	93.959	-n/a-	-	45,542	17,991	27,551
Drug Prevention:							
2006/2007	221.39	93.959	-n/a-	55,858	104,207	160,065	-
2007/2008	221.39	93.959	-n/a-	-	86,924	17,893	69,031

continued...

BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended December 31, 2007

Federal/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Accrued (Deferred) Revenue Beginning of Year	Federal Expenditures	Current Year Receipts	Accrued (Deferred) Revenue End of Year
U.S. Department of Health and Human Services (Concluded)							
Passed-through the Michigan Children's Trust Fund:							
Capstone Family Center - Zero to Three:							
2006/2007	221.98	93.558	CTFPR-03-11002	\$ 6,178	\$ 18,534	\$ 24,712	\$ -
2007/2008	221.98	93.558	CTFPR-03-11002	-	6,178	-	6,178
Total U.S. Department of Health and Human Services				588,826	5,579,948	5,514,875	653,899
U.S. Department of Homeland Security							
Passed-through the Michigan Department of Natural Resources:							
Marine Safety Program							
	101.00	97.012	-n/a-	9,970	95,409	105,379	-
Marine Safety Program - Equipment							
	273.63	97.012	-n/a-	-	6,254	6,254	-
Passed-through the Michigan Department of Police:							
Emergency Management Performance Grant							
	101.00	97.042	-n/a-	16,204	34,016	32,364	17,856
2005 Homeland Security Grant Program							
	273.59	97.067	-n/a-	328,643	142,640	471,283	-
Passed-through Van Buren County:							
Regional Homeland Security Grant							
	266.05	97.067	-n/a-	-	65,684	65,684	-
Total U.S. Department of Homeland Security				354,817	344,003	680,964	17,856
Total Expenditures of Federal Awards				\$ 1,872,944	\$ 8,623,571	\$ 9,726,340	\$ 770,175

BERRIEN COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (“SEFA”) includes the federal grant activity of Berrien County, Michigan (the “County”) and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Berrien County, Michigan provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Byrne Memorial Justice Assistance Grant:		
Citizens for Progressive Change:		
2006/2007	16.738	\$ 89,401
2007/2008	16.738	<u>49,839</u>
		139,240
Community Alliance Against Substance Abuse		
Berrien Community Mental Health Authority	93.276	<u>209,709</u>
Total federal awards provided to subrecipients		<u>\$ 348,949</u>

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

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

June 30, 2008

To the Board of Commissioners
of Berrien County
St. Joseph, 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 ***Berrien County, Michigan*** as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. We did not audit the financial statements of the Berrien County Road Commission, which represents 87% of the assets and 88% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ***Berrien County, Michigan's*** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraphs 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Entity's financial statements that is more than inconsequential will not be prevented or detected by the Entity's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1, 2007-2, 2007-3 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 entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-2 and 2007-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Berrien County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the report of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of *Berrien County* in a separate letter dated June 30, 2008.

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

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





REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

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

June 30, 2008

To the Board of Commissioners
of Berrien County
St. Joseph, Michigan

Compliance

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

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

In our opinion, Berrien County, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2007-4.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the 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 over compliance was for the limit 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 Berrien County, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements, and have issued our report thereon dated June 30, 2008. We did not audit the financial statements of the Berrien County Road Commission, which represents 87% of the assets and 88% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based on the report of the other auditors.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Berrien County, Michigan'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.

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

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

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

BERRIEN COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

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

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes X no

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

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

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? X yes no

BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
66.817	State and Tribal Response Program Grants
93.268	Immunization Grants
93.563	Child Support Enforcement
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse

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 “Off Book” Cash Accounts – Significant Deficiency in Internal Control over Financial Reporting

Criteria: State statues require the County to identify in its accounts, and reconcile within a timely manner, all bank accounts under the signature control of the Treasurer.

Condition: The County has several “off-books” bank accounts that are not reflected in general ledger cash accounts. In addition, these accounts are maintained by various departments and not reconciled centrally by the Financial Services department in connection with the normal monthly reconciliation process.

