

COUNTY OF BERRIEN, MICHIGAN

Audited Financial Statements

**For the Year Ended
December 31, 2006**



REHMANN ROBSON

Certified Public Accountants

COUNTY OF BERRIEN, MICHIGAN
For the Year Ended December 31, 2006

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INDEPENDENT AUDITORS' REPORT

_____, 2007

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, 2006, 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 91% of the assets, and 90% 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, 2006, 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 68 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 _____, 2007, 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 black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

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, 2006**. 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. **During 2006, the net assets of the County increased by \$8,119,176. The answer is, yes, the County as a whole is better off as a result of activity during 2006.** 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 Commission, 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 \$135,593,221 at December 31, 2006, an increase of \$12,330,235 during the year. The ratio of actuarial valuation assets of \$124,174,243 to actuarial accrued liabilities of \$131,049,616 was 94.8% at December 31, 2006.** 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 \$94,199,857 (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 \$8,119,656 during 2006. Net assets from governmental activities increased by \$6,184,972 while net assets from business-type activities (i.e. Delinquent Tax funds, Public Works Projects funds) increased by \$1,934,684.
- As of the close of 2006, the County's governmental funds (which includes the general fund, special revenue, capital projects and debt service funds) reported combined ending fund balances of \$44,310,580, an increase of \$5,036,807 during the year. Of this fund balance amount, \$43,915,580 is available for spending at the government's discretion as unreserved fund balance while \$245,000 of the remaining balance is reserved for advances to component units and \$150,000 is reserved for long-term receivables.
- The General Fund showed an increase of \$464,339 during 2006. At December 31, 2006, unreserved fund balance for the General Fund was \$10,561,719, or 23.84% of total general fund expenditures. A healthy General Fund balance is 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 \$10,806,719 at December 31, 2006.
- 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 \$17,123,757 at December 31, 2006.
- The County's total long-term installment debt increased by \$279,836 during 2006 and was a total of \$22,634,843 at December 31, 2006. Total debt was \$139.33 on a per capita basis (162,453 population-2000 Census). The increase in the County's Long Term Debt was due to 2005 borrowing through the Building Authority for renovations for the Courthouse and County Jail. 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, 2006 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 \$94,199,377 for the fiscal year ending December 31, 2006.**

**Berrien County's Net Assets
December 31, 2006-2005**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	12/31/06	12/31/05	12/31/06	12/31/05	12/31/06	12/31/05
Current/other Assets	\$62,141,548	\$64,454,658	\$41,018,475	\$39,043,050	\$103,160,023	\$103,497,708
Capital Assets	26,966,878	26,216,442	189,092	56,935	27,155,970	26,273,377
Total Assets	89,108,426	90,671,100	41,207,567	39,099,985	130,315,993	129,771,085
Long-Term Liabilities	13,204,537	13,126,548	11,237,901	11,030,007	24,442,438	24,156,555
Other Liabilities	11,520,750	19,345,905	153,428	188,424	11,674,178	19,534,329
Total Liabilities	24,725,287	32,472,453	11,391,329	11,218,431	36,116,616	43,690,884
Net Assets:						
Invested in Capital Assets, Net of Related Debt	16,287,286	16,549,282	133,519	28,076	16,420,805	16,577,358
Restricted	33,400,939	27,878,564	-	-	33,400,939	27,878,564
Unrestricted	14,694,914	13,770,801	29,682,719	27,853,478	44,377,633	41,624,279
Total Net Assets	\$64,383,139	\$58,198,647	\$29,816,238	\$27,881,554	\$94,199,377	\$86,080,201

Berrien County had a net investment in capital assets of \$16,420,805 at December 31, 2006. This represents 17.43% 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 \$33,400,939 at December 31, 2006. This represents 35.46% 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 increased by \$5,522,375 during 2006 primarily due to additions to the Revenue Sharing Reserve Fund.

Finally, the County has unrestricted net assets in the amount of \$44,377,633 at December 31, 2006. This represents 47.11% 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, 2006, 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, 2006-2005**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	12/31/06	12/31/05	12/31/06	12/31/05	12/31/06	12/31/05
Revenue:						
Program Revenue:						
Charges for Services	\$14,038,040	\$13,282,812	\$ 2,511,293	\$1,720,488	\$16,549,333	\$15,003,300
Operating Grants & Contributions	23,204,179	21,669,104	906,233	994,072	24,110,412	22,663,176
General Revenue	-	-	-	-	-	-
Property Taxes	40,670,904	37,872,942	-	-	40,670,904	37,872,942
Unrestricted Grants & Contributions	311,047	283,365	-	-	311,047	283,365
Unrestricted Investment Earnings	2,132,714	1,564,973	-	-	2,132,714	1,564,973
Gain on Sale of Capital Assets	-	1,408,353	-	-	-	1,408,353
Transfers-Internal Act.	-	(20,407)	-	20,407	-	-
Total Revenue	80,356,884	76,061,142	3,417,526	2,734,967	83,774,410	78,796,109
Expenses:						
Legislative	1,635,148	1,515,488	-	-	1,635,148	1,515,488
Judicial	11,017,368	11,276,877	-	-	11,017,368	11,276,877
General Government	8,736,342	5,368,800	-	-	8,736,342	5,368,800
Public Safety	20,690,625	18,566,583	-	-	20,690,625	18,566,583
Public Works	1,237,485	2,423,822	-	-	1,237,485	2,423,822
Health & Welfare	16,651,945	13,967,883	-	-	16,651,945	13,967,883
Recreation/Cultural	2,931,828	2,619,702	-	-	2,931,828	2,619,702
Community Dev.	1,442,820	2,623,878	-	-	1,442,820	2,623,878
Other Gov. Activity	9,353,188	9,397,733	-	-	9,353,188	9,397,733
Interest on L.T. Debt	475,643	427,678	-	-	475,643	427,678
Delinquent Tax Coll / Forfeitures	-	-	915,936	1,007,696	915,936	1,007,696
Public Works Projects	-	-	566,906	505,376	566,906	505,376
Total Expenses	74,172,392	68,188,444	1,482,842	1,513,072	75,655,234	69,701,516
Increase in Net Assets	6,184,492	7,872,698	1,934,684	1,221,895	8,119,176	9,094,593
Net Assets - Beg.	58,198,647	50,325,949	27,881,554	26,659,659	86,080,201	76,985,608
Net Assets - End	\$64,383,139	\$58,198,647	\$29,816,238	\$27,881,554	\$94,199,377	\$86,080,201

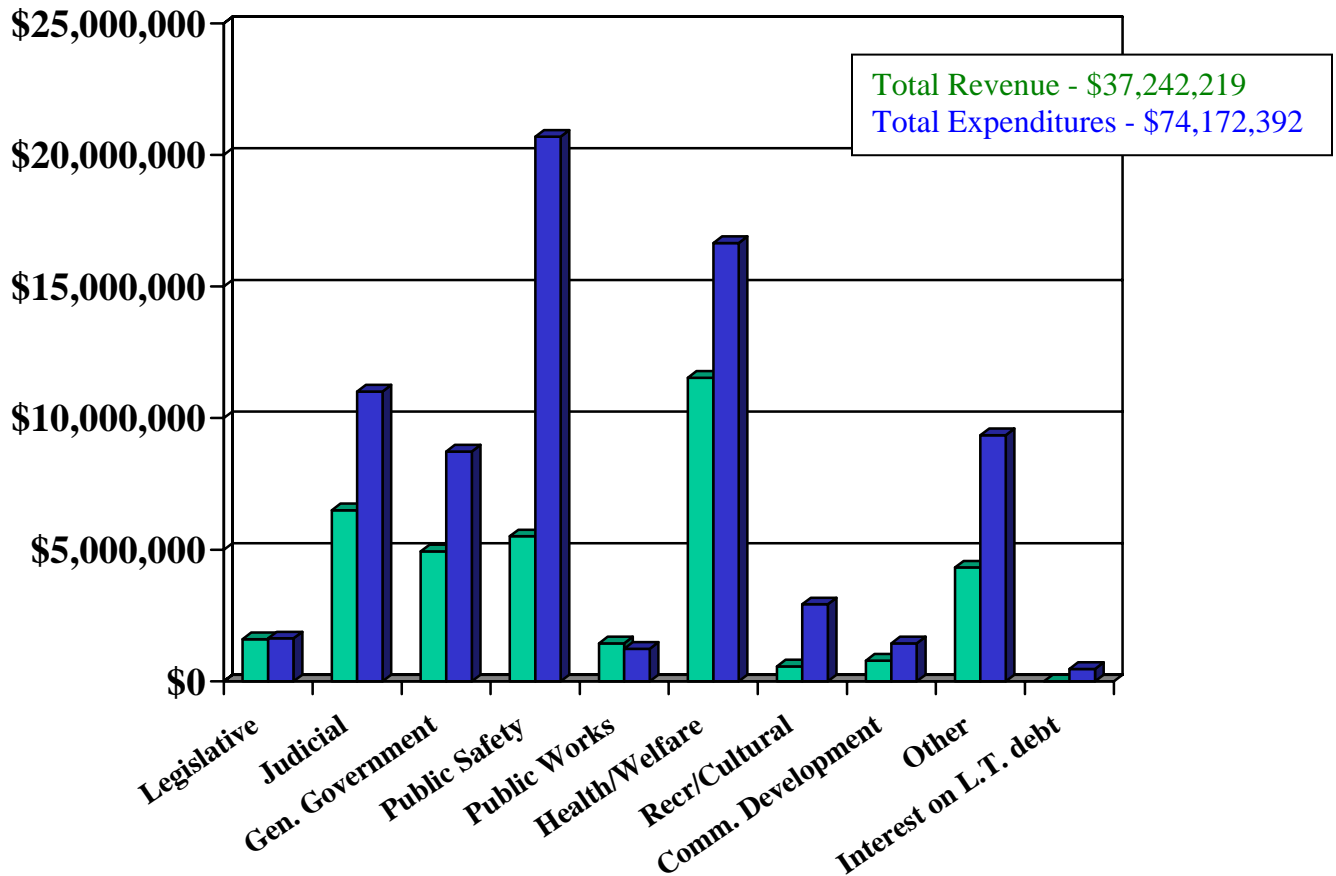
The County's net assets increased by \$8,119,176 during 2006 as compared to an increase of \$9,094,593 during 2005.

Governmental Activities. Governmental activities increased the County's net assets by \$6,184,492 during 2006. This large increase is due primarily to the establishment of a Revenue Sharing Reserve Fund, as required by State law, to accumulate advance payments of County property taxes to be used to replace State revenue sharing payments. The balance in the Revenue Sharing Reserve Fund was \$17,123,757 at December 31, 2006. In addition, unrestricted investment earnings were \$2,132,714 during 2006, as compared to \$1,564,973 during 2005, due to higher rates of interest earned on investments.

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 2006 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. The county completed the Microsoft Windows XP upgrade and the Capital improvements of the County Courthouse and Jail were continued through the Building Authority.

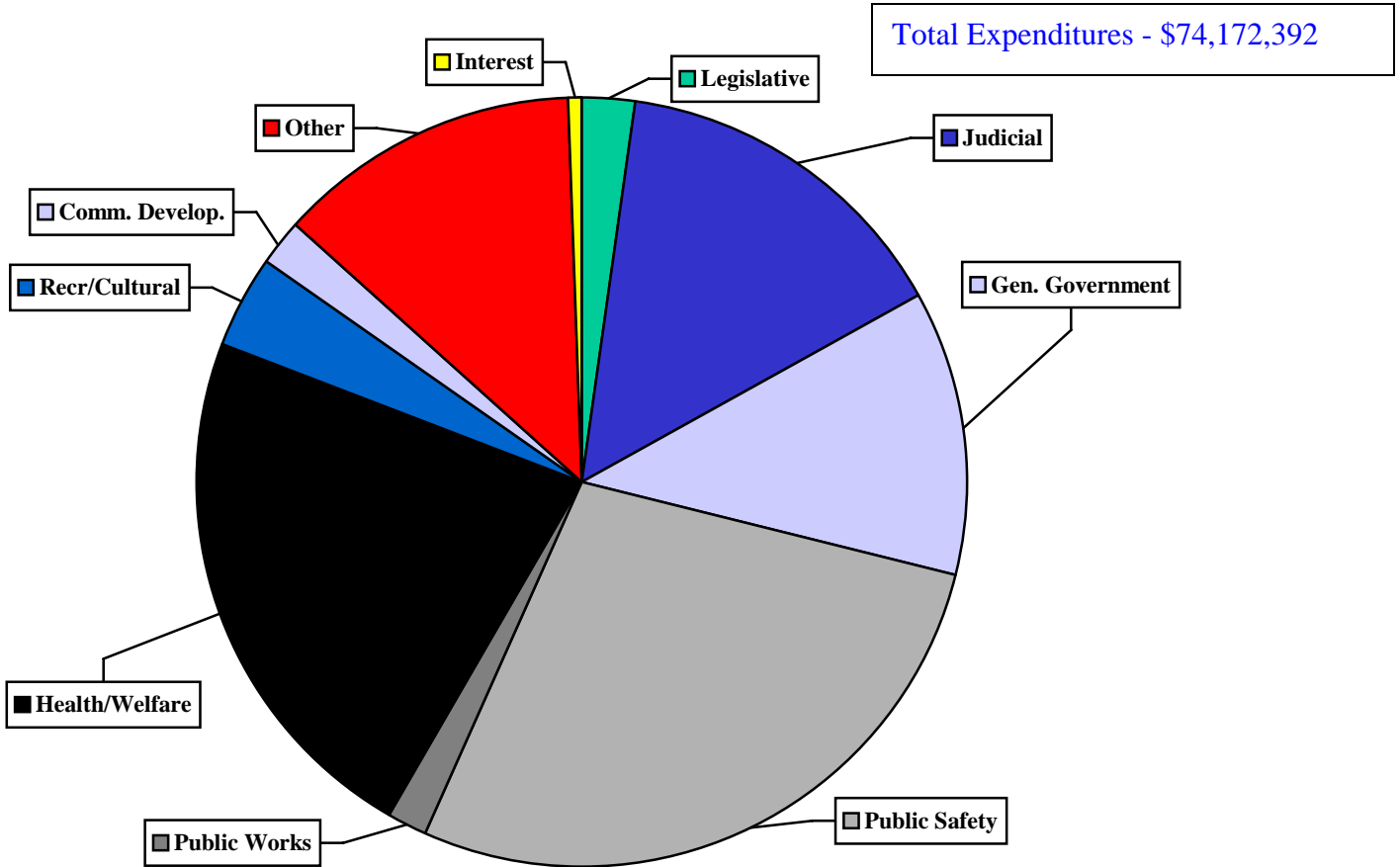
A chart of program revenue and expenses for governmental activities is as follows:

Program Revenue and Expenses Governmental Activities



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

Governmental Activities Expenses

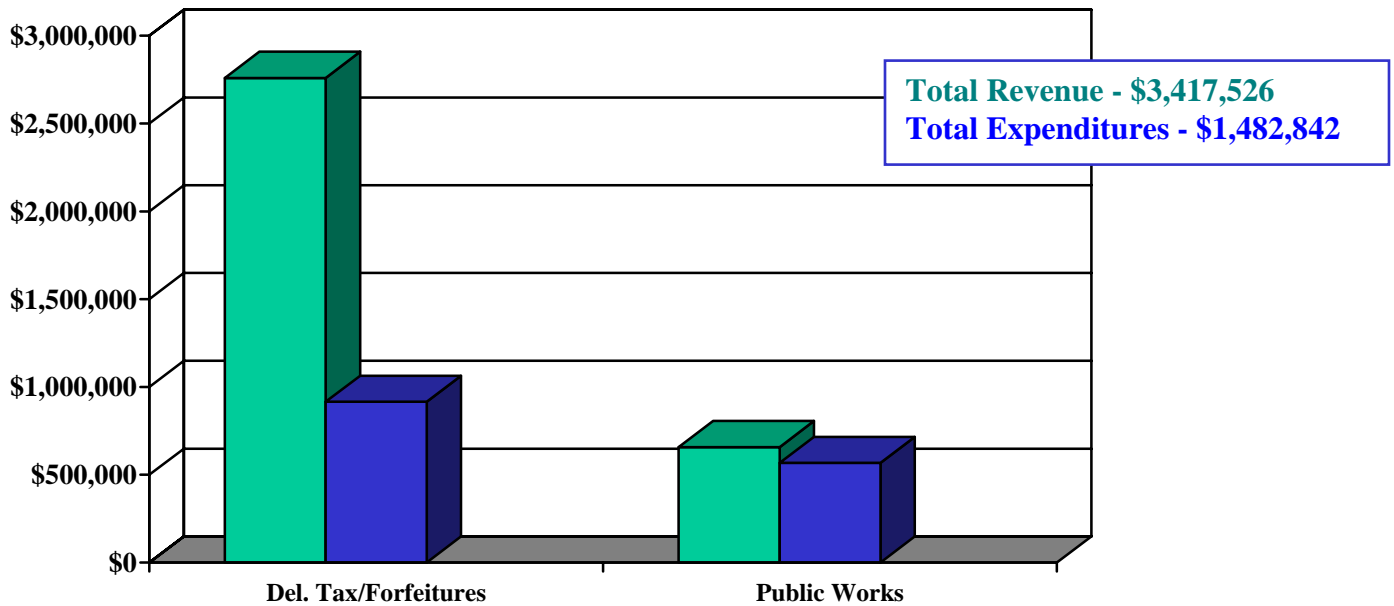


Business-Type Activities. Business-type activities (i.e. Delinquent Tax Revolving funds, Delinquent Tax Forfeiture funds and the Public Works Projects funds) **increased the County's net assets by \$1,934,684 during 2006.** Key elements of the current year increase are as follows:

- Charges for services for business-type activities were \$2,511,293, or 73.48% 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 \$906,233, or 26.52% 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 funds (i.e. General Fund, Revenue Sharing Reserve Fund, and Capital Reserve Fund) 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, 2006, the County's governmental funds reported a combined ending fund balance of \$44,310,580. This is an increase of \$5,036,807 in comparison with the prior year. The increase is due primarily to the creation of the Revenue Sharing Reserve Fund, as previously discussed. Of the total fund balance amount, \$245,000 has been reserved for advances to component units and \$150,000 has been reserved for long-term receivables. A total of \$43,915,580 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 \$10,561,719 while total fund balance was \$10,806,719. The total General Fund balance increased by \$464,339 during 2006. 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 24.39% 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 Building Authority Capital Project Fund decreased by \$940,490 during 2006. The decrease in the fund balance is due to the April 2006 issuance by the Building Authority of the \$3,650,000 million in Series 2006 bonds. The renovations to the County Courthouse and Jail continued through out 2006. The fund balance in the Building Authority Capital Project Funds was \$717,350 at December 31, 2006.

Proprietary Funds. The County's proprietary funds (i.e. 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 \$34,568,233 at year-end. The Delinquent Tax Revolving funds had net assets of \$28,531,859 at December 31, 2006, an increase of \$1,299,215 during the year. The self-insurance funds increased \$981 during 2006. The self-insurance funds had net assets of \$5,499,462 at December 31, 2006.

General Fund Budgetary Highlights

The original budget for revenue and incoming transfers in the General Fund was \$45,177,754 for 2006. Actual revenue and incoming transfers for 2006 was \$45,241,779.

The original budget for expenditures and outgoing transfers in the General Fund was \$45,177,754 for 2006. Additional year-end appropriations were made to several funds totaling \$2,113,614 (detail on page 13). The additional appropriations were financed from savings in other budgeted accounts. Actual expenditures and outgoing transfers for 2006 were \$44,777,440.

Berrien County's Transfer Detail December 31, 2006

Funds	2006
Health Department	\$ 200,000
Parks	60,000
Public Maintenance & Improvement	1,575,500
Vehicles	100,000
Training Facility	125,000
FOC-KPEP	36,000
B H City Contract	17,114
2006 Year End Transfers	\$2,113,614

Overall during the year, general fund revenues were greater than expenditures which were less than the final budget. Expenditure savings and increased revenue resulted in an increase in the General Fund balance of \$463,339 during 2006.

Capital Asset and Debt Administration

Capital Assets. The County's cost of capital assets for its governmental activities at December 31, 2006 was \$26,966,878 (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 \$189,092 at the end of the year. **Total capital assets, net were \$27,155,970 at December 31, 2006.**

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

- Building Authority renovations continue at the Jail and County Courthouse. A total of \$1,006,959 was spent during 2006.
- During 2006 the County completed the software upgrade from Office 97 to Office XP at a cost of approximately \$125,000.
- Ongoing replacement of Sheriff's Department vehicles and computer equipment.
- Began construction of Berrien County Sheriff's Training Facility. The expense in 2006 was \$531,874.

Berrien County's Capital Assets December 31, 2006 – 2005

	<u>Governmental Activities</u>		<u>Business-Types Activities</u>		<u>Total</u>	
	12/31/06	12/31/05	12/31/06	12/31/05	12/31/06	12/31/05
Land	\$ 4,965,466	\$ 4,627,543	\$ -	\$ -	\$ 4,965,466	\$ 4,627,543
Construction in process	635,741	-	-	-	635,741	-
Land Improvements	1,380,496	1,482,731	-	-	1,380,496	1,482,731
Buildings	30,535,513	29,904,745	-	-	30,535,513	29,904,745
Equipment	9,522,536	7,787,942	676,864	510,694	10,199,400	8,298,636
Total Cost	47,039,752	43,802,961	676,864	510,694	47,716,616	44,313,655
Less Accr Depr	(20,072,874)	(17,586,519)	(487,772)	(453,759)	(20,560,646)	(18,040,278)
Net Cost	\$26,966,878	\$26,216,442	\$189,092	\$56,935	\$27,155,970	\$26,273,377

Additional information regarding the County's capital assets can be found in the notes to the financial statements.

Long-Term Debt. At the end of the fiscal year, the County had total long-term installment debt outstanding of \$22,634,843. This long-term debt is summarized as follows:

Berrien County's Outstanding Debt December 31, 2006-2005

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total</u>	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005	12/31/2006	12/31/2005
General Obligation Bonds	\$10,525,000	\$11,325,000	\$ 7,380,000	\$ 8,370,000	\$17,905,000	\$19,695,000
DPW Notes	-	-	-	220,000	-	220,000
Delinquent Tax Notes	-	-	3,802,328	2,411,148	3,802,328	2,411,148
Capital Leases	871,942	-	55,573	28,859	927,515	28,859
Total	\$11,396,942	\$11,325,000	\$11,237,901	\$11,030,007	\$22,634,843	\$22,355,007

At December 31, 2006, general obligation bonds include \$10,525,000 in Building Authority debt and \$7,380,000 in Public Works debt for water/sewer projects with local units of government. The County's total installment debt increased by \$279,836 during 2006. The County retired debt of \$2,010,000 in general obligation bonds/notes and \$7,708,820 in delinquent tax notes during 2006.

During 2006, the County borrowed \$9,100,000 in delinquent tax notes. Debt service requirements for general obligation bonds are \$1,515,000 in principal and \$753,513 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, 2005. 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 \$780,526,415, while the County has only utilized \$17,905,000 (2.29%) 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 2007 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 14.64% for 2006 to 18.55 % for 2007 while the employer contribution for the Courthouse unit increased from 3.86 % in 2006 to 6.30 % for 2007. These increases are due to plan benefits enhancements and the rising cost of retiree health care benefits. Investment earnings improved through 2006 with the same expectations for 2007.
- Interest rates on investments have been low the past few years, but increased during 2006 as the Federal Reserve increased its discount rate. The 2007 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 \$2,132,714 during 2006 as compared to \$1,564,973 during 2005.
- The County is self-funded for its property and liability insurance with 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 extensive settlement payments related to September 11th, 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 \$2,309,893 at December 31, 2006.
- 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 \$9,359,947 during 2006 to \$10,857,744 during 2007. The County has net assets in its Health Care Insurance Fund of \$2,362,736 at December 31, 2006.

- The unemployment rate for Berrien County is 7.2% for March 2007, which is a decrease from the unemployment rate of 7.4% in March 2006. The unemployment rate for Berrien County is lower than the State of Michigan average of 7.4% (March 2007) but higher than the United States average of 4.7% (March 2007). During 2007, 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 2006 was 3.0%. Property tax revenue increased from \$37,593,671 in 2005 to \$40,205,834 in 2006, an increase of \$2,666,163. 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 \$10,561,719 at December 31, 2006.

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, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 43,384,130	\$ 7,756,929	\$ 51,141,059	\$ 2,361,838
Restricted cash	613,948	-	613,948	194,611
Investments	4,598,785	14,447,280	19,046,065	3,811,678
Receivables, net	20,459,185	11,867,346	32,326,531	8,294,742
Internal balances	(6,914,500)	6,914,500	-	-
Prepaid items and other assets	-	32,420	32,420	1,395,007
Capital assets not being depreciated	5,601,207	-	5,601,207	12,983,415
Capital assets being depreciated, net	21,365,671	189,092	21,554,763	68,535,165
Total assets	89,108,426	41,207,567	130,315,993	97,576,456
Liabilities				
Accounts payable and accrued expenses	4,990,314	153,428	5,143,742	4,501,902
Deferred revenue (unearned)	6,530,436	-	6,530,436	-
Long-term liabilities:				
Due within one year	2,811,400	4,459,956	7,271,356	1,695,000
Due in more than one year	10,393,137	6,777,945	17,171,082	3,184,054
Total liabilities	24,725,287	11,391,329	36,116,616	9,380,956
Net assets				
Invested in capital assets, net of related debt	16,287,286	133,519	16,420,805	76,795,757
Restricted for:				
Capital projects	479,899	-	479,899	-
Public safety	3,533,604	-	3,533,604	-
Culture and recreation	262,254	-	262,254	-
Health and welfare	1,976,584	-	1,976,584	-
Community development	574,887	-	574,887	-
Judicial	545,699	-	545,699	-
Other purposes	26,028,012	-	26,028,012	194,611
Unrestricted	14,694,914	29,682,719	44,377,633	11,205,132
Total net assets	\$ 64,383,139	\$ 29,816,238	\$ 94,199,377	\$ 88,195,500

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 1,635,148	\$ 1,716	\$ 1,603,199	\$ -	\$ (30,233)
Judicial	11,017,368	4,071,285	2,434,331	-	(4,511,752)
General government	8,736,342	2,946,112	1,995,967	-	(3,794,263)
Public safety	20,690,625	2,326,417	3,189,412	-	(15,174,796)
Public works	1,237,485	1,164	1,440,952	-	204,631
Health and welfare	16,651,945	775,414	10,761,774	-	(5,114,757)
Recreation and cultural	2,931,828	457,001	118,543	-	(2,356,284)
Community development	1,442,820	310,802	480,753	-	(651,265)
Other governmental activities	9,353,188	3,148,129	1,179,248	-	(5,025,811)
Interest on long-term debt	475,643	-	-	-	(475,643)
Total governmental activities	<u>74,172,392</u>	<u>14,038,040</u>	<u>23,204,179</u>	<u>-</u>	<u>(36,930,173)</u>
Business-type activities:					
Delinquent tax collections/forfeitures	915,936	1,855,483	904,555	-	1,844,102
Public works projects	566,906	655,810	1,678	-	90,582
Total business-type activities	<u>1,482,842</u>	<u>2,511,293</u>	<u>906,233</u>	<u>-</u>	<u>1,934,684</u>
Total primary government	<u>\$ 75,655,234</u>	<u>\$ 16,549,333</u>	<u>\$ 24,110,412</u>	<u>\$ -</u>	<u>\$ (34,995,489)</u>
Component units					
County roads	\$ 13,907,915	\$ -	\$ 14,038,668	\$ 646,044	\$ 776,797
County drains	772,504	-	750,398	677,000	654,894
Brownfield redevelopment	52,828	6,500	10,917	-	(35,411)
Economic development	71,491	24,470	-	-	(47,021)
Total component units	<u>\$ 14,804,738</u>	<u>\$ 30,970</u>	<u>\$ 14,799,983</u>	<u>\$ 1,323,044</u>	<u>\$ 1,349,259</u>

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COUNTY OF BERRIEN, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended December 31, 2006

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (36,930,173)	\$ 1,934,684	\$ (34,995,489)	\$ 1,349,259
General revenues:				
Property taxes	40,670,904	-	40,670,904	-
Grants and contributions not restricted to specific programs	311,047	-	311,047	-
Unrestricted investment earnings	2,132,714	-	2,132,714	602,164
Total general revenues	43,114,665	-	43,114,665	602,164
Change in net assets	6,184,492	1,934,684	8,119,176	1,951,423
Net assets, beginning of year, as restated	58,198,647	27,881,554	86,080,201	86,244,077
Net assets, end of year	\$ 64,383,139	\$ 29,816,238	\$ 94,199,377	\$ 88,195,500

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

FUND FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN
Balance Sheet
Governmental Funds
December 31, 2006

	General 101.00	Revenue Sharing Reserve 285.00	Capital Reserve 403.00	Other Governmental Funds	Total
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 10,910,857	\$ 9,053,757	\$ 1,111,508	\$ 15,086,460	\$ 36,162,582
Investments	-	-	4,503,960	94,825	4,598,785
Receivables:					
Taxes receivable - current	2,191,065	8,070,000	-	5,031,973	15,293,038
Taxes receivable - delinquent	107,494	-	-	19,133	126,627
Due from other governments	86,350	-	-	3,058,170	3,144,520
Due from other funds	403	-	-	3,454	3,857
Advances to other funds	5,414,500	-	-	-	5,414,500
Advances to component units	1,745,000	-	-	-	1,745,000
Notes receivable	-	-	-	150,000	150,000
<u>TOTAL ASSETS</u>	\$ 20,455,669	\$ 17,123,757	\$ 5,615,468	\$ 23,444,015	\$ 66,638,909
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ 318,780	\$ -	\$ -	\$ 650,002	\$ 968,782
Accrued and other liabilities	358,248	-	-	201,353	559,601
Due to other funds	3,454	-	-	403	3,857
Interfund payable	-	-	-	895,866	895,866
Advances from other governments	-	-	-	90,000	90,000
Advances from other funds	6,914,500	-	5,414,500	-	12,329,000
Undistributed receipts	-	-	-	343	343
Deferred revenue	2,053,968	-	-	5,426,912	7,480,880
Total liabilities	9,648,950	-	5,414,500	7,264,879	22,328,329
Fund balance					
Reserved for:					
Long-term receivables	-	-	-	150,000	150,000
Advances to other funds and component units	245,000	-	-	-	245,000
Unreserved:					
Designated for subsequent years' expenditures, reported in nonmajor special revenue funds	-	-	-	4,911,150	4,911,150
Undesignated	10,561,719	17,123,757	200,968	-	27,886,444
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	10,121,445	10,121,445
Debt service funds	-	-	-	260	260
Capital projects funds	-	-	-	996,281	996,281
Total fund balance	10,806,719	17,123,757	200,968	16,179,136	44,310,580
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 20,455,669	\$ 17,123,757	\$ 5,615,468	\$ 23,444,015	\$ 66,638,909

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, 2006

Fund balances - total governmental funds	\$ 44,310,580
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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	5,601,207
Add: capital assets being depreciated, net	21,365,671

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	950,444
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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	5,499,462
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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	(11,396,942)
Subtract: compensated absences	(1,807,595)
Subtract: accrued interest on long-term liabilities	(139,688)
	(13,344,225)

Net assets of governmental activities	\$ 64,383,139
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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, 2006

	General 101.00	Revenue Sharing Reserve 285.00	Capital Reserve 403.00	Other Governmental Funds	Total
Revenue					
Taxes	\$ 27,262,315	\$ 8,070,000	\$ -	\$ 4,873,519	\$ 40,205,834
Licenses and permits	194,963	-	-	282,184	477,147
Intergovernmental revenue	3,089,561	-	-	17,229,831	20,319,392
Charges for services	7,761,305	-	-	5,055,473	12,816,778
Fines and forfeitures	614,655	-	-	129,460	744,115
Interest revenue	1,531,873	333,552	115,290	432,318	2,413,033
Other revenue and reimbursements	1,409,331	-	-	1,333,823	2,743,154
Total revenue	41,864,003	8,403,552	115,290	29,336,608	79,719,453
Expenditures					
Current expenditures:					
Legislative	1,640,843	-	-	-	1,640,843
Judicial	8,446,960	-	-	3,307,791	11,754,751
General government	7,398,255	-	-	176,173	7,574,428
Public safety	12,795,083	-	-	9,075,690	21,870,773
Public works	-	-	-	1,237,485	1,237,485
Health and welfare	731,454	-	-	15,973,127	16,704,581
Recreation and cultural	326,038	-	-	2,602,604	2,928,642
Community development	889,474	-	-	397,802	1,287,276
Other governmental activities	4,121,851	-	-	5,149,128	9,270,979
Debt service:					
Principal	-	-	-	922,894	922,894
Interest and fiscal charges	-	-	-	484,830	484,830
Total expenditures	36,349,958	-	-	39,327,524	75,677,482
Revenue over (under) expenditures	5,514,045	8,403,552	115,290	(9,990,916)	4,041,971
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	994,836	994,836
Transfers in	3,377,776	-	-	10,125,428	13,503,204
Transfers out	(8,427,482)	(3,230,710)	-	(1,845,012)	(13,503,204)
Total other financing sources (uses)	(5,049,706)	(3,230,710)	-	9,275,252	994,836
Net changes in fund balances	464,339	5,172,842	115,290	(715,664)	5,036,807
Fund balance, beginning of year	10,342,380	11,950,915	85,678	16,894,800	39,273,773
Fund balance, end of year	\$ 10,806,719	\$ 17,123,757	\$ 200,968	\$ 16,179,136	\$ 44,310,580

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, 2006

Net change in fund balances - total governmental funds \$ 5,036,807

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	2,997,188
Subtract: depreciation expense	(1,319,210)
Subtract: adjustment to restate beginning capital assets	(927,542)

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	465,070
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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.

Subtract: issuance of long-term debt	(994,836)
Add: principal payments on long-term liabilities	922,894

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	9,187
Subtract: change in the accrual of compensated absences	(6,047)

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	172,361
Subtract: operating loss from governmental activities accounted for in internal service fund	(171,380)

Change in net assets of governmental activities	\$ 6,184,492
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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, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue				
Taxes	\$ 26,909,000	\$ 26,909,000	\$ 27,262,315	\$ 353,315
Licenses and permits	202,150	202,150	194,963	(7,187)
Intergovernmental revenues	3,003,098	3,003,098	3,089,561	86,463
Charges for services	7,622,520	7,622,520	7,761,305	138,785
Fines and forfeitures	610,000	610,000	614,655	4,655
Interest revenue	801,200	801,200	1,531,873	730,673
Other revenue and reimbursements	1,367,648	1,367,648	1,409,331	41,683
	<u>40,515,616</u>	<u>40,515,616</u>	<u>41,864,003</u>	<u>1,348,387</u>
Total revenue				
Expenditures				
Legislative:				
Board of Commissioners	526,931	575,357	575,193	(164)
Appropriations to outside agencies	861,461	859,117	859,117	-
County Administrator	209,995	206,543	206,533	(10)
	<u>1,598,387</u>	<u>1,641,017</u>	<u>1,640,843</u>	<u>(174)</u>
Total legislative				
Judicial:				
Circuit court	715,121	699,891	699,873	(18)
District court	2,426,814	2,370,588	2,370,210	(378)
Probate court	237,090	223,514	223,507	(7)
Jury board	12,400	11,573	11,572	(1)
Family Court Intake	528,355	534,635	534,629	(6)
Tri-court cashiering unit	298,564	297,796	297,788	(8)
Trial court	1,989,525	1,945,981	1,945,920	(61)
District court probation	641,562	581,493	581,488	(5)
Adult probation	30,367	25,666	25,659	(7)
Juvenile probation	872,380	719,435	719,430	(5)
Probate court administration	892,764	871,987	871,471	(516)
Tri-court enforcement services	164,387	165,419	165,413	(6)
	<u>8,809,329</u>	<u>8,447,978</u>	<u>8,446,960</u>	<u>(1,018)</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, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued)				
General government:				
Elections	\$ 144,054	\$ 139,041	\$ 138,802	\$ (239)
Clerk	945,091	983,244	983,064	(180)
Equalization	481,375	482,464	482,393	(71)
Personnel	319,238	315,326	315,059	(267)
Purchasing	131,798	132,862	132,855	(7)
Corporate counsel	76,800	76,567	76,562	(5)
Prosecutor	2,381,476	2,265,079	2,265,068	(11)
Register of deeds	294,777	283,973	283,963	(10)
Treasurer	341,600	334,276	334,266	(10)
Courthouse and grounds	1,044,692	966,498	965,783	(715)
Building authority	3,292	2,256	2,255	(1)
South county building	288,971	221,429	221,389	(40)
Other county property	264,700	131,596	131,547	(49)
Administration center	244,527	212,956	212,944	(12)
2100 complex	-	73,931	73,929	(2)
Drain commissioner	376,013	388,130	388,115	(15)
Building security	126,000	120,937	112,145	(8,792)
Financial services	333,265	278,124	278,116	(8)
	<u>7,797,669</u>	<u>7,408,689</u>	<u>7,398,255</u>	<u>(10,434)</u>
Public safety:				
Sheriff's office and road patrol	3,813,711	3,842,105	3,840,642	(1,463)
Local unit police protection	-	-	(1,659)	(1,659)
Jail inmate rehabilitation	70,498	87,312	87,309	(3)
Emergency operations	-	-	(1,825)	(1,825)
Sheriff's department radios	107,695	97,240	97,239	(1)
Sheriff's department marine safety	198,715	210,992	204,771	(6,221)
Special teams	72,204	56,579	55,962	(617)
Motorcycle division	-	6,724	6,723	(1)
Jail division	7,592,225	7,081,578	7,077,434	(4,144)
Jail maintenance	817,040	792,209	789,667	(2,542)
Emergency management	239,008	246,901	236,645	(10,256)
Animal shelter	421,332	402,192	402,175	(17)
	<u>13,332,428</u>	<u>12,823,832</u>	<u>12,795,083</u>	<u>(28,749)</u>