Effect: This condition increases the risk that County assets could be misappropriated because records are not being monitored by the appropriate management level officials. Also, the activity of these accounts (i.e. deposits and check withdraws) are not being recorded on the general ledger in a timely manner as evidenced by the significant balances in the accounts at year end.

BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2007-1 “Off Book” Cash Accounts

Cause: This condition appears to be the result of the County’s records for cash accounts not being maintained in a central location and a lack of communication between departments.

Recommendation: We recommend that the County conduct a search to ensure all bank accounts held in the County’s name have been identified and are properly monitored. Going forward, all bank accounts should be reconciled centrally each month and with the balances and resulting activity reflected in the general ledger.

View of Responsible

Officials: The County had conducted a search and has two off-books cash accounts. The two departments are the Parks Department and the Bus Program. These departments have this type of account due to the nature of their responsibilities. Both operate outside regular business hours and both are simply pass-through accounts (receipt of funds is in the General Fund). These accounts are balanced monthly by County personnel.

2007-2 General Accounting Issues and Preparation of Financial Statements in Accordance with GAAP – Material Weakness in Internal Control over Financial Reporting

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government’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 books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2007-2 General Account Issues and Preparation of Financial Statements in Accordance with GAAP (Continued)

Condition: Over the past several years, we have noted several improvements that should be made to the County's financial accounting system. Among the most important for operational efficiency, state compliance, and audit preparation are the establishment of a full budgetary chart of accounts for all funds, accounting for investments at fair value (i.e., market), fully integrating off-books accounts (e.g., certain agency funds) into the County's general ledger, and properly establishing and reconciling subsidiary ledgers for taxes and special assessments receivable. In order to present the County's books in compliance with generally accepted accounting principles (GAAP), we were again required to make a large number of adjustments to cross-walk the County's internal books.

In addition, as is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls.

Effect: As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task. This condition adds both to the duration and complexity of the audit, as well as reduces the accuracy and usefulness of the County's interim financial data.

Cause: This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. Additional factors contributing to this condition are (1) past practice, and (2) the inability of a reduced Financial Services staff to implement widespread change while sufficiently maintaining day-to-day operations.

BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2007-2 General Account Issues and Preparation of Financial Statements in Accordance with GAAP (Continued)

Recommendation: We recommend that the County make the necessary changes to ensure proper compliance with GAAP and state regulatory requirements as noted above.

View of Responsible

Officials: The County has budgeted all recommended funds. The County will make fair market value entries for funding in 2008.

2007-3 Delinquent Property Taxes/Chargebacks – Material Weakness in Internal Control over Financial Reporting

Criteria: It is expected that the County should, each year, accurately calculate and record delinquent property tax chargebacks (under-collections of outstanding delinquent taxes receivable that are charged back to other local units of government) for which the local units are responsible. Additionally, it is expected that the County maintain accurate delinquent taxes receivable subsidiary ledgers which tie to the general ledger.

Condition: The County has not identified chargebacks since 2003, a process that should be completed annually. Also, we identified significant variances between the amounts recorded on the County's general ledger and the subsidiary detail for delinquent taxes receivable.

Cause: This condition was caused by the lack of a system that accurately calculates and tracks amounts owed to the County from the local units from whom the delinquent taxes are purchased, from a lack of accurately tracking taxes purchased and paid, and fees charged.

BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2007-3 Delinquent Property Taxes/Chargebacks (Continued)

Effect: By not calculating and tracking amounts owed from local units, the County runs the risk of having to absorb the cost of the chargebacks. The County also does not have the checks and internal controls that would be present if the amounts were recorded accurately.

We analytically examined the amount recorded as delinquent taxes receivable, and what was expected to be the balance based on prior years' figures and predictive testing. We inquired of the \$0 chargebacks balance, and were informed that the County does not record chargebacks.

View of Responsible

Officials: The County will continue to work on chargebacks in 2008.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2007-4 Single Audit Compliance – Personnel Activity Reports – Immaterial Noncompliance Allowable Cost/Cost Principles – CFDA No. 93.268 – Immunization Grants

Criteria: In accordance with OMB Circular A-87, payroll expenses for employees who work on multiple activities or cost objectives must be supported by personnel activity reports that meet the following standards:

- Reflect an after-the-fact distribution of actual activity
- Account for all of the employees' compensated time
- Prepared monthly and coincide with specific pay periods
- Signed by the employee

Condition: During our testing, we identified one employee charged to the Immunization Grant who worked on multiple cost objectives and did not have adequate personnel activity reports supporting the payroll costs charged to the grant.

BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Concluded)

2007-4 Single Audit Compliance – Personnel Activity Reports (Continued)

Cause: This appears to be an isolated incident caused by management at the County Health Department being unaware of the specific documentation requirements of OMB Circular A-87.

Effect: As a result of this condition, the County failed to comply with the documentation requirements of OMB Circular A-87.

Questioned Costs: Payroll costs allocated to the Immunization program without supporting personnel activity reports amounted to \$13,141.

Recommendation: We recommend that management at the Health Department implement a system where after-the-fact distribution of actual activity is recorded in the general ledger and supported by appropriate documentation as described above.

View of Responsible

Officials: As reported above, this was an isolated incident. The County has consulted with the Health Department on how to improve reporting.

SECTION IV – PRIOR YEAR FINDINGS

2006-1 “Off-books” Cash Accounts

Corrective action was not sufficient. Refer to finding 2007-1.

2006-2 General Accounting Issues and Preparation of Financial Statements in Accordance with GAAP

Corrective action was not sufficient. Refer to finding 2007-2.

2006-3 Delinquent Tax Chargebacks

Corrective action was not sufficient. Refer to finding 2007-3.

BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2007

SECTION IV – PRIOR YEAR FINDINGS (Concluded)

2006-4 Single Audit Compliance – Suspended and Debarred Parties

This finding was adequately resolved for the current year.

2006-5 Preparation of Schedule of Expenditures of Federal Awards

This finding was adequately resolved for the current year.

* * * * *

BERRIEN COUNTY, MICHIGAN
Small Bus Program
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2007

Federal and State/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Expenditures
<u>Federal</u>				
U.S. Department of Transportation				
Passed-through the Michigan Department of Transportation:				
Small Bus Program - Section 5311	281.00	20.509	2007-0176/Z2	\$ 138,767
<u>State</u>				
Michigan Department of Transportation				
State Formula Operating Assistance	281.00	-n/a-	-n/a-	<u>469,962</u>
Total Expenditures of Federal and State Awards - Small Bus Program				<u><u>\$ 608,729</u></u>

BERRIEN COUNTY, MICHIGAN
Job Access Reverse Commute (JARC)
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2007

Federal and State/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Expenditures
<u>Federal</u>				
U.S. Department of Transportation				
Passed-through the Michigan Department of Transportation:				
Job Access Reverse Commute (JARC)	281.20	20.516	2007-0176/Z1	\$ 7,560
<u>State</u>				
Michigan Department of Transportation				
Job Access Reverse Commute (JARC)	281.20	-n/a-	-n/a-	<u>7,560</u>
Total Expenditures of Federal and State Awards - Job Access Reverse Commute				<u>\$ 15,120</u>

BERRIEN COUNTY, MICHIGAN
Capital Bus Program
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2007

Federal and State/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Expenditures
<u>Federal</u>				
U.S. Department of Transportation				
Passed-through the Michigan Department of Transportation:				
Capital Bus Purchase	282.00	20.500	MI-03-0212	\$ 266,055
<u>State</u>				
Michigan Department of Transportation				
Bus Purchase - 20%	282.00	-n/a-	02-0018/27	<u>66,514</u>
Total Expenditures of Federal and State Awards - Capital Bus Program				<u><u>\$ 332,569</u></u>