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, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued)				
Health and welfare:				
Contagious disease	\$ 33,200	\$ 19,035	\$ 19,034	\$ (1)
Medical examiner	88,600	97,191	97,190	(1)
Veterans services	104,660	103,536	103,530	(6)
Veterans burial	15,000	11,700	11,700	-
Mental health	500,000	500,000	500,000	-
Total health and welfare	<u>741,460</u>	<u>731,462</u>	<u>731,454</u>	<u>(8)</u>
Recreation and cultural:				
Cooperative extension service	257,505	219,542	219,060	(482)
Historical association	106,978	106,978	106,978	-
Total recreation and cultural	<u>364,483</u>	<u>326,520</u>	<u>326,038</u>	<u>(482)</u>
Community development:				
Economic development	210,002	197,490	197,477	(13)
Planning commission	684,595	572,987	572,980	(7)
Plat board	4,330	3,496	3,496	-
Survey and remonumentation	148,373	116,815	115,521	(1,294)
Total community development	<u>1,047,400</u>	<u>890,788</u>	<u>889,474</u>	<u>(1,314)</u>
Other expenditures:				
Information systems	2,093,409	1,992,065	1,992,051	(14)
Automation upgrade	60,000	68,552	68,548	(4)
Central supply	102,000	90,175	90,174	(1)
Livestock claims	1,300	-	-	-
Mailing services	301,919	253,281	253,274	(7)

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, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (concluded)				
Other expenditures: (concluded)				
Motor pool	\$ 280,315	\$ 279,536	\$ 279,527	\$ (9)
Telephone switchboard-central	355,054	315,231	310,193	(5,038)
Printing and microfilming	372,276	370,127	370,089	(38)
Copy center	38,500	35,407	35,405	(2)
Insurance and surety bonds	605,300	648,364	648,363	(1)
Drains at large	75,000	74,228	74,227	(1)
Contingencies	1,000,900	322,431	-	(322,431)
Total other expenditures	<u>5,285,973</u>	<u>4,449,397</u>	<u>4,121,851</u>	<u>(327,546)</u>
Total expenditures	<u>38,977,129</u>	<u>36,719,683</u>	<u>36,349,958</u>	<u>(369,725)</u>
Revenue over expenditures	<u>1,538,487</u>	<u>3,795,933</u>	<u>5,514,045</u>	<u>1,718,112</u>
Other financing sources (uses)				
Transfers in	4,662,138	4,661,915	3,377,776	(1,284,139)
Transfers out	<u>(6,200,625)</u>	<u>(8,457,848)</u>	<u>(8,427,482)</u>	<u>(30,366)</u>
Total other financing (uses)	<u>(1,538,487)</u>	<u>(3,795,933)</u>	<u>(5,049,706)</u>	<u>(1,253,773)</u>
Net changes in fund balances	-	-	464,339	464,339
Fund balance, beginning of year	<u>10,342,380</u>	<u>10,342,380</u>	<u>10,342,380</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 10,342,380</u></u>	<u><u>\$ 10,342,380</u></u>	<u><u>\$ 10,806,719</u></u>	<u><u>\$ 464,339</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, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue				
Taxes	\$ 8,252,000	\$ 8,252,000	\$ 8,070,000	\$ (182,000)
Interest revenue	-	100,000	333,552	233,552
Total revenue	8,252,000	8,352,000	8,403,552	51,552
Other financing uses				
Transfers out	(3,215,072)	(3,240,710)	(3,230,710)	10,000
Net changes in fund balances	5,036,928	5,111,290	5,172,842	61,552
Fund balances, beginning of year	11,950,915	11,950,915	11,950,915	-
Fund balances, end of year	<u>\$ 16,987,843</u>	<u>\$ 17,062,205</u>	<u>\$ 17,123,757</u>	<u>\$ 61,552</u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities
	Royalton Township			Other Enterprise Funds	Internal Service Funds
	Delinquent Tax Revolving	Water System No. 25 851.84	Total		
Assets					
Current assets:					
Cash and cash equivalents	\$ 5,640,963	\$ 44	\$ 1,220,056	\$ 6,861,063	\$ 8,117,414
Investments	14,447,280	-	-	14,447,280	-
Receivables:					
Taxes receivable - delinquent	4,012,489	-	-	4,012,489	-
Interest	555,137	-	-	555,137	-
Interfund	895,866	-	-	895,866	-
Current portion of leases receivable	-	100,000	540,000	640,000	-
Advance to other funds	6,914,500	-	-	6,914,500	-
Inventory, at cost	-	-	32,420	32,420	-
Total current assets	<u>32,466,235</u>	<u>100,044</u>	<u>1,792,476</u>	<u>34,358,755</u>	<u>8,117,414</u>
Non-current assets:					
Restricted cash	-	-	-	-	613,948
Leases receivable, net of current portion	-	2,349,956	4,309,764	6,659,720	-
Capital assets being depreciated, net	-	-	189,092	189,092	-
Total non-current assets	<u>-</u>	<u>2,349,956</u>	<u>4,498,856</u>	<u>6,848,812</u>	<u>613,948</u>
Total assets	<u>32,466,235</u>	<u>2,450,000</u>	<u>6,291,332</u>	<u>41,207,567</u>	<u>8,731,362</u>
Liabilities					
Current liabilities:					
Accounts payable	16,395	-	19,611	36,006	325
Accrued and other liabilities	-	-	1,769	1,769	3,231,575
Due to other governments	115,653	-	-	115,653	-
Current portion of long-term debt	3,802,328	100,000	557,628	4,459,956	-
Total current liabilities	<u>3,934,376</u>	<u>100,000</u>	<u>579,008</u>	<u>4,613,384</u>	<u>3,231,900</u>
Long-term liabilities:					
Due in more than one year	-	2,350,000	4,427,945	6,777,945	-
Total liabilities	<u>3,934,376</u>	<u>2,450,000</u>	<u>5,006,953</u>	<u>11,391,329</u>	<u>3,231,900</u>
Net assets					
Invested in capital assets, net of related debt	-	-	133,519	133,519	-
Restricted for self-insurance claims	-	-	-	-	613,948
Unrestricted, undesignated	28,531,859	-	1,150,860	29,682,719	4,885,514
Total net assets	<u>\$ 28,531,859</u>	<u>\$ -</u>	<u>\$ 1,284,379</u>	<u>\$ 29,816,238</u>	<u>\$ 5,499,462</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, 2006

	Business-type Activities - Enterprise Funds				Governmental
	Royalton Township			Total	Activities
	Delinquent Tax Revolving	Water System No. 25 851.84	Other Enterprise Funds		Internal Service Funds
Operating revenue					
Charges for services	\$ 332,338	\$ 91,587	\$ 1,549,749	\$ 1,973,674	\$ 9,363,594
Interest on taxes	537,619	-	-	537,619	-
Total operating revenue	<u>869,957</u>	<u>91,587</u>	<u>1,549,749</u>	<u>2,511,293</u>	<u>9,363,594</u>
Operating expenses					
Operation and maintenance	300,012	-	733,665	1,033,677	6,206
Benefits and claims	-	-	-	-	9,528,768
Depreciation	-	-	34,013	34,013	-
Total operating expenses	<u>300,012</u>	<u>-</u>	<u>767,678</u>	<u>1,067,690</u>	<u>9,534,974</u>
Operating income (loss)	<u>569,945</u>	<u>91,587</u>	<u>782,071</u>	<u>1,443,603</u>	<u>(171,380)</u>
Non-operating revenue (expenses)					
Interest income	903,676	1	2,556	906,233	172,361
Interest expense and fiscal charges	(34,193)	(91,588)	(289,371)	(415,152)	-
Total non-operating revenue (expenses)	<u>869,483</u>	<u>(91,587)</u>	<u>(286,815)</u>	<u>491,081</u>	<u>172,361</u>
Income (loss) before transfers	<u>1,439,428</u>	<u>-</u>	<u>495,256</u>	<u>1,934,684</u>	<u>981</u>
Transfers					
Transfers in	-	-	176,000	176,000	-
Transfers out	(140,213)	-	(35,787)	(176,000)	-
Total transfers in (out)	<u>(140,213)</u>	<u>-</u>	<u>140,213</u>	<u>-</u>	<u>-</u>
Change in net assets	1,299,215	-	635,469	1,934,684	981
Net assets, beginning of year	<u>27,232,644</u>	<u>-</u>	<u>648,910</u>	<u>27,881,554</u>	<u>5,498,481</u>
Net assets, end of year	<u>\$ 28,531,859</u>	<u>\$ -</u>	<u>\$ 1,284,379</u>	<u>\$ 29,816,238</u>	<u>\$ 5,499,462</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, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities
	Royalton Township Water			Other Enterprise Funds	Internal Service Funds
	Delinquent Tax Revolving	System No. 25 851.84	Total		
Cash flows from operating activities					
Cash received from customers	\$ 222,539	\$ 91,587	\$ 1,549,749	\$ 1,863,875	\$ -
Cash received from interfund services provided	-	-	-	-	9,363,594
Cash payments to suppliers for goods and services	(340,991)	-	(698,190)	(1,039,181)	(9,477,932)
Cash payments to employees for services	-	-	(104,000)	(104,000)	-
Net cash provided (used) by operating activities	(118,452)	91,587	747,559	720,694	(114,338)
Cash flows from non-capital financing activities					
Principal payments	(7,708,820)	-	-	(7,708,820)	-
Interest payments	(34,193)	-	-	(34,193)	-
Proceeds from issuance of long-term debt	9,100,000	-	-	9,100,000	-
Transfers in	-	-	176,000	176,000	-
Transfers out	(140,213)	-	(35,787)	(176,000)	-
Net cash provided (used) by non-capital financing activities	1,216,774	-	140,213	1,356,987	-
Cash flows from capital and related financing activities					
Principal payments	-	(75,000)	(1,184,266)	(1,259,266)	-
Interest payments	-	(91,588)	(289,371)	(380,959)	-
Purchases of capital assets	-	-	(166,170)	(166,170)	-
Proceeds from issuance of long-term debt	-	-	75,980	75,980	-
Net cash provided (used) by capital and related financing activities	-	(166,588)	(1,563,827)	(1,730,415)	-
Cash flows from investing activities					
Interest received	903,676	1	2,556	906,233	172,361
Amounts collected on leases receivable	-	-	426,418	426,418	-
Construction of leased assets	-	(77,139)	-	(77,139)	-
Purchase of investments	(14,447,280)	-	-	(14,447,280)	-
Sale of investments	11,393,706	-	-	11,393,706	-
Net cash provided (used) by investing activities	(2,149,898)	(77,138)	428,974	(1,798,062)	172,361
Net increase (decrease) in cash and cash equivalents	(1,051,576)	(152,139)	(247,081)	(1,450,796)	58,023
Cash and cash equivalents, beginning of year	6,692,539	152,183	1,467,137	8,311,859	8,673,339
Cash and cash equivalents, end of year	\$ 5,640,963	\$ 44	\$ 1,220,056	\$ 6,861,063	\$ 8,731,362
Statement of net assets classification of cash and cash equivalents					
Cash and cash equivalents	\$ 5,640,963	\$ 44	\$ 1,220,056	\$ 6,861,063	\$ 8,117,414
Restricted cash	-	-	-	-	613,948
	\$ 5,640,963	\$ 44	\$ 1,220,056	\$ 6,861,063	\$ 8,731,362

continued...

COUNTY OF BERRIEN, MICHIGAN
Statement of Cash Flows
Proprietary Funds (Concluded)
For the Year Ended December 31, 2006

	<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 (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 569,945	\$ 91,587	\$ 782,071	\$ 1,443,603	\$ (171,380)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	-	-	34,013	34,013	-
Changes in assets and liabilities:					
Taxes receivable	(591,324)	-	-	(591,324)	-
Interest receivable	(56,094)	-	-	(56,094)	-
Interfund	(62,419)	-	-	(62,419)	-
Inventories	-	-	(12,089)	(12,089)	-
Accounts payable	11,755	-	(56,722)	(44,967)	135
Accrued and other liabilities	-	-	286	286	56,907
Due to other governments	9,685	-	-	9,685	-
Net cash provided (used) by operating activities	<u>\$ (118,452)</u>	<u>\$ 91,587</u>	<u>\$ 747,559</u>	<u>\$ 720,694</u>	<u>\$ (114,338)</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, 2006

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 5,009,938	\$ 3,207,639
Investments:		
U.S. Government obligations	5,203,361	-
U.S. Government agencies	10,888,443	-
Corporate obligations	18,903,869	-
Corporate stocks	60,622,844	-
Mutual funds	34,484,699	-
Certificates of deposit	-	868,999
Receivables:		
Taxes receivable - delinquent	-	1,087,587
Accrued interest	480,067	-
	135,593,221	\$ 5,164,225
Total assets	135,593,221	\$ 5,164,225
 Liabilities		
Undistributed receipts	\$ -	\$ 4,076,638
Delinquent taxes payable	-	1,087,587
	-	\$ 5,164,225
Total liabilities	-	\$ 5,164,225
 Net Assets		
Held in trust for pension benefits and other purposes	\$ 135,593,221	

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

COUNTY OF BERRIEN, MICHIGAN
Pension Trust Fund
Statement of Changes in Plan Net Assets
For the Year Ended December 31, 2006

Additions

Investment income:

Net realized and unrealized appreciation in fair value of investments	\$ 13,654,331
Interest and dividends	3,188,338
Less investment expenses	<u>(629,072)</u>
Net investment income	<u>16,213,597</u>

Contributions:

Employer	2,349,801
Employees	<u>2,099,003</u>
Total contributions	<u>4,448,804</u>
Total additions	<u>20,662,401</u>

Deductions

Pension benefit payments	7,260,231
Contribution refunds	297,964
Medical insurance premiums	676,732
Administration	<u>97,239</u>
Total deductions	<u>8,332,166</u>

Net additions to net assets held in trust for benefits

Employees' pension benefits	\$ 10,024,803	
Postemployment healthcare benefits	<u>2,305,432</u>	
		12,330,235

Net assets held in trust for benefits, beginning of year

Reserved for employees' pension benefits	119,199,058	
Reserved for employees' postemployment healthcare benefits	<u>4,063,928</u>	
		<u>123,262,986</u>

Net assets held in trust for benefits, end of year

Reserved for employees' pension benefits	129,223,861	
Reserved for employees' postemployment healthcare benefits	<u>6,369,360</u>	
		<u>\$ 135,593,221</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, 2006

	<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	\$ 228,302	\$ 984,486	\$ 884,375	\$ 264,675	\$ 2,361,838
Restricted cash	194,611	-	-	-	194,611
Investments	3,811,678	-	-	-	3,811,678
Receivables, net	2,814,926	2,183,000	706,597	2,590,219	8,294,742
Prepaid items and other assets	1,395,007	-	-	-	1,395,007
Capital assets not being depreciated	12,983,415	-	-	-	12,983,415
Capital assets being depreciated, net	66,748,425	1,786,740	-	-	68,535,165
	<u>88,176,364</u>	<u>4,954,226</u>	<u>1,590,972</u>	<u>2,854,894</u>	<u>97,576,456</u>
Liabilities					
Accounts payable and accrued liabilities	1,252,320	249,582	1,500,000	1,500,000	4,501,902
Long-term liabilities:					
Due within one year	675,000	1,020,000	-	-	1,695,000
Due in more than one year	2,291,031	893,023	-	-	3,184,054
	<u>4,218,351</u>	<u>2,162,605</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>9,380,956</u>
Net assets					
Invested in capital assets, net of related debt	76,922,040	(126,283)	-	-	76,795,757
Restricted for other purposes	194,611	-	-	-	194,611
Unrestricted	6,841,362	2,917,904	90,972	1,354,894	11,205,132
	<u>\$ 83,958,013</u>	<u>\$ 2,791,621</u>	<u>\$ 90,972</u>	<u>\$ 1,354,894</u>	<u>\$ 88,195,500</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, 2006

	<u>Road Commission</u>	<u>Drain Commission</u>	<u>Brownfield Redevelopment Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Expenses					
County roads	\$ 13,907,915	\$ -	\$ -	\$ -	\$ 13,907,915
County drains	-	772,422	-	-	772,422
Brownfield redevelopment	-	-	52,828	-	52,828
Economic development	-	-	-	71,491	71,491
Total expenses	<u>13,907,915</u>	<u>772,422</u>	<u>52,828</u>	<u>71,491</u>	<u>14,804,656</u>
Program revenues					
Charges for services	-	-	6,500	24,470	30,970
Operating grants and contributions	14,038,668	750,316	10,917	-	14,799,901
Capital grants and contributions	646,044	677,000	-	-	1,323,044
Total program revenues	<u>14,684,712</u>	<u>1,427,316</u>	<u>17,417</u>	<u>24,470</u>	<u>16,153,915</u>
Net (expense) revenue	776,797	654,894	(35,411)	(47,021)	1,349,259
General revenues					
Interest revenue	<u>499,757</u>	<u>1,112</u>	<u>81,015</u>	<u>20,280</u>	<u>602,164</u>
Change in net assets	1,276,554	656,006	45,604	(26,741)	1,951,423
Net assets, beginning of year, as restated	<u>82,681,459</u>	<u>2,135,615</u>	<u>45,368</u>	<u>1,381,635</u>	<u>86,244,077</u>
Net assets, end of year	<u>\$ 83,958,013</u>	<u>\$ 2,791,621</u>	<u>\$ 90,972</u>	<u>\$ 1,354,894</u>	<u>\$ 88,195,500</u>

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

NOTES to FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN

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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.

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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 trust fund* is accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the County's defined benefit pension plan.

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
Infrastructure	Straight-line	25

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, 2006, the County incurred expenditures in excess of the amounts appropriated as follows:

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

	Amended Budget	Actual	Over (Under) Budget
Health Department Grants - 221.xx			
Health and welfare	\$ 5,252,553	\$ 5,772,144	\$ 519,591
911 County Operational Fund - 266.09			
Public safety	2,999,616	3,173,421	173,805

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, 2006:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and cash equivalents	\$ 51,141,059	\$ 2,361,838	\$ 53,502,897
Restricted cash	613,948	194,611	808,559
Investments	19,046,065	3,811,678	22,857,743
Statement of Fiduciary Net Assets:			
Cash and cash equivalents	8,217,577	-	8,217,577
Investments	<u>130,972,215</u>	<u>-</u>	<u>130,972,215</u>
Total	<u>\$ 209,990,864</u>	<u>\$ 6,368,127</u>	<u>\$ 216,358,991</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Deposits and Investments:

Bank deposits:	
Checking/savings accounts	\$ 27,146,084
Certificates of deposit	4,524,670
Investments in securities and mutual funds:	
Treasurer's investment pool	49,697,799
Pension investments	134,358,210
Cash on deposit with agent	613,948
Cash on hand	<u>18,280</u>

Total **\$ 216,358,991**

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

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 \$32,284,703. The combined bank balance of these deposits was \$32,271,441, of which \$31,161,481 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, 2006:

U.S. treasuries	\$ 160,891
U.S. agencies	19,113,660
U.S. government repurchase agreements	10,540,220
Money market and cash management funds	<u>19,883,028</u>
Total	<u>\$ 49,697,799</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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, 2006, 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.

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, 2006, 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>
Cash management	1 st Source Bank Business Now Public Funds	8.0%
Cash management	Fifth Third Maxsaver	19.7%
Government agencies	Federal Home Loan Bank	17.4%
Government agencies	Federal Home Loan Mortgage	6.8%
Government repurchase	Bank of New York	21.2%

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, 2006, all of the County's debt securities were scheduled to mature in 2007-2009.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Pension Trust Fund Investments

The Trust's investments are primarily held in a bank-administered trust fund. Following is a summary of the Trust's investments as of December 31, 2006:

Investments at fair value, as determined by quoted market price:	
U.S. treasuries	\$ 5,203,361
U.S. agencies	10,888,443
Corporate bonds	18,903,869
Domestic equities	60,622,844
Mutual funds	34,484,700
Money market	4,254,993
Total investments	\$ 134,358,210

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.

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, 2006, the Trust's 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	\$ 10,888,443	\$ 2,055,574
AA	-	6,493,816
A	-	9,624,154
BBB	-	730,325
	<u>\$ 10,888,443</u>	<u>\$ 18,903,869</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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 Trust's investment policy requires that securities be held in trust by a third-party institution in the Trust's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the Trust's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the Trust's 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.

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, 2006 the Trust's investment portfolio was concentrated as follows.

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
Mutual fund	McBt Opportunistic EAFE Fund	6.4%
Mutual fund	State Street Global Advisors	13.3%
Mutual fund	TT International Investment Trust	5.9%

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

As of December 31, 2006, maturities of the Trust's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 5,203,361	\$ 99,782	\$ 2,716,170	\$ 2,387,410	\$ -
U.S. agencies	10,888,443	742,987	6,127,544	2,136,294	1,881,617
Corporate bonds	18,903,869	3,529,017	10,605,670	4,382,110	387,072
	<u>\$ 34,995,673</u>	<u>\$ 4,371,786</u>	<u>\$ 19,449,384</u>	<u>\$ 8,905,814</u>	<u>\$ 2,268,689</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Of the above balances, \$473,895 of corporate securities and \$1,502,822 of the U.S. agencies were callable at December 31, 2006.

B. Receivables

Receivables in the governmental activities are as follows:

Taxes (current)	\$ 15,293,038
Taxes (delinquent)	126,627
Due from other governments	3,144,520
Advances to component units (not due within one year)	1,745,000
Notes receivable (not due within one year)	<u>150,000</u>
	<u>\$ 20,459,185</u>

Receivables in the business-type activities are as follows:

Taxes (delinquent)	\$ 4,012,489
Interest	555,137
Leases, current portion	640,000
Leases, long-term portion	<u>6,659,720</u>
	<u>\$ 11,867,346</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)	\$ 931,311	\$ 1,122,657
Property taxes receivable (other governmental funds)	19,133	5,031,973
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>375,806</u>
	<u>\$ 950,444</u>	<u>\$ 6,530,436</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

C. Capital assets

Capital assets activity for the year ended December 31, 2006 was as follows:

Primary government

	Beginning Balance	Restatements	Additions	Disposals	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,627,543	\$ 337,923	\$ -	\$ -	\$ 4,965,466
Construction in progress	-	-	635,741	-	635,741
Total capital assets not being depreciated	<u>4,627,543</u>	<u>337,923</u>	<u>635,741</u>	<u>-</u>	<u>5,601,207</u>
Capital assets, being depreciated:					
Land improvements	1,482,731	(152,185)	49,950	-	1,380,496
Buildings	29,904,745	(204,422)	835,190	-	30,535,513
Equipment	7,787,942	258,287	1,476,307	-	9,522,536
Infrastructure	-	-	-	-	-
Total capital assets being depreciated	<u>39,175,418</u>	<u>(98,320)</u>	<u>2,361,447</u>	<u>-</u>	<u>41,438,545</u>
Less accumulated depreciation for:					
Land improvements	(1,056,800)	165,221	(49,033)	-	(940,612)
Buildings	(12,313,280)	(771,551)	(520,523)	-	(13,605,354)
Equipment	(4,216,439)	(560,815)	(749,654)	-	(5,526,908)
Infrastructure	-	-	-	-	-
Total accumulated depreciation	<u>(17,586,519)</u>	<u>(1,167,145)</u>	<u>(1,319,210)</u>	<u>-</u>	<u>(20,072,874)</u>
Total capital assets being depreciated, net	<u>21,588,899</u>	<u>(1,265,465)</u>	<u>1,042,237</u>	<u>-</u>	<u>21,365,671</u>
Capital assets, net	<u>\$ 26,216,442</u>	<u>\$ (927,542)</u>	<u>\$ 1,677,978</u>	<u>\$ -</u>	<u>\$ 26,966,878</u>
Business-Type Activities					
Capital assets, being depreciated:					
Equipment	\$ 510,694	\$ -	\$ 166,170	\$ -	\$ 676,864
Less accumulated depreciation for:					
Equipment	(453,759)	-	(34,013)	-	(487,772)
Capital assets, net	<u>\$ 56,935</u>	<u>\$ -</u>	<u>\$ 132,157</u>	<u>\$ -</u>	<u>\$ 189,092</u>

As explained in note IV.D, beginning capital assets and accumulated depreciation were restated in connection with an updated capital asset inventory taken during 2006.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Component units

	Beginning Balance	Restatements	Additions	Disposals	Ending Balance
Component Unit - Road Commission					
Capital assets, not being depreciated:					
Land	\$ 5,774,009	\$ 6,534,634	\$ 674,772	\$ -	\$ 12,983,415
Capital assets, being depreciated:					
Land improvements					-
Buildings	2,097,961	-	-	-	2,097,961
Equipment	11,262,470	-	852,891	(316,423)	11,798,938
Infrastructure	15,416,833	104,441,252	5,356,382	-	125,214,467
Total capital assets being depreciated	28,777,264	104,441,252	6,209,273	(316,423)	139,111,366
Less accumulated depreciation for:					
Land improvements					-
Buildings	(1,463,781)	-	(67,532)	-	(1,531,313)
Equipment	(8,858,335)	-	(868,571)	310,122	(9,416,784)
Infrastructure	(1,052,831)	(55,897,912)	(4,464,101)	-	(61,414,844)
Total accumulated depreciation	(11,374,947)	(55,897,912)	(5,400,204)	310,122	(72,362,941)
Total capital assets being depreciated, net	17,402,317	48,543,340	809,069	(6,301)	66,748,425
Capital assets, net	\$ 23,176,326	\$ 55,077,974	\$ 1,483,841	\$ (6,301)	\$ 79,731,840
Component Unit- Drain Commission					
Capital assets, being depreciated:					
Land improvements	\$ 12,500	\$ -	\$ -	\$ -	\$ 12,500
Buildings	228,779	-	-	-	228,779
Equipment	2,422,049	-	378,012	-	2,800,061
Total capital assets being depreciated	2,663,328	-	378,012	-	3,041,340
Less accumulated depreciation for:					
Land improvements	(12,188)	-	(625)	-	(12,813)
Buildings	(162,754)	-	(20,992)	-	(183,746)
Equipment	(946,039)	-	(112,002)	-	(1,058,041)
Total accumulated depreciation	(1,120,981)	-	(133,619)	-	(1,254,600)
Capital assets, net	\$ 1,542,347	\$ -	\$ 244,393	\$ -	\$ 1,786,740

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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

Governmental activities:

Legislative	\$ 280,503
Judicial	19,753
General government	341,181
Public safety	348,834
Health and welfare	14,349
Community development	241,068
Other governmental activities	<u>73,522</u>

Total depreciation expense – governmental activities **\$ 1,319,210**

Business-type activities:

Public works	<u>\$ 34,013</u>
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GASB Statement No. 34 requires the Road Commission to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Road Commission. Neither their historical cost nor their related depreciation has been historically reported in the financial statements.

The retroactive reporting of infrastructure constructed in previous years is subject to an extended implementation period and is first effective for the Road Commission's 2006 fiscal year. The Road Commission has elected to implement the retroactive provisions for infrastructure assets in the fiscal year ending September 30, 2006, which is reflected above.

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	\$ 969,107	\$ 36,006
Accrued liabilities	3,791,176	1,769
Due to other governments	-	115,653
Advances from other governments	90,000	-
Undistributed receipts	343	-
Accrued interest on long-term debt	<u>139,688</u>	<u>-</u>
Total	<u>\$ 4,990,314</u>	<u>\$ 153,428</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

E. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2006 is as follows:

<u>Due To</u>	Due From		
	General	Non-Major	
	Fund	Funds	Total
General Fund	\$ -	\$ 403	\$ 403
Non-major governmental funds	3,454		3,454
Total	\$ 3,454	\$ 403	\$ 3,857

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 \$245,000 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 \$895,866 reported in the Delinquent Tax Revolving Fund.

For the year ended December 31, 2006, interfund transfers consisted of the following:

	In	Out
General Fund	\$ 3,377,776	\$ 8,427,482
Revenue Sharing Reserve Fund	-	3,230,710
Non-major governmental funds	10,125,428	1,845,012
Delinquent Tax Revolving Fund	-	140,213
Nonmajor enterprise fund	176,000	35,787
	\$ 13,679,204	\$ 13,679,204

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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.

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%	\$ 7,050,000
2005 Berrien County Building Authority	2020	\$175,000 - \$300,000	3.25% - 4.10%	<u>3,475,000</u>
				<u>\$ 10,525,000</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>
2007	\$ 875,000	\$ 419,062	\$ 1,294,062
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
2012-2016	4,700,000	774,211	5,474,211
2016-2020	<u>1,175,000</u>	<u>121,100</u>	<u>1,296,100</u>
Total	<u>\$ 10,525,000</u>	<u>\$ 2,670,012</u>	<u>\$ 13,195,012</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Business-type Activities

		Due	Installments	Interest Rate		Amount
1982 Baroda Township Water System No. 14	2007	\$20,000 - \$25,000		8.75% - 9.00%	\$	25,000
1995 Royalton Township Water System No. 20	2014	\$50,000 - \$95,000		5.10% - 6.00%		595,000
1998 Royalton Township Water System No. 23	2018	\$75,000 - \$145,000		4.30% - 4.75%		1,295,000
1996 Buchanan Township Sewer System No. 23 and Water System No. 21	2015	\$35,000 - \$50,000		5.15% - 5.80%		330,000
1989 City of Watervliet Sewer System No. 22	2009	\$20,000 - \$35,000		7.15% - 7.30%		95,000
1993 Village of Baroda Sewer System No. 18 Refunding Bonds	2016	\$30,000 - \$65,000		5.50% - 6.50%		165,000
1998 City of Benton Harbor Water System No. 17 Refunding Bonds	2008	\$140,000 - \$185,000		4.30% - 4.38%		335,000
1999 Coloma Township Sewer System No. 24	2019	\$50,000 - \$125,000		5.00% - 5.70%		1,220,000
2001 Village of Berrien Springs/Oronoko Township Water/Sewer System No. 26	2020	\$15,000 - \$35,000		4.60% - 5.65%		340,000
2003 Royalton Township Water System No. 25	2023	\$25,000 - \$200,000		2.00% - 4.45%		2,450,000
2005 Royalton Township Water System No. 26	2025	\$5,000 - \$45,000		3.35% - 4.70%		530,000
Total business-type activities						\$ 7,380,000

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

	Year Ended			
	December 31,	Principal	Interest	Total
	2007	\$ 640,000	\$ 334,451	\$ 974,451
	2008	640,000	304,882	944,882
	2009	500,000	277,977	777,977
	2010	465,000	253,301	718,301
	2011	460,000	230,377	690,377
	2012-2016	2,340,000	815,858	3,155,858
	2017-2021	1,775,000	297,363	2,072,363
	2022-2025	560,000	33,361	593,361
	Total	\$ 7,380,000	\$ 2,547,570	\$ 9,927,570

General obligation notes. During the year, the government retired \$220,000 in notes payable for the Village of Berrien Springs/Sanitary Sewer Improvements Project Notes No 25.

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 Internal Service 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, 2006, are as follows:

<u>Series</u>	<u>Amount</u>
2005 - \$8,140,000 G.O. Limited Tax Notes payable, 5.57%, dated April 30, 2005	\$ 152,942
2006 - \$9,100,000 G.O. Limited Tax Notes payable, variable %, dated May 4, 2006	<u>3,649,386</u>
	<u>\$ 3,802,328</u>

Leases payable. The Drain Working Capital Enterprise Fund has one outstanding capital lease. The current principal balance of \$55,573 is payable in annual installments with interest at 5.00%, maturing December 2009.

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

Year Ended	December 31,		Principal		Interest		Total	
2007	\$	17,628	\$	2,779	\$	20,407		
2008		18,510		1,897		20,407		
2009		19,435		972		<u>20,407</u>		
Total	\$	55,573	\$	5,648	\$	<u>61,221</u>		

During 2006, the County entered into a capital lease for public safety communications equipment. The current principal balance of \$871,942 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:

	Year Ended	Principal	Interest	Total
	December 31,			
2007	\$	128,805	\$	41,940
2008		135,001		35,745
2009		141,494		29,251
2010		148,300		22,446
2011		155,433		15,312
2012		162,909		7,836
Total	\$	871,942	\$	152,530
			\$	1,024,472

Road Commission component unit

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

	Due	Interest Rate	Amount
1998 Michigan Department of Transportation Bonds	2008	4.00%	\$ 250,000
2000 Michigan Department of Transportation Bonds	2010	4.50% - 4.75%	1,890,000
Total component unit - Road Commission			<u>\$ 2,140,000</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 \$669,800 at December 31, 2006.

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

	Year Ended	Principal	Interest	Total
	December 31,			
2007	\$	675,000	\$	90,037
2008		575,000		69,025
2009		450,000		47,838
2010		500,000		40,750
2011		490,000		-
2012-2014		119,800		-
Total	\$	2,809,800	\$	247,650
			\$	3,057,450

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Drain Commission component unit

Special assessment bonds. The Drain Commission is authorized by State statutes 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%	\$ 100,000
2002 Hollywood Road Detention Drainage District Bonds	2022	\$15,000 - \$20,000	4.13% - 5.00%	<u>320,000</u>
Total component unit - Drain Commission				<u><u>\$ 420,000</u></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>
2007	\$	50,000	\$	18,277
2008		55,000		16,132
2009		55,000		13,760
2010		20,000		11,380
2011		20,000		10,540
2012-2016		100,000		39,960
2017-2021		100,000		17,200
2022		20,000		500
Total	\$	<u>420,000</u>	\$	<u>127,749</u>
			\$	<u>547,749</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 3 to 10 years. Drain notes outstanding at December 31, 2006, amounted to \$1,493,023.

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, 2006, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 11,325,000	\$ -	\$ 800,000	\$ 10,525,000	\$ 875,000
Capital leases payable	-	994,836	122,894	871,942	128,805
Compensated absences	1,801,548	1,835,194	1,829,147	1,807,595	1,807,595
	<u>\$ 13,126,548</u>	<u>\$ 2,830,030</u>	<u>\$ 2,752,041</u>	<u>\$ 13,204,537</u>	<u>\$ 2,811,400</u>
<u>Business-type activities</u>					
General obligation bonds	\$ 8,370,000	\$ -	\$ 990,000	\$ 7,380,000	\$ 640,000
General obligation notes payable	220,000	-	220,000	-	-
Notes payable	2,411,148	9,100,000	7,708,820	3,802,328	3,802,328
Capital leases payable	28,859	75,980	49,266	55,573	17,628
	<u>\$ 11,030,007</u>	<u>\$ 9,175,980</u>	<u>\$ 8,968,086</u>	<u>\$ 11,237,901</u>	<u>\$ 4,459,956</u>
<u>Road Commission component unit</u>					
General obligation bonds	\$ 2,615,000	\$ -	\$ 475,000	\$ 2,140,000	\$ 475,000
General obligation notes payable	799,933	-	130,133	669,800	200,000
General obligation lease payable	60,642	-	60,642	-	-
Compensated absences	90,217	-	-	90,217	-
OPEB liability	-	66,014	-	66,014	-
	<u>\$ 3,565,792</u>	<u>\$ 66,014</u>	<u>\$ 665,775</u>	<u>\$ 2,966,031</u>	<u>\$ 675,000</u>
<u>Drain Commission component unit</u>					
General obligation bonds payable	\$ 470,000	\$ -	\$ 50,000	\$ 420,000	\$ 50,000
Drain notes payable	813,659	1,208,605	529,241	1,493,023	970,000
	<u>\$ 1,283,659</u>	<u>\$ 1,208,605</u>	<u>\$ 579,241</u>	<u>\$ 1,913,023</u>	<u>\$ 1,020,000</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, 2006, the balance of the County's member retention fund was \$613,948.

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>2006</u>	<u>2005</u>
Unpaid claims, beginning of year	\$ 843,988	\$1,381,148
Incurred claims (including change in IBNR provision)	(248,619)	(325,986)
Claim payments	<u>(61,509)</u>	<u>(211,174)</u>
Unpaid claims, end of year	<u>\$ 533,860</u>	<u>\$ 843,988</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>2006</u>	<u>2005</u>
Unpaid claims, beginning of year	\$1,801,874	\$1,741,014
Incurred claims (including IBNR's)	8,950,434	6,775,782
Claim payments	<u>(8,738,083)</u>	<u>(6,715,012)</u>
Unpaid claims, end of year	<u>\$2,014,225</u>	<u>\$1,801,874</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>2006</u>	<u>2005</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	30,645	65,940
Claim payments	<u>(30,645)</u>	<u>(65,940)</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>2006</u>	<u>2005</u>
Unpaid claims, beginning of year	\$ 528,806	\$ 749,049
Incurred claims (including IBNR's)	382,892	149,423
Claim payments	<u>(228,208)</u>	<u>(369,666)</u>
Unpaid claims, end of year	<u>\$ 683,490</u>	<u>\$ 528,806</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, 2006 and 2005, nor were the amount of claims paid or incurred during 2006 and 2005 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, 2006, the County recognized the full December 1, 2005 levy and the July 1, 2006 levy, which represents two-thirds of the total tax levy for calendar 2006. In 2007, and for each year thereafter, all of the County property tax will be levied July 1.

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 2005 levy, for which revenue was recognized in 2006, was \$5,772,493,867. 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 and post-employment health insurance benefit 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. The Plan also provides 50% post-employment health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on an actuarially determined basis. Membership of the Plan consisted of the following at December 31, 2006, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	500
Terminated plan members entitled to but not yet receiving benefits	46
Active plan members	<u>928</u>
	<u>1,474</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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, 2006, represents 9.24% of the annual covered payroll.

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	\$ 1,430,228
Contribution made	<u>(1,430,228)</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>\$ -</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, 2004, 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.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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.

Three-Year Trend Information – Pension Only

<u>Year Ending</u>	<u>Annual Pension Benefit Cost (APBC)</u>	<u>Percentage of APBC Contributed</u>	<u>Net Pension Benefit Obligation</u>
12/31/2004	\$ 750,207	100%	\$ -
12/31/2005	836,144	100	-
12/31/2006	1,430,228	100	-

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

D. Restatements

Beginning net assets of the Road Commission component unit were increased by \$55,077,974 in connection with the retroactive reporting of infrastructure, required by GASB 34, that was implemented as of October 1, 2005. Beginning net assets for governmental activities were decreased by \$927,542 in connection with restatements of capital assets.

E. Commitments

The County has entered into various construction commitments, which were still outstanding at December 31. Total construction commitments amounted to \$3,315,078 at year end, and will be financed through various special revenue and capital projects funds in 2007.