BERRIEN COUNTY, MICHIGAN
Drive Michigan Safely Task Force Program
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2007

Federal and State/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Expenditures
<u>Federal</u>				
U.S. Department of Transportation				
Passed-through the Michigan State Police, Office of Highway Safety Planning:				
State and Community Highway Safety	266.30	20.604	PT-07-74	\$ 15,525
<u>State</u>				
Michigan Department of Transportation				
None	-n/a-	-n/a-	-n/a-	<u>-</u>
Total Expenditures of Federal and State Awards - Drive Michigan Safely Task Force Program				<u>\$ 15,525</u>



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

June 30, 2008

To the Board of Commissioners of the
County of Berrien
St. Joseph, 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 the *County of Berrien, Michigan* (the "County") for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated February 7, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our phone discussion about planning matters in February 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note I to the financial statements. For the year ended December 31, 2007, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 43 requiring additional disclosures for other postemployment benefits. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability.
- Management's estimate of the allowance for uncollectible interest receivable on delinquent taxes, which is accounted for in the County's Delinquent Tax Revolving Fund.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed certain journal entries, described in the schedule of findings and questioned costs as item 2007-2, which in our judgment had a significant effect on the County of Berrien's financial reporting process.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2008.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

A handwritten signature in cursive script that reads "Lehmann Johnson". The signature is written in black ink and is centered on the page.

County of Berrien

Comments and Recommendations

For the Year Ended December 31, 2007

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

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be material weaknesses are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

Other Matters

Special Assessments Receivable

In connection with our audit, we analyzed and tested the subsidiary ledgers for delinquent taxes and special assessments receivable. As identified in our management letters for the past several years, the County's system for tracking outstanding assessments for the Drain Commission is not properly designed to identify and track the full payout balance of individual assessments, relying instead on a series of manual spreadsheets. We understand that the County has made substantial progress toward improving this procedure, and we commend the Drain Commission for their efforts. However, we recommend that the County, with the assistance of its information services department, continue to improve the process for tracking special assessment balances.

County of Berrien

Comments and Recommendations

For the Year Ended December 31, 2007

Supporting Documentation for Expense Reports

During our audit, we reviewed a random sample of five employee expense reports. Out of this sample, we noted that one did not include adequate supporting documentation for the funds being reimbursed. Upon further inquiry, it was communicated to us that while certain employees consistently do not attached supporting documentation to their expense reports, these requests are nevertheless reviewed and approved by an appropriate independent administrator. We recommend that all employees be required to provide supporting documentation in the form of a receipt or invoice before reimbursement is made. In the instance that supporting documentation is not available, we recommend the use of a “receipt exception form” documenting the specifics of the disbursement, which should also be reviewed and approved by an appropriate administrator.

Internal Service Fund Reserves

Internal service funds are permitted to accumulate resources for payment of future expenses on a centralized basis. For Berrien County, such costs which include health insurance, dental/vision insurance, unemployment claims, and workers’ compensation claims. The County has accumulated substantial reserves in its internal service funds over the past several years, which could be an indication that the other funds of the County have been charged in excess of actual costs. We recommend that the County evaluate is current reserves and determine whether they are at an appropriate level. If the County determines that it wishes to maintain these levels of reserves, we further recommend that management evaluate the amounts being charged to funds provided by federal grants to ensure that they are in compliance with OMB Circular A-87, which places certain limitations on the amount of excess reserves that can be maintained while still charging costs to federal programs.

Identification of Capital Assets

In each of the past two years, the County has inadvertently omitted identifying a significant portion of its capital additions when updating its capital asset depreciation records. This condition has required significant effort at year end in order to properly reconcile the County's internal records to the audited financial statements. We recommend that the County work to improve its process for identifying capital expenditures and asset disposals throughout the year in order to better capture the data needed for year end reporting.