F. Subsequent Event

Subsequent to year end, the County secured a promissory note through Fifth Third Bank in the amount of \$122,905 for the purchase of equipment for the Drain Commission. The note was dated February 27, 2007 and is payable in annual installments over three years.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Funding Progress (*Pension Only*)

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
12/31/1997	\$ 78,479,873	\$ 62,984,455	\$ 15,495,418	124.6%	\$ 29,087,561	53.3%
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%

Schedule of Employer Contributions (*Pension Only*)

Year Ended December 31	Annual Required Contributions	Percentage Contributed
1997	\$ 816,942	100%
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%

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

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 14,159,407	\$ 260	\$ 926,793	\$ 15,086,460
Investments	-	-	94,825	94,825
Receivables:				
Taxes receivable - current	5,031,973	-	-	5,031,973
Taxes receivable - delinquent	19,133	-	-	19,133
Due from other governments	3,058,170	-	-	3,058,170
Due from other funds	3,454	-	-	3,454
Notes receivable	150,000	-	-	150,000
	<u>TOTAL ASSETS</u>	<u>\$ 260</u>	<u>\$ 1,021,618</u>	<u>\$ 23,444,015</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 624,665	\$ -	\$ 25,337	\$ 650,002
Accrued and other liabilities	201,353	-	-	201,353
Due to other funds	403	-	-	403
Interfund payable	895,866	-	-	895,866
Advances from other governments	90,000	-	-	90,000
Undistributed receipts	343	-	-	343
Deferred revenue	5,426,912	-	-	5,426,912
	Total liabilities	-	25,337	7,264,879
Fund balance				
Reserved for long-term receivables	150,000	-	-	150,000
Unreserved:				
Designated for subsequent years' expenditures	4,911,150	-	-	4,911,150
Undesignated	10,121,445	260	996,281	11,117,986
	Total fund balance	260	996,281	16,179,136
	<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 260</u>	<u>\$ 1,021,618</u>	<u>\$ 23,444,015</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenue				
Taxes	\$ 4,873,519	\$ -	\$ -	\$ 4,873,519
Licenses and permits	282,184	-	-	282,184
Intergovernmental revenue	15,992,853	1,236,978	-	17,229,831
Charges for services	5,055,473	-	-	5,055,473
Fines and forfeitures	129,460	-	-	129,460
Interest revenue	362,139	-	70,179	432,318
Other revenue and reimbursements	1,315,318	-	18,505	1,333,823
Total revenue	28,010,946	1,236,978	88,684	29,336,608
Expenditures				
Current expenditures:				
Judicial	3,307,791	-	-	3,307,791
General government	176,173	-	-	176,173
Public safety	9,075,690	-	-	9,075,690
Public works	559	-	1,236,926	1,237,485
Health and welfare	15,973,127	-	-	15,973,127
Recreation and cultural	2,602,604	-	-	2,602,604
Community development	397,802	-	-	397,802
Other governmental activities	5,149,128	-	-	5,149,128
Debt service:				
Principal	122,894	800,000	-	922,894
Interest and fiscal charges	47,852	436,978	-	484,830
Total expenditures	36,853,620	1,236,978	1,236,926	39,327,524
Revenue (under) expenditures	(8,842,674)	-	(1,148,242)	(9,990,916)
Other financing sources (uses)				
Issuance of long-term debt	994,836	-	-	994,836
Transfers in	9,975,268	-	150,160	10,125,428
Transfers (out)	(1,845,012)	-	-	(1,845,012)
Total other financing sources	9,125,092	-	150,160	9,275,252
Net changes in fund balances	282,418	-	(998,082)	(715,664)
Fund balance, beginning of year	14,900,177	260	1,994,363	16,894,800
Fund balance, end of year	\$ 15,182,595	\$ 260	\$ 996,281	\$ 16,179,136

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	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	\$ 111,137	\$ 94,638	\$ -	\$ 135
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	150,000	-
<u>TOTAL ASSETS</u>	\$ 111,137	\$ 94,638	\$ 150,000	\$ 135
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ 747	\$ -	\$ -
Accrued liabilities	-	8,543	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	9,290	-	-
Fund balances				
Reserved for long-term receivables	-	-	150,000	-
Unreserved:				
Designated for subsequent year expenditures	110,000	25,000	-	-
Undesignated	1,137	60,348	-	135
Total fund balances	111,137	85,348	150,000	135
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 111,137	\$ 94,638	\$ 150,000	\$ 135

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
\$ 4,264	\$ -	\$ 125,287	\$ 491,407	\$ 4,869	\$ 369,164	\$ 5,762,515
-	-	-	-	-	-	-
-	496,543	-	-	-	204,819	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 4,264	\$ 496,543	\$ 125,287	\$ 491,407	\$ 4,869	\$ 573,983	\$ 5,762,515
\$ -	\$ 21,385	\$ -	\$ 25,738	\$ 3,142	\$ 28,848	\$ 16,669
-	28,174	-	32,248	1,631	38,546	-
-	-	-	-	-	-	-
-	100,643	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	128,005	-
-	150,202	-	57,986	4,773	195,399	16,669
-	-	-	-	-	-	-
-	-	10,000	125,000	-	174,555	298,398
4,264	346,341	115,287	308,421	96	204,029	5,447,448
4,264	346,341	125,287	433,421	96	378,584	5,745,846
\$ 4,264	\$ 496,543	\$ 125,287	\$ 491,407	\$ 4,869	\$ 573,983	\$ 5,762,515

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2006

	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	\$ 2,326,658	\$ 215,706	\$ 76,502	\$ 1,105,602
Taxes receivable - current	-	-	1,916,211	-
Taxes receivable - delinquent	-	-	7,743	-
Due from other governments	-	-	-	549,059
Due from other funds	-	-	-	3,454
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	\$ 2,326,658	\$ 215,706	\$ 2,000,456	\$ 1,658,115
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 78,120	\$ 160	\$ -	\$ 69,711
Accrued liabilities	-	1,016	-	32,700
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	-	1,923,955	21,213
Total liabilities	78,120	1,176	1,923,955	123,624
Fund balances				
Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for subsequent year expenditures	2,248,538	78,500	-	426,820
Undesignated	-	136,030	76,501	1,107,671
Total fund balances	2,248,538	214,530	76,501	1,534,491
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 2,326,658	\$ 215,706	\$ 2,000,456	\$ 1,658,115

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
\$ -	\$ -	\$ 1,861,514	\$ 13,930	\$ 62,118	\$ 22,507	\$ -
-	-	1,400,000	-	-	1,715,762	-
-	-	5,528	-	-	5,862	-
64,849	46,034	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 64,849	\$ 46,034	\$ 3,267,042	\$ 13,930	\$ 62,118	\$ 1,744,131	\$ -
\$ 74	\$ -	\$ 46,935	\$ 43	\$ 954	\$ -	\$ -
4,372	2,407	17,054	1,030	-	-	-
-	-	-	-	-	-	-
56,729	43,627	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,674	-	1,405,529	-	-	1,721,624	-
64,849	46,034	1,469,518	1,073	954	1,721,624	-
-	-	-	-	-	-	-
-	-	541,945	-	13,000	-	-
-	-	1,255,579	12,857	48,164	22,507	-
-	-	1,797,524	12,857	61,164	22,507	-
\$ 64,849	\$ 46,034	\$ 3,267,042	\$ 13,930	\$ 62,118	\$ 1,744,131	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2006

	Title IV-D Medical Support [various #s]	Hazardous Materials Emergency Preparedness 273.22	Michigan Housing CDBG 274.00	Federal HOME Housing 274.04
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 38,258	\$ 4,296	\$ 2,451
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	\$ -	\$ 38,258	\$ 4,296	\$ 2,451
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
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	-	-	4,296	2,451
Undesignated	-	-	-	-
Total fund balances	-	-	4,296	2,451
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ -	\$ 38,258	\$ 4,296	\$ 2,451

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	Small Bus Program 281.00
\$ -	\$ 5,061	\$ -	\$ 7,885	\$ -	\$ 618,160
-	-	-	-	-	-
-	-	-	-	-	-
-	3,643	794,035	-	47,386	44,104
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 8,704	\$ 794,035	\$ 7,885	\$ 47,386	\$ 662,264
\$ -	\$ -	\$ -	\$ 1,220	\$ 6,587	\$ 103,308
-	-	-	-	-	-
-	-	-	-	403	-
-	-	644,822	-	40,396	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	149,213	6,665	-	-
-	-	794,035	7,885	47,386	103,308
-	-	-	-	-	-
-	-	-	-	-	-
-	8,704	-	-	-	558,956
-	8,704	-	-	-	558,956
\$ -	\$ 8,704	\$ 794,035	\$ 7,885	\$ 47,386	\$ 662,264

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2006

	Clean Sweep Pest Control Grant 281.14	Project Zero Transit Grant 281.17	Capital Bus Purchase Grant 282.00	Social Services 290.00
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 28,449	\$ -	\$ 52,195
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	78,888	38,785
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	\$ -	\$ 28,449	\$ 78,888	\$ 90,980
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 78,888	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	90,000
Undistributed receipts	-	-	-	-
Deferred revenue	-	28,449	-	-
Total liabilities	-	28,449	78,888	90,000
Fund balances				
Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for subsequent year expenditures	-	-	-	-
Undesignated	-	-	-	980
Total fund balances	-	-	-	980
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ -	\$ 28,449	\$ 78,888	\$ 90,980

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	Campaign Finance Administration 297.03	Juvenile Incentive Block Grant [various #s]
\$ 623,391	\$ 35,196	\$ 495	\$ 213	\$ 68,301	\$ 2,514	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
631,083	48,463	-	-	-	-	3,924
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 1,254,474	\$ 83,659	\$ 495	\$ 213	\$ 68,301	\$ 2,514	\$ 3,924
\$ 141,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33,632	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,874
-	-	-	-	-	-	-
343	-	-	-	-	-	-
257	-	-	-	-	-	-
175,338	-	-	-	-	-	3,874
-	-	-	-	-	-	-
850,647	-	-	-	-	-	-
228,489	83,659	495	213	68,301	2,514	50
1,079,136	83,659	495	213	68,301	2,514	50
\$ 1,254,474	\$ 83,659	\$ 495	\$ 213	\$ 68,301	\$ 2,514	\$ 3,924

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Special Revenue Funds
December 31, 2006

	4-H We Can Ride Grant 297.15	Going Home Reintegration 297.16	Community Restoration Board 297.19	Juvenile Delinquent Title V Plan Grant 297.22
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 70	\$ -
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	2,094	-	4,461
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	\$ -	\$ 2,094	\$ 70	\$ 4,461
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 780
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	2,094	-	3,681
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	-	70	-
Total liabilities	-	2,094	70	4,461
Fund balances				
Reserved for long-term receivables	-	-	-	-
Unreserved:				
Designated for subsequent year expenditures	-	-	-	-
Undesignated	-	-	-	-
Total fund balances	-	-	-	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ -	\$ 2,094	\$ 70	\$ 4,461

Animal Control Neuter / Spay Program 298.01	Homestead Audit Administration 620.00	Total
\$ 14,201	\$ 10,318	\$ 14,159,407
-	-	5,031,973
-	-	19,133
-	-	3,058,170
-	-	3,454
-	-	150,000
<hr/>		
\$ 14,201	\$ 10,318	\$ 22,422,137

\$ 250	\$ -	\$ 624,665
-	-	201,353
-	-	403
-	-	895,866
-	-	90,000
-	-	343
-	-	5,426,912
<hr/>		
250	-	7,239,542
<hr/>		
-	-	150,000
2,000	-	4,911,150
11,951	10,318	10,121,445
<hr/>		
13,951	10,318	15,182,595
<hr/>		
\$ 14,201	\$ 10,318	\$ 22,422,137

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	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	-	331,088	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	103,949	-	8,450
Total revenue	-	435,037	-	8,450
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	860,516	-	8,710
Community development	-	-	-	-
Other governmental activities	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	860,516	-	8,710
Revenue over (under) expenditures	-	(425,479)	-	(260)
Other financing sources (uses)				
Proceeds from issuance of long term debt	-	-	-	-
Transfers in	3,664	445,004	-	-
Transfers (out)	(2,822)	-	-	-
Total other financing sources (uses)	842	445,004	-	-
Net changes in fund balances	842	19,525	-	(260)
Fund balances, beginning of year	110,295	65,823	150,000	395
Fund balances, end of year	\$ 111,137	\$ 85,348	\$ 150,000	\$ 135

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	18,870	263,314	-	-	-
-	1,875,095	-	1,489,326	7,300	5,049,433	-
-	210,290	-	138,126	38,136	335,838	2,161,865
-	-	-	-	-	-	-
-	-	-	-	-	-	246,252
4,290	4,920	-	553,864	-	111,543	-
4,290	2,090,305	18,870	2,444,630	45,436	5,496,814	2,408,117
-	2,614,855	3,581	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,752	-	-	3,345,727	193,332	5,772,144	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,902,905
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,752	2,614,855	3,581	3,345,727	193,332	5,772,144	1,902,905
1,538	(524,550)	15,289	(901,097)	(147,896)	(275,330)	505,212
-	-	-	-	-	-	-
-	739,702	-	544,221	128,000	-	-
-	-	-	-	-	-	(48,000)
-	739,702	-	544,221	128,000	-	(48,000)
1,538	215,152	15,289	(356,876)	(19,896)	(275,330)	457,212
2,726	131,189	109,998	790,297	19,992	653,914	5,288,634
\$ 4,264	\$ 346,341	\$ 125,287	\$ 433,421	\$ 96	\$ 378,584	\$ 5,745,846

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, 2006

	Public Maintenance & Improvement 245.00	Register of Deeds Automation 256.00	Drug Enforcement Public Safety 264.00	Law Enforcement Funds [various #s]
Revenue				
Taxes	\$ -	\$ -	\$ 1,895,888	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	2,372,718
Charges for services	-	-	-	1,241,252
Fines and forfeitures	-	-	-	-
Interest	49,812	5,445	-	20,300
Other revenue	4,736	-	-	182,769
Total revenue	54,548	5,445	1,895,888	3,817,039
Expenditures				
Judicial	-	-	-	-
General government	-	176,173	-	-
Public safety	-	-	-	5,676,261
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	-	-
Other governmental activities	2,020,511	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	2,020,511	176,173	-	5,676,261
Revenue over (under) expenditures	(1,965,963)	(170,728)	1,895,888	(1,859,222)
Other financing sources (uses)				
Proceeds from issuance of long term debt	-	-	-	-
Transfers in	1,627,400	112,590	(268,000)	1,981,148
Transfers (out)	-	-	(1,780,408)	(3,782)
Total other financing sources (uses)	1,627,400	112,590	(2,048,408)	1,977,366
Net changes in fund balances	(338,563)	(58,138)	(152,520)	118,144
Fund balances, beginning of year	2,587,101	272,668	229,021	1,416,347
Fund balances, end of year	\$ 2,248,538	\$ 214,530	\$ 76,501	\$ 1,534,491

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
\$ -	\$ -	\$ 1,353,899	\$ -	\$ -	\$ 1,623,732	\$ -
-	-	-	-	-	-	-
269,237	118,675	272,999	5,529	-	-	-
-	-	40	19,562	-	-	-
-	-	-	-	6,500	-	122,960
-	-	27,662	-	-	-	-
-	-	424	-	-	-	-
269,237	118,675	1,655,024	25,091	6,500	1,623,732	122,960
325,589	-	-	219,267	57,319	-	-
-	-	-	-	-	-	-
-	217,933	3,173,421	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,607,666	122,960
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	122,894	-	-	-	-
-	-	47,852	-	-	-	-
325,589	217,933	3,344,167	219,267	57,319	1,607,666	122,960
(56,352)	(99,258)	(1,689,143)	(194,176)	(50,819)	16,066	-
-	-	994,836	-	-	-	-
56,352	99,258	900,000	200,000	63,210	-	-
-	-	-	-	-	-	-
56,352	99,258	1,894,836	200,000	63,210	-	-
-	-	205,693	5,824	12,391	16,066	-
-	-	1,591,831	7,033	48,773	6,441	-
\$ -	\$ -	\$ 1,797,524	\$ 12,857	\$ 61,164	\$ 22,507	\$ -

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, 2006

	Title IV-D Medical Support [various #s]	Hazardous Materials Emergency Preparedness 273.22	Michigan Housing CDBG 274.00	Federal HOME Housing 274.04
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	(435)	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	-	4,296	-
Total revenue	-	(435)	4,296	-
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	20,073	21,948
Other governmental activities	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	20,073	21,948
Revenue over (under) expenditures	-	(435)	(15,777)	(21,948)
Other financing sources (uses)				
Proceeds from issuance of long term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	(435)	(15,777)	(21,948)
Fund balances, beginning of year	-	435	20,073	24,399
Fund balances, end of year	\$ -	\$ -	\$ 4,296	\$ 2,451

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	Small Bus Program 281.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
40,628	25,058	114,288	1,335	90,057	643,041
-	-	-	-	-	572,586
-	-	-	-	-	-
-	-	-	-	-	12,668
11,830	5,200	69,572	-	83	41,898
52,458	30,258	183,860	1,335	90,140	1,270,193
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
52,458	25,058	183,860	1,335	90,140	-
-	-	-	-	-	1,049,430
-	-	-	-	-	-
-	-	-	-	-	-
52,458	25,058	183,860	1,335	90,140	1,049,430
-	5,200	-	-	-	220,763
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,200	-	-	-	220,763
-	3,504	-	-	-	338,193
\$ -	\$ 8,704	\$ -	\$ -	\$ -	\$ 558,956

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, 2006

	Clean Sweep Pest Control Grant 281.14	Project Zero Transit Grant 281.17	Capital Bus Purchase Grant 282.00	Social Services 290.00
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	8,073	14,266	153,863	697,980
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	-	-	-
Total revenue	8,073	14,266	153,863	697,980
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	698,106
Recreation and cultural	-	-	-	-
Community development	-	-	-	-
Other governmental activities	8,073	14,266	153,863	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	8,073	14,266	153,863	698,106
Revenue over (under) expenditures	-	-	-	(126)
Other financing sources (uses)				
Proceeds from issuance of long term debt	-	-	-	-
Transfers in	-	-	-	5,000
Transfers (out)	-	-	-	(5,000)
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	(126)
Fund balances, beginning of year	-	-	-	1,106
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 980

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	Campaign Finance Administration 297.03	Juvenile Incentive Block Grant [various #s]
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
2,370,301	274,518	-	12,280	-	-	26,383
-	-	-	-	1,164	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
195,229	-	-	-	-	-	-
2,565,530	274,518	-	12,280	1,164	-	26,383
-	-	-	-	-	-	29,205
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	559	-	-
5,391,117	556,137	438	16,126	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,391,117	556,137	438	16,126	559	-	29,205
(2,825,587)	(281,619)	(438)	(3,846)	605	-	(2,822)
-	-	-	-	-	-	-
3,052,647	282,250	-	-	-	-	2,822
-	(5,000)	-	-	-	-	-
3,052,647	277,250	-	-	-	-	2,822
227,060	(4,369)	(438)	(3,846)	605	-	-
852,076	88,028	933	4,059	67,696	2,514	50
\$ 1,079,136	\$ 83,659	\$ 495	\$ 213	\$ 68,301	\$ 2,514	\$ 50

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, 2006

	4-H We Can Ride Grant 297.15	Going Home Reintegration 297.16	Community Restoration Board 297.19	Juvenile Delinquent Title V Plan Grant 297.22
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	53,514	2,930	4,461
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	-	-	-
Total revenue	-	53,514	2,930	4,461
Expenditures				
Judicial	-	53,514	-	4,461
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	2,930	-
Other governmental activities	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	53,514	2,930	4,461
Revenue over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Proceeds from issuance of long term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