County of Berrien

Comments and Recommendations

For the Year Ended December 31, 2007

Controls over Daily Deposits

The County's stated policies and procedures require that daily cash register tapes be reconciled against the cash receipts book, and that such reconciliation be reviewed by a second employee. While we understand that this policy is being followed, the County is not currently documenting that fact by initialing and dating the reconciliation. In order to enhance internal controls over cash receipts, we recommend that all reconciliations be initialed and dated by both the preparer and reviewer.

Independent Review and Approval of Journal Entries

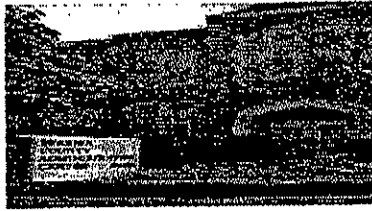
During our audit we selected a random sample of 10 manual journal entries and reviewed the supporting documentation with management. We noted that while the County has a procedure for subjecting journal entries to review by the initiating department and/or by the Financial Services Department prior to posting, this review is not documented. We recommend that all journal entry vouchers be signed by both the preparer and the reviewer prior to being posted and filed. In order to enhance internal controls over manual journal entries, we recommend that all journal entry vouchers be initialed and dated by both the preparer and reviewer.

* * * * *

COUNTY ADMINISTRATION

- County Administrator
- Personnel
- Corporate Counsel
- Financial Services

**BERRIEN COUNTY
ADMINISTRATION CENTER**



701 Main Street
St. Joseph, Michigan 49085
Telephone: (269) 983-7111,
Ext 8095
Fax: (269) 983-5788

June 30, 2008

Rehmann Robson
2330 East Paris Ave. SE
Grand Rapids, MI 49546

We are providing this letter in connection with your audit of the financial statements of the *County of Berrien, Michigan* as of December 31, 2007 and for the year then ended for the purpose of expressing opinions as to whether the financial statements 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 the County of Berrien, Michigan and the respective changes in financial position and, where applicable, cash flows thereof in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of June 30, 2008, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all—
 - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.
5. We are in agreement with the adjusting journal entries you have proposed, and they have been posted.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
11. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
12. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
13. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

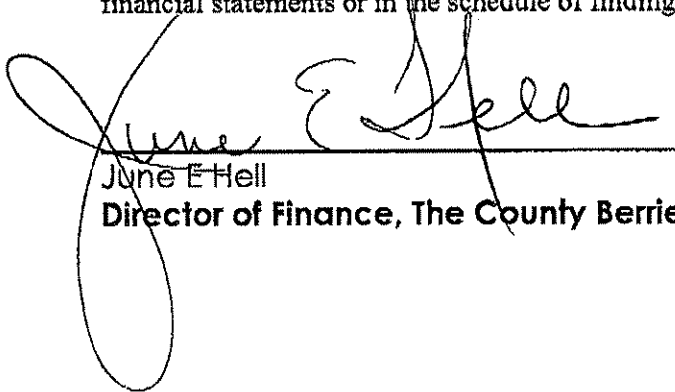
For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and affiliated governmental units that are not included in the financial statements as part of the reporting entity.
 - b. Guarantees, whether written or oral, under which the County is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

15. There are no—
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d. Reservations or designation of fund equity that were not properly authorized and approved.
16. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
17. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
18. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
20. The financial statements properly classify all funds and activities.
21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
22. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
28. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

29. Required supplementary information (RSI) is measured and presented within prescribed guidelines.
30. With respect to federal award programs:
- a. We are responsible for complying and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
 - b. We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c. We are responsible for complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
 - d. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies (including material weaknesses) reported in the schedule of findings and questioned costs.
 - e. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs.
 - f. We have received no requests from a federal agency to audit one or more specific programs as a major program.
 - g. We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
 - h. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
 - i. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - j. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

- k. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- l. We have charged costs to federal awards in accordance with applicable cost principles.
- m. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- n. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- o. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133, and we are responsible for preparing and implementing a corrective action plan for each audit finding.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.



June E Hell
Director of Finance, The County Berrien