Animal Control Neuter / Spay Program 298.01	Homestead Audit Administration 620.00	Total
\$ -	\$ -	\$ 4,873,519
-	-	282,184
-	-	15,992,853
-	5,526	5,055,473
-	-	129,460
-	-	362,139
12,265	-	1,315,318
<hr/>	<hr/>	<hr/>
12,265	5,526	28,010,946
<hr/>	<hr/>	<hr/>
-	-	3,307,791
-	-	176,173
8,075	-	9,075,690
-	-	559
-	-	15,973,127
-	-	2,602,604
-	-	397,802
-	80	5,149,128
-	-	122,894
-	-	47,852
<hr/>	<hr/>	<hr/>
8,075	80	36,853,620
<hr/>	<hr/>	<hr/>
4,190	5,446	(8,842,674)
<hr/>	<hr/>	<hr/>
-	-	994,836
-	-	9,975,268
-	-	(1,845,012)
<hr/>	<hr/>	<hr/>
-	-	9,125,092
<hr/>	<hr/>	<hr/>
4,190	5,446	282,418
<hr/>	<hr/>	<hr/>
9,761	4,872	14,900,177
<hr/>	<hr/>	<hr/>
\$ 13,951	\$ 10,318	\$ 15,182,595

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, 2006

	Public Safety Cigarette Tax - 205.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	-	-	-
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	-	-	-
Other financing sources (uses)			
Transfers in	3,882	3,664	(218)
Transfers (out)	(3,882)	(2,822)	1,060
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	-	842	842
Net changes in fund balances	-	842	842
Fund balances, beginning of year	110,295	110,295	-
Fund balances, end of year	\$ 110,295	\$ 111,137	\$ 842

Parks and Recreation - 208.00			Historical Association Loan Fund - 211.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
352,060	331,088	(20,972)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
150,680	103,949	(46,731)	-	-	-
<u>502,740</u>	<u>435,037</u>	<u>(67,703)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
887,744	860,516	(27,228)	80,000	-	(80,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>887,744</u>	<u>860,516</u>	<u>(27,228)</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
(385,004)	(425,479)	(40,475)	(80,000)	-	80,000
385,004	445,004	60,000	80,000	-	(80,000)
-	-	-	-	-	-
-	-	-	-	-	-
<u>385,004</u>	<u>445,004</u>	<u>60,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
-	19,525	19,525	-	-	-
65,823	65,823	-	150,000	150,000	-
<u>\$ 65,823</u>	<u>\$ 85,348</u>	<u>\$ 19,525</u>	<u>\$ 150,000</u>	<u>\$ 150,000</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, 2006

	Berrien Community Foundation - 213.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	8,845	8,450	(395)
	<hr/>	<hr/>	<hr/>
Total revenue	8,845	8,450	(395)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	8,845	8,710	(135)
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	8,845	8,710	(135)
Revenue over (under) expenditures	-	(260)	(260)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(260)	(260)
Fund balances, beginning of year	395	395	-
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 395	\$ 135	\$ (260)

Generous Juror Program - 214.00			Friend of the Court - 215.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1,997,919	1,875,095	(122,824)
-	-	-	195,000	210,290	15,290
-	-	-	-	-	-
-	-	-	-	-	-
5,000	4,290	(710)	3,500	4,920	1,420
5,000	4,290	(710)	2,196,419	2,090,305	(106,114)
-	-	-	2,900,121	2,614,855	(285,266)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	2,752	(2,248)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	2,752	(2,248)	2,900,121	2,614,855	(285,266)
-	1,538	1,538	(703,702)	(524,550)	179,152
-	-	-	703,702	739,702	36,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	703,702	739,702	36,000
-	1,538	1,538	-	215,152	215,152
2,726	2,726	-	131,189	131,189	-
\$ 2,726	\$ 4,264	\$ 1,538	\$ 131,189	\$ 346,341	\$ 215,152

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, 2006

	Family Counseling Services - 216.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	20,000	18,870	(1,130)
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	10,000	-	(10,000)
Total revenue	30,000	18,870	(11,130)
Expenditures			
Judicial	30,000	3,581	(26,419)
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	3,581	(26,419)
Revenue over (under) expenditures	-	15,289	15,289
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	15,289	15,289
Fund balances, beginning of year	109,998	109,998	-
Fund balances, end of year	\$ 109,998	\$ 125,287	\$ 15,289

Health Department - 221.00			Drug Court-Drug Treatment - 221.01		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
282,015	263,314	(18,701)	-	-	-
1,500,540	1,489,326	(11,214)	-	7,300	7,300
259,118	138,126	(120,992)	85,000	38,136	(46,864)
-	-	-	-	-	-
-	-	-	-	-	-
1,212,034	553,864	(658,170)	20,341	-	(20,341)
<u>3,253,707</u>	<u>2,444,630</u>	<u>(809,077)</u>	<u>105,341</u>	<u>45,436</u>	<u>(59,905)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,597,135	3,345,727	(251,408)	233,341	193,332	(40,009)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,597,135</u>	<u>3,345,727</u>	<u>(251,408)</u>	<u>233,341</u>	<u>193,332</u>	<u>(40,009)</u>
(343,428)	(901,097)	(557,669)	(128,000)	(147,896)	(19,896)
343,428	544,221	200,793	128,000	128,000	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>343,428</u>	<u>544,221</u>	<u>200,793</u>	<u>128,000</u>	<u>128,000</u>	<u>-</u>
-	(356,876)	(356,876)	-	(19,896)	(19,896)
790,297	790,297	-	19,992	19,992	-
<u>\$ 790,297</u>	<u>\$ 433,421</u>	<u>\$ (356,876)</u>	<u>\$ 19,992</u>	<u>\$ 96</u>	<u>\$ (19,896)</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, 2006

	Health Department Grants - 221.xx		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	4,378,503	5,049,433	670,930
Charges for services	386,650	335,838	(50,812)
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	487,400	111,543	(375,857)
Total revenue	<u>5,252,553</u>	<u>5,496,814</u>	<u>244,261</u>
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	5,252,553	5,772,144	519,591
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>5,252,553</u>	<u>5,772,144</u>	<u>519,591</u>
Revenue over (under) expenditures	-	(275,330)	(275,330)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	(275,330)	(275,330)
Fund balances, beginning of year	<u>653,914</u>	<u>653,914</u>	<u>-</u>
Fund balances, end of year	<u>\$ 653,914</u>	<u>\$ 378,584</u>	<u>\$ (275,330)</u>

Berrien County Landfill Use- 227.00			Public Maintenance & Improvement - 245.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,770,706	2,161,865	391,159	-	-	-
-	-	-	-	-	-
72,000	246,252	174,252	15,000	49,812	34,812
291,540	-	(291,540)	2,464,070	4,736	(2,459,334)
<u>2,134,246</u>	<u>2,408,117</u>	<u>273,871</u>	<u>2,479,070</u>	<u>54,548</u>	<u>(2,424,522)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,011,246	1,902,905	(108,341)	2,530,970	2,020,511	(510,459)
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,011,246</u>	<u>1,902,905</u>	<u>(108,341)</u>	<u>2,530,970</u>	<u>2,020,511</u>	<u>(510,459)</u>
123,000	505,212	382,212	(51,900)	(1,965,963)	(1,914,063)
-	-	-	51,900	1,627,400	1,575,500
(123,000)	(48,000)	75,000	-	-	-
-	-	-	-	-	-
<u>(123,000)</u>	<u>(48,000)</u>	<u>75,000</u>	<u>51,900</u>	<u>1,627,400</u>	<u>1,575,500</u>
-	457,212	457,212	-	(338,563)	(338,563)
5,288,634	5,288,634	-	2,587,101	2,587,101	-
<u>\$ 5,288,634</u>	<u>\$ 5,745,846</u>	<u>\$ 457,212</u>	<u>\$ 2,587,101</u>	<u>\$ 2,248,538</u>	<u>\$ (338,563)</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, 2006

	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	-	5,445	5,445
Other revenue	278,516	-	(278,516)
	<hr/>		
Total revenue	278,516	5,445	(273,071)
	<hr/>		
Expenditures			
Judicial	-	-	-
General government	421,016	176,173	(244,843)
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	421,016	176,173	(244,843)
	<hr/>		
Revenue over (under) expenditures	(142,500)	(170,728)	(28,228)
	<hr/>		
Other financing sources (uses)			
Transfers in	142,500	112,590	(29,910)
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
	<hr/>		
Total other financing sources (uses)	142,500	112,590	(29,910)
	<hr/>		
Net changes in fund balances	-	(58,138)	(58,138)
	<hr/>		
Fund balances, beginning of year	272,668	272,668	-
	<hr/>		
Fund balances, end of year	\$ 272,668	\$ 214,530	\$ (58,138)

Drug Enforcement Public Safety - 264.00			Law Enforcement Funds - [various #s]		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ 1,810,940	\$ 1,895,888	\$ 84,948	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	2,819,048	2,372,718	(446,330)
-	-	-	1,358,465	1,241,252	(117,213)
-	-	-	-	-	-
-	-	-	-	20,300	20,300
266,570	-	(266,570)	642,726	182,769	(459,957)
<u>2,077,510</u>	<u>1,895,888</u>	<u>(181,622)</u>	<u>4,820,239</u>	<u>3,817,039</u>	<u>(1,003,200)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,681,132	5,676,261	(1,004,871)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,681,132	5,676,261	(1,004,871)
<u>2,077,510</u>	<u>1,895,888</u>	<u>(181,622)</u>	<u>(1,860,893)</u>	<u>(1,859,222)</u>	<u>1,671</u>
(268,000)	(268,000)	-	1,865,931	1,981,148	115,217
(1,809,510)	(1,780,408)	29,102	(5,038)	(3,782)	1,256
-	-	-	-	-	-
<u>(2,077,510)</u>	<u>(2,048,408)</u>	<u>29,102</u>	<u>1,860,893</u>	<u>1,977,366</u>	<u>116,473</u>
-	(152,520)	(152,520)	-	118,144	118,144
229,021	229,021	-	1,416,347	1,416,347	-
<u>\$ 229,021</u>	<u>\$ 76,501</u>	<u>\$ (152,520)</u>	<u>\$ 1,416,347</u>	<u>\$ 1,534,491</u>	<u>\$ 118,144</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, 2006

	Prosecutor's Welfare Fraud Grant - 266.02		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	265,216	269,237	4,021
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
	<hr/>		
Total revenue	265,216	269,237	4,021
	<hr/>		
Expenditures			
Judicial	327,318	325,589	(1,729)
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	327,318	325,589	(1,729)
	<hr/>		
Revenue over (under) expenditures	(62,102)	(56,352)	5,750
	<hr/>		
Other financing sources (uses)			
Transfers in	62,102	56,352	(5,750)
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
	<hr/>		
Total other financing sources (uses)	62,102	56,352	(5,750)
	<hr/>		
Net changes in fund balances	-	-	-
	<hr/>		
Fund balances, beginning of year	-	-	-
	<hr/>		
Fund balances, end of year	\$ -	\$ -	\$ -
	<hr/> <hr/>		

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
\$ -	\$ -	\$ -	\$ 1,293,380	\$ 1,353,899	\$ 60,519
-	-	-	-	-	-
117,350	118,675	1,325	230,000	272,999	42,999
-	-	-	-	40	40
-	-	-	-	-	-
-	-	-	-	27,662	27,662
-	-	-	576,236	424	(575,812)
117,350	118,675	1,325	2,099,616	1,655,024	(444,592)
-	-	-	-	-	-
-	-	-	-	-	-
219,077	217,933	(1,144)	2,999,616	3,173,421	173,805
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	122,894	122,894
-	-	-	-	47,852	47,852
219,077	217,933	(1,144)	2,999,616	3,344,167	344,551
(101,727)	(99,258)	2,469	(900,000)	(1,689,143)	(789,143)
101,727	99,258	(2,469)	900,000	900,000	-
-	-	-	-	-	-
-	-	-	-	994,836	994,836
101,727	99,258	(2,469)	900,000	1,894,836	994,836
-	-	-	-	205,693	205,693
-	-	-	1,591,831	1,591,831	-
\$ -	\$ -	\$ -	\$ 1,591,831	\$ 1,797,524	\$ 205,693

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, 2006

	Drug Court Program - 267.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	3,500	5,529	2,029
Charges for services	16,500	19,562	3,062
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	20,000	25,091	5,091
Expenditures			
Judicial	246,402	219,267	(27,135)
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	246,402	219,267	(27,135)
Revenue over (under) expenditures	(226,402)	(194,176)	32,226
Other financing sources (uses)			
Transfers in	226,402	200,000	(26,402)
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	226,402	200,000	(26,402)
Net changes in fund balances	-	5,824	5,824
Fund balances, beginning of year	7,033	7,033	-
Fund balances, end of year	\$ 7,033	\$ 12,857	\$ 5,824

County Law Library - 269.00			Senior Citizen - 270.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 1,633,850	\$ 1,623,732	\$ (10,118)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,500	6,500	-	-	-
-	-	-	-	-	-
13,000	-	(13,000)	-	-	-
13,000	6,500	(6,500)	1,633,850	1,623,732	(10,118)
82,710	57,319	(25,391)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,633,850	1,607,666	(26,184)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
82,710	57,319	(25,391)	1,633,850	1,607,666	(26,184)
(69,710)	(50,819)	18,891	-	16,066	16,066
69,710	63,210	(6,500)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,710	63,210	(6,500)	-	-	-
-	12,391	12,391	-	16,066	16,066
48,773	48,773	-	6,441	6,441	-
\$ 48,773	\$ 61,164	\$ 12,391	\$ 6,441	\$ 22,507	\$ 16,066

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, 2006

	Library - 271.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	122,960	122,960
Interest	-	-	-
Other revenue	-	-	-
Total revenue	-	122,960	122,960
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	123,000	122,960	(40)
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	123,000	122,960	(40)
Revenue over (under) expenditures	(123,000)	-	123,000
Other financing sources (uses)			
Transfers in	123,000	-	(123,000)
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	123,000	-	(123,000)
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Title IV-D Medical Support - [various #s]			Hazardous Materials Emergency Preparedness - 273.22		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,745	-	(3,745)	-	(435)	(435)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	22,000	-	(22,000)
3,745	-	(3,745)	22,000	(435)	(22,435)
3,745	-	(3,745)	-	-	-
-	-	-	-	-	-
-	-	-	22,000	-	(22,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,745	-	(3,745)	22,000	-	(22,000)
-	-	-	-	(435)	(435)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(435)	(435)
-	-	-	435	435	-
\$ -	\$ -	\$ -	\$ 435	\$ -	\$ (435)

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, 2006

	Michigan Housing CDBG - 274.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	24,579	4,296	(20,283)
Total revenue	24,579	4,296	(20,283)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	24,579	20,073	(4,506)
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	24,579	20,073	(4,506)
Revenue over (under) expenditures	-	(15,777)	(15,777)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(15,777)	(15,777)
Fund balances, beginning of year	20,073	20,073	-
Fund balances, end of year	\$ 20,073	\$ 4,296	\$ (15,777)

Federal HOME Housing - 274.04			City of Watervliet Homeowner CDBG - 274.06		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	64,000	40,628	(23,372)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,048	-	(24,048)	-	11,830	11,830
24,048	-	(24,048)	64,000	52,458	(11,542)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,048	21,948	(2,100)	64,000	52,458	(11,542)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,048	21,948	(2,100)	64,000	52,458	(11,542)
-	(21,948)	(21,948)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(21,948)	(21,948)	-	-	-
24,399	24,399	-	-	-	-
\$ 24,399	\$ 2,451	\$ (21,948)	\$ -	\$ -	\$ -

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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, 2006

	MSHDA 2004 Housing CDBG - 274.07		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	64,516	25,058	(39,458)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	5,200	5,200
Total revenue	64,516	30,258	(34,258)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	64,516	25,058	(39,458)
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	64,516	25,058	(39,458)
Revenue over (under) expenditures	-	5,200	5,200
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	5,200	5,200
Fund balances, beginning of year	3,504	3,504	-
Fund balances, end of year	\$ 3,504	\$ 8,704	\$ 5,200

Harbortown CDBG - 274.08			HMIS HUD Homeless Grant - 274.10		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
302,024	114,288	(187,736)	8,000	1,335	(6,665)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	69,572	69,572	-	-	-
302,024	183,860	(118,164)	8,000	1,335	(6,665)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
302,024	183,860	(118,164)	8,000	1,335	(6,665)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
302,024	183,860	(118,164)	8,000	1,335	(6,665)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2006

	MSHDA 2006 Housing CDBG - 274.11		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	300,000	90,057	(209,943)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	61,000	83	(60,917)
Total revenue	361,000	90,140	(270,860)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	361,000	90,140	(270,860)
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	361,000	90,140	(270,860)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Small Bus Program - 281.00			Clean Sweep Pest Control Grant - 281.14		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	(1)
590,000	643,041	53,041	8,074	8,073	(1)
659,500	572,586	(86,914)	-	-	-
-	-	-	-	-	-
10,800	12,668	1,868	-	-	-
21,500	41,898	20,398	-	-	-
1,281,800	1,270,193	(11,607)	8,074	8,073	(1)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,281,800	1,049,430	(232,370)	8,074	8,073	(1)
-	-	-	-	-	-
-	-	-	-	-	-
1,281,800	1,049,430	(232,370)	8,074	8,073	(1)
-	220,763	220,763	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	220,763	220,763	-	-	-
338,193	338,193	-	-	-	-
\$ 338,193	\$ 558,956	\$ 220,763	\$ -	\$ -	\$ -

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, 2006

	Project Zero Transit Grant - 281.17		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	42,716	14,266	(28,450)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	42,716	14,266	(28,450)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	42,716	14,266	(28,450)
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	42,716	14,266	(28,450)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Capital Bus Purchase Grant - 282.00			Child Care Probate - 292.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
475,250	153,863	(321,387)	2,746,749	2,370,301	(376,448)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	656,701	195,229	(461,472)
475,250	153,863	(321,387)	3,403,450	2,565,530	(837,920)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,456,097	5,391,117	(1,064,980)
-	-	-	-	-	-
475,250	153,863	(321,387)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
475,250	153,863	(321,387)	6,456,097	5,391,117	(1,064,980)
-	-	-	(3,052,647)	(2,825,587)	227,060
-	-	-	3,052,647	3,052,647	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,052,647	3,052,647	-
-	-	-	-	227,060	227,060
-	-	-	852,076	852,076	-
\$ -	\$ -	\$ -	\$ 852,076	\$ 1,079,136	\$ 227,060

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, 2006

	Soldiers and Sailors Relief - 293.00		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	934	-	(934)
Total revenue	934	-	(934)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	934	438	(496)
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	934	438	(496)
Revenue over (under) expenditures	-	(438)	(438)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(438)	(438)
Fund balances, beginning of year	933	933	-
Fund balances, end of year	\$ 933	\$ 495	\$ (438)

Veteran's Trust - 294.00			Board of Public Works - 296.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
12,280	12,280	-	-	-	-
-	-	-	6,000	1,164	(4,836)
-	-	-	-	-	-
-	-	-	-	-	-
4,058	-	(4,058)	-	-	-
16,338	12,280	(4,058)	6,000	1,164	(4,836)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,000	559	(5,441)
16,338	16,126	(212)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,338	16,126	(212)	6,000	559	(5,441)
-	(3,846)	(3,846)	-	605	605
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(3,846)	(3,846)	-	605	605
4,059	4,059	-	67,696	67,696	-
\$ 4,059	\$ 213	\$ (3,846)	\$ 67,696	\$ 68,301	\$ 605

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, 2006

	Campaign Finance Administration - 297.03		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	100	-	(100)
	100	-	(100)
Total revenue	100	-	(100)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	100	-	(100)
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	100	-	(100)
Total expenditures	100	-	(100)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	2,514	2,514	-
Fund balances, end of year	\$ 2,514	\$ 2,514	\$ -

Juvenile Incentive Block Grant - [various #s]			4-H We Can Ride Grant - 297.15		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
48,979	26,383	(22,596)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,680	-	(4,680)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
48,979	26,383	(22,596)	4,680	-	(4,680)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
54,415	29,205	(25,210)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,680	-	(4,680)
-	-	-	-	-	-
-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
54,415	29,205	(25,210)	4,680	-	(4,680)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(5,436)	(2,822)	2,614	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
5,436	2,822	(2,614)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
5,436	2,822	(2,614)	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
50	50	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -

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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, 2006

	Going Home Reintegration - 297.16		
	Amended Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	86,008	53,514	(32,494)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	86,008	53,514	(32,494)
Expenditures			
Judicial	86,008	53,514	(32,494)
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	86,008	53,514	(32,494)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Community Restoration Board - 297.19			Juvenile Delinquent Title V Plan Grant - 297.22		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2,930	2,930	29,798	4,461	(25,337)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	-	(3,000)	-	-	-
3,000	2,930	(70)	29,798	4,461	(25,337)
-	-	-	29,798	4,461	(25,337)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	2,930	(70)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	2,930	(70)	29,798	4,461	(25,337)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2006

	<u>Animal Control Neuter / Spay Program - 298.01</u>		
	<u>Amended</u>		<u>Over</u>
	<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>
			<u>Budget</u>
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	11,000	12,265	1,265
	<hr/>	<hr/>	<hr/>
Total revenue	11,000	12,265	1,265
	<hr/>	<hr/>	<hr/>
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	11,000	8,075	(2,925)
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	11,000	8,075	(2,925)
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	-	4,190	4,190
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from issuance of long term debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	-	4,190	4,190
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	9,761	9,761	-
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 9,761	\$ 13,951	\$ 4,190
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Homestead Audit Administration - 620.00			Total Budgeted Special Revenue Funds		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 4,738,170	\$ 4,873,519	\$ 135,349
-	-	-	302,015	282,184	(19,831)
-	-	-	16,094,215	15,020,355	(1,073,860)
2,000	5,526	3,526	5,090,999	5,055,473	(35,526)
-	-	-	-	129,460	129,460
-	-	-	97,800	362,139	264,339
4,000	-	(4,000)	7,268,058	1,315,318	(5,952,740)
6,000	5,526	(474)	33,591,257	27,038,448	(6,552,809)
-	-	-	3,760,517	3,307,791	(452,726)
-	-	-	421,016	176,173	(244,843)
-	-	-	9,932,825	9,075,690	(857,135)
-	-	-	6,000	559	(5,441)
-	-	-	15,556,398	14,718,884	(837,514)
-	-	-	2,738,439	2,602,604	(135,835)
-	-	-	851,167	397,802	(453,365)
6,000	80	(5,920)	6,360,836	5,149,128	(1,211,708)
-	-	-	-	122,894	122,894
-	-	-	-	47,852	47,852
6,000	80	(5,920)	39,627,198	35,599,377	(4,027,821)
-	5,446	5,446	(6,035,941)	(8,560,929)	(2,524,988)
-	-	-	7,977,371	9,688,018	1,710,647
-	-	-	(1,941,430)	(1,835,012)	106,418
-	-	-	-	994,836	994,836
-	-	-	6,035,941	8,847,842	2,811,901
-	5,446	5,446	-	286,913	286,913
4,872	4,872	-	14,811,043	14,811,043	-
\$ 4,872	\$ 10,318	\$ 5,446	\$ 14,811,043	\$ 15,097,956	\$ 286,913

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, 2006

	<u>Unbudgeted Funds</u>		<u>Total Actual</u>
	<u>Social Services 290.00</u>	<u>Child Care Social Services 292.01</u>	
Revenue			
Taxes	\$ -	\$ -	\$ 4,873,519
Licenses and permits	-	-	282,184
Intergovernmental revenue	697,980	274,518	15,992,853
Charges for services	-	-	5,055,473
Fines and forfeitures	-	-	129,460
Interest	-	-	362,139
Other revenue	-	-	1,315,318
Total revenue	697,980	274,518	28,010,946
Expenditures			
Judicial	-	-	3,307,791
General government	-	-	176,173
Public safety	-	-	9,075,690
Public works	-	-	559
Health and welfare	698,106	556,137	15,973,127
Recreation and cultural	-	-	2,602,604
Community development	-	-	397,802
Other governmental activities	-	-	5,149,128
Debt service:			
Principal	-	-	122,894
Interest and fiscal charges	-	-	47,852
Total expenditures	698,106	556,137	36,853,620
Revenue over (under) expenditures	(126)	(281,619)	(8,842,674)
Other financing sources (uses)			
Transfers in	5,000	282,250	9,975,268
Transfers (out)	(5,000)	(5,000)	(1,845,012)
Proceeds from issuance of long term debt	-	-	994,836
Total other financing sources (uses)	-	277,250	9,125,092
Net changes in fund balances	(126)	(4,369)	282,418
Fund balances, beginning of year	1,106	88,028	14,900,177
Fund balances, end of year	<u>\$ 980</u>	<u>\$ 83,659</u>	<u>\$ 15,182,595</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006

	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, 2006

	Bridge Bond 301.00	Building Authority 450.00	Total
Revenue			
Intergovernmental	\$ -	\$ 1,236,978	\$ 1,236,978
Expenditures			
Debt service:			
Principal	-	800,000	800,000
Interest and fiscal charges	-	436,978	436,978
Total expenditures	-	1,236,978	1,236,978
Net changes in fund balances	-	-	-
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, 2006

	Vehicle/ Equipment Replacement 402.00	Animal Shelter 413.00	Building Authority 450.00	Courthouse 470.00	Total
Assets					
Cash and cash equivalents	\$ 174,894	\$ 13,913	\$ 737,985	\$ 1	\$ 926,793
Investments	-	94,825	-	-	94,825
Total assets	\$ 174,894	\$ 108,738	\$ 737,985	\$ 1	\$ 1,021,618
Liabilities					
Accounts payable	\$ 4,702	-	\$ 20,635	-	\$ 25,337
Fund balances					
Unreserved, undesignated	170,192	108,738	717,350	1	996,281
Total liabilities and fund balances	\$ 174,894	\$ 108,738	\$ 737,985	\$ 1	\$ 1,021,618

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended December 31, 2006

	Vehicle/ Equipment Replacement 402.00	Animal Shelter 413.00	Building Authority 450.00	Courthouse 470.00	Total
Revenue					
Interest revenue	\$ -	\$ 3,711	\$ 66,468	\$ -	\$ 70,179
Other	-	18,505	-	-	18,505
Total revenue	-	22,216	66,468	-	88,684
Expenditures					
Public works	229,968	-	1,006,958	-	1,236,926
Revenue over (under) expenditures	(229,968)	22,216	(940,490)	-	(1,148,242)
Other financing sources					
Transfers in	150,160	-	-	-	150,160
Net changes in fund balances	(79,808)	22,216	(940,490)	-	(998,082)
Fund balances, beginning of year	250,000	86,522	1,657,840	1	1,994,363
Fund balances, end of year	\$ 170,192	\$ 108,738	\$ 717,350	\$ 1	\$ 996,281

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2006

	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	\$ 903,474	\$ 91,310	\$ 143,715	\$ -
Current portion of leases receivable	-	-	-	25,000
Inventory	-	-	32,420	-
Total current assets	<u>903,474</u>	<u>91,310</u>	<u>176,135</u>	<u>25,000</u>
Non-current assets:				
Leases receivable, net of current portion	-	-	-	-
Capital assets being depreciated, net	-	-	189,092	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>189,092</u>	<u>-</u>
Total assets	<u>903,474</u>	<u>91,310</u>	<u>365,227</u>	<u>25,000</u>
Liabilities				
Current liabilities:				
Accounts payable	18,169	-	121	-
Accrued liabilities	1,095	674	-	-
Current portion of long-term debt	-	-	17,628	25,000
Total current liabilities	<u>19,264</u>	<u>674</u>	<u>17,749</u>	<u>25,000</u>
Long-term liabilities:				
Due in more than one year	-	-	37,945	-
Total liabilities	<u>19,264</u>	<u>674</u>	<u>55,694</u>	<u>25,000</u>
Net assets				
Invested in capital assets, net of related debt	-	-	133,519	-
Unrestricted	<u>884,210</u>	<u>90,636</u>	<u>176,014</u>	<u>-</u>
Total net assets	<u>\$ 884,210</u>	<u>\$ 90,636</u>	<u>\$ 309,533</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
\$ -	\$ 147	\$ 6,917	\$ 714	\$ -	\$ -
50,000	100,000	35,000	-	30,000	35,000
-	-	-	-	-	-
50,000	100,147	41,917	714	30,000	35,000
545,000	1,194,853	288,083	-	65,000	130,000
-	-	-	-	-	-
545,000	1,194,853	288,083	-	65,000	130,000
595,000	1,295,000	330,000	714	95,000	165,000
-	-	-	714	-	-
-	-	-	-	-	-
50,000	100,000	35,000	-	30,000	35,000
50,000	100,000	35,000	714	30,000	35,000
545,000	1,195,000	295,000	-	65,000	130,000
595,000	1,295,000	330,000	714	95,000	165,000
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds (Concluded)
December 31, 2006

	GRSD No. 7 Chikaming Township Refunding 851.75	City of Benton Harbor Water System No. 17 Refunding 851.80	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8,170
Current portion of leases receivable	-	185,000	50,000	15,000
Inventory	-	-	-	-
Total current assets	-	185,000	50,000	23,170
Non-current assets:				
Leases receivable, net of current portion	-	150,000	1,170,000	316,830
Capital assets being depreciated, net	-	-	-	-
Total non-current assets	-	150,000	1,170,000	316,830
Total assets	-	335,000	1,220,000	340,000
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Current portion of long-term debt	-	185,000	50,000	15,000
Total current liabilities	-	185,000	50,000	15,000
Long-term liabilities:				
Due in more than one year	-	150,000	1,170,000	325,000
Total liabilities	-	335,000	1,220,000	340,000
Net assets				
Invested in capital assets, net of related debt	-	-	-	-
Unrestricted	-	-	-	-
Total net assets	\$ -	\$ -	\$ -	\$ -

Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85		Royalton Township Water System No. 26 851.86		Total
\$	607	\$	65,002	\$ 1,220,056
	-		15,000	540,000
	-		-	32,420
	607		80,002	1,792,476
	-		449,998	4,309,764
	-		-	189,092
	-		449,998	4,498,856
	607		530,000	6,291,332
	607		-	19,611
	-		-	1,769
	-		15,000	557,628
	607		15,000	579,008
	-		515,000	4,427,945
	607		530,000	5,006,953
	-		-	133,519
	-		-	1,150,860
\$	-	\$	-	\$ 1,284,379

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006

	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	\$ 917,684	\$ 67,842	\$ 276,529	\$ 3,815
Operating expense				
Operations	558,021	23,710	151,934	-
Depreciation	-	-	34,013	-
Total operating expense	558,021	23,710	185,947	-
Operating income (loss)	359,663	44,132	90,582	3,815
Non-operating revenue				
Interest revenue	-	879	-	-
Interest expense and fiscal charges	-	-	-	(3,815)
Total non-operating revenue (expense)	-	879	-	(3,815)
Income before transfers	359,663	45,011	90,582	-
Transfers				
Transfers in	176,000	-	-	-
Change in net assets	499,876	45,011	90,582	-
Net assets, beginning of year	384,334	45,625	218,951	-
Net assets, end of year	\$ 884,210	\$ 90,636	\$ 309,533	\$ -

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
\$ 37,271	\$ 61,861	\$ 20,029	\$ 10,137	\$ 9,550	\$ 13,283
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37,271	61,861	20,029	10,137	9,550	13,283
-	4	559	31	-	-
(37,271)	(61,865)	(20,588)	(10,168)	(9,550)	(13,283)
(37,271)	(61,861)	(20,029)	(10,137)	(9,550)	(13,283)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2006

	GRSD No. 7 Chikaming Township Refunding 851.75	City of Benton Harbor Water System No. 17 Refunding 851.80	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82
Operating revenue				
Charges for services	\$ -	\$ 19,034	\$ 68,515	\$ 18,194
Operating expense				
Operations	-	-	-	-
Depreciation	-	-	-	-
Total operating expense	-	-	-	-
Operating income (loss)	-	19,034	68,515	18,194
Non-operating revenue				
Interest revenue	-	-	-	644
Interest expense and fiscal charges	-	(19,034)	(68,515)	(18,838)
Total non-operating revenue (expense)	-	(19,034)	(68,515)	(18,194)
Income before transfers	-	-	-	-
Transfers				
Transfers in	-	-	-	-
Change in net assets	-	-	-	-
Net assets, beginning of year	-	-	-	-
Net assets, end of year	\$ -	\$ -	\$ -	\$ -

Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
\$ (97)	\$ 26,102	\$ 1,549,749
-	-	733,665
-	-	34,013
-	-	767,678
(97)	26,102	782,071
97	342	2,556
-	(26,444)	(289,371)
97	(26,102)	(286,815)
-	-	495,256
-	-	176,000
-	-	635,469
-	-	648,910
\$ -	\$ -	\$ 1,284,379

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2006

	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	\$ 917,684	\$ 67,842	\$ 276,529	\$ 3,815
Cash payments to suppliers for goods and services	(529,993)	(1,204)	(164,728)	-
Cash payments to employees for services	(81,722)	(22,278)	-	-
Net cash provided by operating activities	305,969	44,360	111,801	3,815
Cash flows from non-capital financing activities				
Transfers in	176,000	-	-	-
Cash flows from capital and related financing activities				
Principal payments	-	-	(49,266)	(25,000)
Interest payments	-	-	-	(3,815)
Purchase of capital assets	-	-	(166,170)	-
Proceeds from issuance of long-term debt	-	-	75,980	-
Net cash (used in) capital and related financing activities	-	-	(139,456)	(28,815)
Cash flows from investing activities				
Interest received	-	879	-	-
Amounts collected on leases receivable	-	-	-	25,000
Net cash provided by (used in) investing activities	-	879	-	25,000
Net increase (decrease) in cash and cash equivalents	446,182	45,239	(27,655)	-
Cash and cash equivalents, beginning of year	457,292	46,071	171,370	-
Cash and cash equivalents, end of year	\$ 903,474	\$ 91,310	\$ 143,715	\$ -

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
\$ 37,271	\$ 61,861	\$ 20,029	\$ 10,137	\$ 9,550	\$ 13,283
-	(3,140)	-	714	-	-
-	-	-	-	-	-
37,271	58,721	20,029	10,851	9,550	13,283
-	-	-	-	-	-
(50,000)	(75,000)	(35,000)	(415,000)	(30,000)	(35,000)
(37,271)	(61,865)	(20,588)	(10,168)	(9,550)	(13,283)
-	-	-	-	-	-
-	-	-	-	-	-
(87,271)	(136,865)	(55,588)	(425,168)	(39,550)	(48,283)
-	4	559	31	-	-
50,000	(37,092)	35,559	408,253	30,000	35,000
50,000	(37,088)	36,118	408,284	30,000	35,000
-	(115,232)	559	(6,033)	-	-
-	115,379	6,358	6,747	-	-
\$ -	\$ 147	\$ 6,917	\$ 714	\$ -	\$ -

(continued...)

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended December 31, 2006

	GRSD No. 7 Chikaming Township Refunding 851.75	City of Benton Harbor Water System No. 17 Refunding 851.80	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82
Cash flows from operating activities				
Cash received from customers	\$ -	\$ 19,034	\$ 68,515	\$ 18,194
Cash payments to suppliers for goods and services	-	-	-	-
Cash payments to employees for services	-	-	-	-
Net cash provided by operating activities	-	19,034	68,515	18,194
Cash flows from non-capital financing activities				
Transfers in	-	-	-	-
Cash flows from capital and related financing activities				
Principal payments	-	(180,000)	(50,000)	(15,000)
Interest payments	-	(19,034)	(68,515)	(18,838)
Purchase of capital assets	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-
Net cash (used in) capital and related financing activities	-	(199,034)	(118,515)	(33,838)
Cash flows from investing activities				
Interest received	-	-	-	644
Amounts collected on leases receivable	-	180,000	50,000	15,643
Net cash provided by (used in) investing activities	-	180,000	50,000	16,287
Net increase (decrease) in cash and cash equivalents	-	-	-	643
Cash and cash equivalents, beginning of year	-	-	-	7,527
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ 8,170

Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
\$ (97)	\$ 26,102	\$ 1,549,749
607	(446)	(698,190)
-	-	(104,000)
510	25,656	747,559
-	-	176,000
(220,000)	(5,000)	(1,184,266)
-	(26,444)	(289,371)
-	-	(166,170)
-	-	75,980
(220,000)	(31,444)	(1,563,827)
97	342	2,556
34,544	(400,489)	426,418
34,641	(400,147)	428,974
(184,849)	(405,935)	(247,081)
185,456	470,937	1,467,137
\$ 607	\$ 65,002	\$ 1,220,056

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended December 31, 2006

	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)	\$ 359,663	\$ 44,132	\$ 90,582	\$ 3,815
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	-	-	34,013	-
Changes in assets and liabilities:				
Inventories	-	-	(12,089)	-
Accounts payable	(53,752)	-	(705)	-
Accrued and other liabilities	58	228	-	-
Net cash provided by operating activities	\$ 305,969	\$ 44,360	\$ 111,801	\$ 3,815

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
\$ 37,271	\$ 61,861	\$ 20,029	\$ 10,137	\$ 9,550	\$ 13,283
-	-	-	-	-	-
-	-	-	-	-	-
-	(3,140)	-	714	-	-
-	-	-	-	-	-
<u>\$ 37,271</u>	<u>\$ 58,721</u>	<u>\$ 20,029</u>	<u>\$ 10,851</u>	<u>\$ 9,550</u>	<u>\$ 13,283</u>

(continued...)

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Concluded)
For the Year Ended December 31, 2006

	GRSD No. 7 Chikaming Township Refunding 851.75	City of Benton Harbor Water System No. 17 Refunding 851.80	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82
Reconciliation of operating income (loss)				
to net cash provided by (used in)				
operating activities:				
Operating income (loss)	\$ -	\$ 19,034	\$ 68,515	\$ 18,194
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	-	-	-	-
Changes in assets and liabilities:				
Inventories	-	-	-	-
Accounts payable	-	-	-	-
Accrued and other liabilities	-	-	-	-
Net cash provided by operating activities	\$ -	\$ 19,034	\$ 68,515	\$ 18,194

Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
\$ (97)	\$ 26,102	782,071
-	-	34,013
-	-	(12,089)
607	(446)	(56,722)
-	-	286
<u>\$ 510</u>	<u>\$ 25,656</u>	<u>\$ 747,559</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2006

	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	\$ 2,229,805	\$ 1,416,142	\$ 4,377,286	\$ 94,181	\$ 8,117,414
Non-current assets:					
Restricted cash	613,948	-	-	-	613,948
Total assets	2,843,753	1,416,142	4,377,286	94,181	8,731,362
Liabilities					
Current liabilities:					
Accounts payable	-	-	325	-	325
Accrued and other liabilities	533,860	683,490	2,014,225	-	3,231,575
Total liabilities	533,860	683,490	2,014,550	-	3,231,900
Net assets					
Restricted for self-insurance claims	613,948	-	-	-	613,948
Unrestricted:					
Undesignated	1,695,945	732,652	2,362,736	94,181	4,885,514
Total net assets	\$ 2,309,893	\$ 732,652	\$ 2,362,736	\$ 94,181	\$ 5,499,462

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2006

	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	\$ -	\$ 383,461	\$ 8,894,209	\$ 85,924	\$ 9,363,594
Operating expenses					
Operation and maintenance	-	-	4,606	1,600	6,206
Benefits and claims	(247,526)	382,892	9,362,756	30,646	9,528,768
Total operating expenses	(247,526)	382,892	9,367,362	32,246	9,534,974
Operating income (loss)	247,526	569	(473,153)	53,678	(171,380)
Non-operating revenue (expenses)					
Interest income	172,361	-	-	-	172,361
Change in net assets	419,887	569	(473,153)	53,678	981
Net assets, beginning of year	1,890,006	732,083	2,835,889	40,503	5,498,481
Net assets, end of year	\$ 2,309,893	\$ 732,652	\$ 2,362,736	\$ 94,181	\$ 5,499,462

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2006

	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	\$ -	\$ 383,461	\$ 8,894,209	\$ 85,924	\$ 9,363,594
Cash payments to suppliers for goods and services	(62,602)	(228,398)	(9,154,686)	(32,246)	(9,477,932)
Net cash provided (used) by operating activities	(62,602)	155,063	(260,477)	53,678	(114,338)
Cash flows from investing activities					
Interest received	172,361	-	-	-	172,361
Net increase (decrease) in cash and cash equivalents	109,759	155,063	(260,477)	53,678	58,023
Cash and cash equivalents, beginning of year	2,733,994	1,261,079	4,637,763	40,503	8,673,339
Cash and cash equivalents, end of year	\$ 2,843,753	\$ 1,416,142	\$ 4,377,286	\$ 94,181	\$ 8,731,362
Balance sheet classification of cash and cash equivalents					
Cash and cash equivalents	\$ 2,229,805	\$ 1,416,142	\$ 4,377,286	\$ 94,181	\$ 8,117,414
Restricted assets	613,948	-	-	-	613,948
	\$ 2,843,753	\$ 1,416,142	\$ 4,377,286	\$ 94,181	\$ 8,731,362
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 247,526	\$ 569	\$ (473,153)	\$ 53,678	\$ (171,380)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Accounts payable	-	(190)	325	-	135
Accrued and other liabilities	(310,128)	154,684	212,351	-	56,907
Net cash provided (used) by operating activities	\$ (62,602)	\$ 155,063	\$ (260,477)	\$ 53,678	\$ (114,338)

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Fiduciary Net Assets
All Agency Funds
December 31, 2006

	Trust and Agency 701.00	Court Orders Payable 702.00	Library Trust 721.00
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 1,912,234	\$ 72,112	\$ 138,156
Investments	205,000	-	663,999
Taxes receivable - delinquent	1,087,587	-	-
<u>TOTAL ASSETS</u>	\$ 3,204,821	\$ 72,112	\$ 802,155
<u>LIABILITIES</u>			
Liabilities			
Undistributed receipts	\$ 2,117,234	\$ 72,112	\$ 802,155
Delinquent taxes payable	1,087,587	-	-
<u>TOTAL LIABILITIES</u>	\$ 3,204,821	\$ 72,112	\$ 802,155

District Court Trust	Jail Inmate Trust	Total
\$ 1,028,931	\$ 54,402	\$ 3,207,639
-	-	868,999
-	-	1,087,587
<hr/>		
\$ 1,028,931	\$ 54,402	\$ 5,164,225

\$ 1,028,931	\$ 54,402	\$ 4,076,638
-	-	1,087,587
<hr/>		
\$ 1,028,931	\$ 54,402	\$ 5,164,225

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Trust and Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 2,269,440	95,572,608	\$ 95,929,814	\$ 1,912,234
Investments	75,000	131,596	1,596	205,000
Taxes receivable-delinquent	1,289,316	866,783	1,068,512	1,087,587
Total assets	\$ 3,633,756	\$ 96,570,987	\$ 96,999,922	\$ 3,204,821
Liabilities				
Undistributed receipts	\$ 2,344,440	\$ 53,526,741	\$ 53,753,947	\$ 2,117,234
Delinquent taxes payable	1,289,316	43,044,246	43,245,975	1,087,587
Total liabilities	\$ 3,633,756	\$ 96,570,987	\$ 96,999,922	\$ 3,204,821
<u>Court Orders Payable Fund</u>				
Assets				
Cash and cash equivalents	\$ 72,335	\$ 778,971	\$ 779,194	\$ 72,112
Liabilities				
Undistributed receipts	\$ 72,335	\$ 778,971	\$ 779,194	\$ 72,112
<u>Library Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 114,065	\$ 2,919,375	\$ 2,895,284	\$ 138,156
Investments	718,711	1,286,854	1,341,566	663,999
Total assets	\$ 832,776	\$ 4,206,229	\$ 4,236,850	\$ 802,155
Liabilities				
Undistributed receipts	\$ 832,776	\$ 4,206,229	\$ 4,236,850	\$ 802,155

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Concluded)
For the Year Ended December 31, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Court Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 948,989	\$ 1,028,931	\$ 948,989	\$ 1,028,931
Liabilities				
Undistributed receipts	\$ 948,989	\$ 1,028,931	\$ 948,989	\$ 1,028,931
<u>Jail Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 16,020	\$ 54,402	\$ 16,020	\$ 54,402
Liabilities				
Undistributed receipts	\$ 16,020	\$ 54,402	\$ 16,020	\$ 54,402
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 3,420,849	\$ 100,354,287	\$ 100,567,497	\$ 3,207,639
Investments	793,711	1,418,450	1,343,162	868,999
Taxes receivable-delinquent	1,289,316	866,783	1,068,512	1,087,587
Total assets	\$ 5,503,876	\$ 102,639,520	\$ 102,979,171	\$ 5,164,225
Liabilities				
Undistributed receipts	\$ 4,214,560	\$ 59,595,274	\$ 59,733,196	\$ 4,076,638
Delinquent taxes payable	1,289,316	43,044,246	43,245,975	1,087,587
Total liabilities	\$ 5,503,876	\$ 102,639,520	\$ 102,979,171	\$ 5,164,225

COUNTY OF BERRIEN, MICHIGAN
Statement of Plan Net Assets
Pension Trust Fund
December 31, 2006

Assets

Cash and cash equivalents	\$ 5,009,938
Interest receivable	480,067
Investments:	
U.S. Government obligations	5,203,361
U.S. Agencies	10,888,443
Corporate obligations	18,903,869
Corporate stocks	60,622,844
Mutual funds	34,484,699
Total investments	<u>130,103,216</u>
 Total assets held in trust for pension benefits and other purposes	 <u><u>\$ 135,593,221</u></u>

(A schedule of funding progress for the Pension Plan is presented on page 68).

COUNTY OF BERRIEN, MICHIGAN
Drain Commission Component Unit
Statement of Net Assets and Governmental Funds Balance Sheet
December 31, 2006

	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	\$ 818,648	\$ 4,776	\$ 17,160	\$ 143,902
Special assessments receivable	1,763,000	-	100,000	320,000
Due from other funds	-	270,224	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	\$ 2,581,648	\$ 275,000	\$ 117,160	\$ 463,902
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	270,224	-	-	-
Advances from primary government	-	245,000	-	-
Deferred revenue	1,763,000	-	100,000	320,000
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	2,033,224	245,000	100,000	320,000
Fund balances				
Unreserved, undesignated	548,424	30,000	17,160	143,902
Total liabilities and fund balances	\$ 2,581,648	\$ 275,000	\$ 117,160	\$ 463,902
Net assets				
Invested in capital assets, net of related debt				
Unrestricted				
Total net assets				

Total	Adjustments	Statement of Net Assets
\$ 984,486	\$ -	\$ 984,486
2,183,000	-	2,183,000
270,224	(270,224)	-
-	1,786,740	1,786,740
<u>\$ 3,437,710</u>	<u>1,516,516</u>	<u>4,954,226</u>
\$ -	\$ 4,582	\$ 4,582
270,224	(270,224)	-
245,000	-	245,000
2,183,000	(2,183,000)	-
-	1,020,000	1,020,000
-	893,023	893,023
2,698,224	(535,619)	2,162,605
739,486	(739,486)	-
<u>\$ 3,437,710</u>		
	(126,283)	(126,283)
	<u>2,917,904</u>	<u>2,917,904</u>
	<u>\$ 2,791,621</u>	<u>\$ 2,791,621</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, 2006

	Capital Projects Funds			
	Drain 801.00	Drain Revolving 802.00	Sawyer Village Drainage District 803.02	Hollywood Road Retention Bonds 803.03
Expenditures / expenses				
Public works	\$ 997,275	\$ -	\$ -	\$ 274
Debt Service:				
Principal	529,241	-	30,000	20,000
Interest	-	-	5,360	14,703
Total expenditures / expenses	1,526,516	-	35,360	34,977
Program revenues				
Operating grants and contributions	650,207	30,000	38,097	32,012
Special assessments / capital grants and contributions	-	-	-	-
Total program revenues	650,207	30,000	38,097	32,012
Net program revenue	-	30,000	-	-
General revenues				
Interest	-	-	-	1,112
Other financing sources				
Proceeds from long-term debt	1,208,605	-	-	-
Revenue and other sources over (under) expenditures / change in net assets	332,296	30,000	2,737	(1,853)
Fund balances / net assets, beginning of year	216,128	-	14,423	145,755
Fund balances / net assets, end of year	\$ 548,424	\$ 30,000	\$ 17,160	\$ 143,902

Total	Adjustments	Statement of Activities
\$ 997,549	\$ (245,190)	\$ 752,359
579,241	(579,241)	-
20,063	-	20,063
<hr/> 1,596,853	<hr/> (824,431)	<hr/> 772,422
750,316	-	750,316
-	677,000	677,000
<hr/> 750,316	<hr/> 677,000	<hr/> 1,427,316
-	-	654,894
1,112	-	1,112
<hr/> 1,208,605	<hr/> (1,208,605)	<hr/> -
363,180	292,826	656,006
376,306	1,759,309	2,135,615
<hr/> \$ 739,486	<hr/> \$ 2,052,135	<hr/> \$ 2,791,621

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Net Assets and
Governmental Fund Balance Sheet
December 31, 2006

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and investments	\$ 884,375	\$ -	\$ 884,375
Notes receivable	706,597	-	706,597
Total assets	1,590,972	-	1,590,972
Liabilities			
Advances from other component unit	1,500,000	-	1,500,000
Fund balances			
Unreserved, undesignated	<u>\$ 90,972</u>	<u>(90,972)</u>	<u>-</u>
Net assets			
Unrestricted		<u>\$ 90,972</u>	<u>\$ 90,972</u>

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, 2006

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Charges for services	\$ 6,500	\$ -	\$ 6,500
Operating grants and contributions	10,917	-	10,917
Interest revenue	81,015	-	81,015
	<hr/>	<hr/>	<hr/>
Total revenues	98,432	-	98,432
Expenditures/expenses			
Health and welfare	52,828	-	52,828
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures / change in net assets	45,604	-	45,604
Fund balances/net assets			
Beginning of year	45,368	-	45,368
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 90,972</u>	<u>\$ -</u>	<u>\$ 90,972</u>

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, 2006

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Charges for services	\$ 6,000	\$ 6,500	\$ 500
Operating grants and contributions	390,000	10,917	(379,083)
Total revenues	396,000	17,417	(378,583)
Expenditures			
Health and welfare	467,207	52,828	(414,379)
Non-operating revenue			
Interest revenue	(71,207)	81,015	152,222
Net change in fund balance	(71,207)	45,604	116,811
Fund balance, beginning of year	45,368	45,368	-
Fund balance (deficit), end of year	\$ (25,839)	\$ 90,972	\$ 116,811

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Statement of Net Assets
December 31, 2006

	<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	\$ 131,755	\$ 132,920	\$ 264,675
Long-term assets:			
Notes receivable	-	1,090,219	1,090,219
Advance to other component unit	-	1,500,000	1,500,000
	<u>131,755</u>	<u>2,723,139</u>	<u>2,854,894</u>
Liabilities			
Long-term liabilities:			
Advances from primary government	-	1,500,000	1,500,000
	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>
Net Assets			
Unrestricted:			
Undesignated	<u>131,755</u>	<u>1,223,139</u>	<u>1,354,894</u>
	<u>\$ 131,755</u>	<u>\$ 1,223,139</u>	<u>\$ 1,354,894</u>

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Statement of Activities
For the Year Ended December 31, 2006

	<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	\$ 13,075	\$ 58,416	\$ 71,491
Program revenues			
Charges for services	<u>23,416</u>	<u>1,054</u>	<u>24,470</u>
Net (expense) revenue	10,341	(57,362)	(47,021)
General revenues			
Interest revenue	<u>-</u>	<u>20,280</u>	<u>20,280</u>
Change in net assets	10,341	(37,082)	(26,741)
Net assets, beginning of year	<u>121,414</u>	<u>1,260,221</u>	<u>1,381,635</u>
Net assets, end of year	<u><u>\$ 131,755</u></u>	<u><u>\$ 1,223,139</u></u>	<u><u>\$ 1,354,894</u></u>

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Combining Statement of Net Assets
Enterprise Funds
December 31, 2006

	Small Cities Block Grant 289.00	Brownfield Redevelopment Authority Loan Fund 289.03	Revolving Loan Fund 691.00	Total
Assets				
Cash and cash equivalents	\$ 119,874	\$ -	\$ 13,046	\$ 132,920
Notes receivable	1,063,702	-	26,517	1,090,219
Advance to other component unit	-	1,500,000	-	1,500,000
Total assets	1,183,576	1,500,000	39,563	2,723,139
Liabilities				
Advances from primary government	-	1,500,000	-	1,500,000
Net assets, unrestricted	\$ 1,183,576	\$ -	\$ 39,563	\$ 1,223,139

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, 2006

	Small Cities Block Grant 289.00	Brownfield Redevelopment Authority Loan Fund 289.03	Revolving Loan Fund 691.00	Total
Operating revenue				
Interest on loans	\$ -	\$ -	\$ 1,054	\$ 1,054
Operating expense				
Community development	46,888	-	11,528	58,416
Operating loss	(46,888)	-	(10,474)	(57,362)
Non-operating revenue				
Interest revenue	20,280	-	-	20,280
Change in net assets	(26,608)	-	(10,474)	(37,082)
Net assets, beginning of year	1,210,184	-	50,037	1,260,221
Net assets, end of year	\$ 1,183,576	\$ -	\$ 39,563	\$ 1,223,139

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2006

	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	\$ 37,134	\$ -	\$ 12,235	\$ 49,369
Cash payments to suppliers for goods and services	(46,888)	-	(11,528)	(58,416)
Net cash provided (used) by operating activities	(9,754)	-	707	(9,047)
Cash flows from investing activities				
Investment income	20,280	-	-	20,280
Net increase in cash and cash equivalents	10,526	-	707	11,233
Cash and cash equivalents, beginning of year	109,348	-	12,339	121,687
Cash and cash equivalents, end of year	\$ 119,874	\$ -	\$ 13,046	\$ 132,920
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating loss	\$ (46,888)	\$ -	\$ (10,474)	\$ (57,362)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Decrease in notes receivable	37,134	-	11,181	48,315
Net cash provided (used) by operating activities	\$ (9,754)	\$ -	\$ 707	\$ (9,047)



REHMANN ROBSON

Certified Public Accountants

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BAKER TILLY
INTERNATIONAL

_____, 2007

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

We have audited the financial statements of the County of Berrien for the year ended December 31, 2006, and have issued our report thereon dated _____, 2007. 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 January 30, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Berrien County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion 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 Berrien 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 Berrien 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 Berrien County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Berrien County's compliance with those requirements.

Significant Accounting Policies

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

Accounting Estimates

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

- Management's estimate of the useful lives of depreciable fixed assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- 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. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.
- 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 and assumptions used to develop the allowance for uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the County that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We identified several audit adjustments, all of which were recorded by the County. In our judgment, these adjustments had a significant effect on Berrien County's financial reporting process.

Disagreements with Management

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

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of 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.

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

This letter and the accompanying memorandum are intended for the use of the Board of Commissioners, management, 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.

Very truly yours,

A handwritten signature in cursive script that reads "Lehmann Johnson". The signature is written in black ink and is positioned to the right of the closing text.

County of Berrien, Michigan

Comments and Recommendations

For the Year Ended December 31, 2006

In planning and performing our audit of the financial statements of Berrien County as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. However, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses, which are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report

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

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

Reporting Procedures for Employee Concerns

The County has a responsibility to its employees and residents to ensure that concerns regarding procedures and potentially unethical behavior are being heard and appropriately addressed by management. During our inquiry of County employees regarding fraud risk, several individuals expressed concern that they were not aware of a clear path to follow if their direct supervisor were not to respond to their concerns regarding departmental procedures and/or potential fraudulent behavior they have witnessed. This condition increases the risk to County resources because management may not receive reports of problems or concerns that employees have with established procedures. In addition, employees could feel frustrated at the lack of a reporting structure and may not report unethical behaviors they have witnessed. This condition appears to be the result of the County lacking a formally established and clearly communicated reporting model for employee concerns.

County of Berrien, Michigan

Comments and Recommendations

For the Year Ended December 31, 2006

We recommend that management implement a County-wide system by which employees could report their concerns with established procedures and potential weaknesses in internal controls. Furthermore, management should inform all employees of the new reporting system and designate a team of individuals to follow-up on the concerns reported by employees.

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 three years, the County's system for tracking outstanding special 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. Not only is this inefficient, but it significantly increases the potential for error in calculating ending balances. We again recommend that the County make improving this system a priority in 2007.

Bank Account Reconciliation Process

The Michigan Department of Treasury has recently issued guidance re-emphasizing its position as stated in the *Uniform Accounting Procedures Manual* that local units of government are required to prepare bank reconciliations for all cash accounts monthly. Auditors are now required to report to the Local Audit and Finance Division whether all bank reconciliations examined in connection with our audit were performed timely (i.e., within six weeks of each month end). In addition, to ensure good internal controls, bank reconciliations should be reviewed by a responsible official and both the preparer and the reviewer should initial and date the reconciliation as evidence.

During the course of our audit procedures related to cash, we noted that there is no documentation for the approval of bank reconciliations. Bank reconciliations are being completed at the staff level and then are reviewed by the Director of Financial Services as a part of the monthly closing process. However, there is no written evidence of this approval. In order to strengthen controls in this area, we recommend that both the preparer and reviewer initial and date all bank reconciliations as evidence of preparation and approval. The "off-books" cash accounts that belong to the District Court should also be reconciled in a timely manner and reflect the same evidence of preparation and review.

Employee Pension Interest Calculation

The County administers a defined contribution pension plan for its employees and calculates each year the interest earned by employees on their contributions. Currently the interest is calculated at year end by taking the prior years' contributions and interest earned, adding the current year contributions and multiplying it by 2.5%. While the percentage is consistent with the pension ordinance, the method is not. According to Article XIV of the pension ordinance, "Interest shall be credited to each individual contribution account once annually as of December 31. The amount of interest shall be 2.5% of the balance in the account as of the preceding January 1". In other words, the County is calculating interest on the year end balance instead of the beginning of the year balance. In order to comply with the ordinance, we recommend that correct its interest calculation method.

* * * * *