

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

| | | | | | | | |
|--------------|---------------|-----------------|-----|-------------|------------|----------|----------|
| Unit Name | Bay County | County | BAY | Type | COUNTY | MuniCode | 09-0-000 |
| Opinion Date | June 25, 2008 | Audit Submitted | | Fiscal Year | 12/31/2007 | | |

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

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

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

| | |
|----------------------------|---------------------------------------|
| General Fund Revenue: | <input type="text" value="28660603"/> |
| General Fund Expenditure: | <input type="text" value="27373648"/> |
| Major Fund Deficit Amount: | <input type="text" value="N/A"/> |

| | |
|--|---------------------------------------|
| General Fund Balance: | <input type="text" value="6370226"/> |
| Governmental Activities Long-Term Debt (see instructions): | <input type="text" value="26646335"/> |

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

| | | | | | |
|--------------------|---------------------------|-----------------------|----------------|--------------------------|--|
| CPA (First Name) | Gerald | Last Name | Desloover | Ten Digit License Number | 1101007126 |
| CPA Street Address | 5800 Gratiot, PO Box 2025 | City | Saginaw | State | MI Zip Code 48605 Telephone (989) 799-9580 |
| CPA Firm Name | Rehmann Robson | Unit's Street Address | 515 Center Ave | City | Bay City Zip Code 48708 |

Bay County, Michigan



Comprehensive Annual Financial Report

Year Ended December 31, 2007

**BAY COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended December 31, 2007
Prepared by Bay County Finance Department
(With Independent Auditors' Report Thereon)**

BAY COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1-7 |
| List of Principal Officers | 8 |
| Organizational Charts | 9-13 |
| GFOA Certificate of Achievement | 14 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 15-16 |
| Management's Discussion and Analysis | 17-33 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 34 |
| Statement of Activities | 35-36 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 37 |
| Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets | 38 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 39 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 40 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual | |
| General Fund | 41 |
| Mosquito Control Fund | 42 |
| 911 Service Fund | 43 |
| Division on Aging Fund | 44 |
| Revenue Sharing Reserve Fund | 45 |
| Statement of Net Assets – Proprietary Funds | 46 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds | 47 |
| Statement of Cash Flows – Proprietary Funds | 48-49 |
| Statement of Fiduciary Net Assets – Fiduciary Funds | 50 |
| Statement of Changes in Fiduciary Net Assets | 51 |
| Combining Statement of Net Assets – Component Units | 52 |
| Combining Statement of Activities – Component Units | 53-54 |
| Notes to Basic Financial Statements | 55-103 |

BAY COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

| FINANCIAL SECTION, CONTINUED | <u>PAGE</u> |
|---|-------------|
| Required Supplementary Information | |
| Employees' Retirement System Pension Information | 104 |
| Other Supplementary Information | |
| Non-major Governmental Funds | |
| Combining Balance Sheet | 105-106 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 107-108 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Funds: | |
| Friend of the Court | 109 |
| Health Department / District Health | 110 |
| Gypsy Moth Control | 111 |
| Public Improvement | 112 |
| Register of Deeds Automation | 113 |
| Local C.F.O. Training | 114 |
| Drug Law Enforcement | 115 |
| Law Library | 116 |
| Community Corrections | 117 |
| Home Rehabilitation | 118 |
| Social Welfare | 119 |
| Social Services Protective Services | 120 |
| Child Care | 121 |
| Child Care / Social Services | 122 |
| Soldiers' Relief | 123 |
| Veterans' Trust | 124 |
| Donald C. Pero Wildlife Restoration | 125 |
| Historical Preservation | 126 |
| Building Authority Debt Service Fund | 127 |

BAY COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| Non-Major Enterprise Funds | |
| Combining Statement of Net Assets | 128 |
| Combined Statement of Revenues, Expenses and Changes in Fund Net Assets | 129 |
| Combining Statement of Cash Flows | 130-131 |
| Internal Service Funds | |
| Combining Statement of Net Assets | 132 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Assets | 133 |
| Combining Statement of Cash Flows | 134-135 |
| Fiduciary Funds | |
| Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds | 136 |
| Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds | 137 |
| Combining Statement of Plan Net Assets – Employee Pension and Other Benefit Trust Funds | 138 |
| Combining Statement of Changes in Plan Net Assets – Employee Pension and Other Benefit Trust Funds | 139 |
| Combining Balance Sheet – Agency Funds | 140 |
| Combining Statement of Changes in Assets and Liabilities – Agency Funds | 141-142 |
| Component Unit | |
| Statement of Net Assets and Governmental Fund Balance Sheet – Library System | 143 |
| Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance – Library System | 144 |

BAY COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

STATISTICAL SECTION

| | <u>PAGE</u> |
|---|-------------|
| Net Assets by Component | 145 |
| Changes in Net Assets | 146 |
| Governmental Activities Tax Revenue by Source | 147 |
| Fund Balances of Governmental Funds | 148 |
| Changes in Fund Balances of Governmental Funds and General Governmental Tax Revenues by Source | 149 |
| Assessed Value and Estimated Actual Value of Taxable Property | 150 |
| Property Tax Rates Direct and Overlapping Governments | 151 |
| Principal Property Taxpayers | 152 |
| Property Tax Levies and Collections | 153 |
| Ratio of Outstanding Debt by Type | 154 |
| Ratios of General Bonded Debt Outstanding | 155 |
| Direct and Overlapping Governmental Activities Debt | 156 |
| Legal Debt Margin Information | 157 |
| Pledged-Revenue Coverage | 158 |
| Demographic and Economic Statistics | 159 |
| Principal Employers | 160 |
| Full-time Equivalent Bay County Employees by Function | 161 |
| Operating Indicators by Function | 162 |
| Capital Asset Statistics by Function | 163 |

I. INTRODUCTORY SECTION

The Introductory Section contains:

- **Letter of Transmittal**
- **List of Principal Officers**
- **Organizational Chart**
- **Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting**

THOMAS L. HICKNER
Bay County Executive

Michael J. Regulski CGFM
Finance Officer

Finance Department
7th Floor
Bay County Building
515 Center Avenue, Suite 701
Bay City, MI 48708-5128



Accounting/Purchasing
Michael J. Regulski CGFM
regulskim@baycounty.net

Budget/Grants
Kim Priessnitz
priessnitzk@baycounty.net

Payroll/Benefits
Susan J. Gansser
ganssers@baycounty.net

TEL (989) 895-4030
TDD (989) 895-4049
FAX (989) 895-4039

June 25, 2008

Bay County Board of Commissioners and
Citizens of Bay County, Michigan:

The Comprehensive Annual Financial Report (CAFR) of Bay County, Michigan, for the calendar year ended December 31, 2007, is hereby submitted. In accordance with State Law, re: Public Act 34 of 2001, the revised Municipal Finance Act, Section 141.2303 (1) requires each municipality within the state of Michigan to file an audit report annually with the Michigan Department of Treasury within 6 months from the end of its fiscal year or as otherwise provided in the Uniform Budgeting and Accounting Act, 1968 PA 2, MCL 141.421 to 141.440a. This report was prepared by the Bay County Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the county. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government based upon a comprehensive framework of internal control that has been established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Michigan law requires an annual audit of the county's financial statements. The Bay County Board of Commissioners had engaged Rehman Robson CPAs & Consultants, Independent Auditors, for this purpose. The independent auditors' unqualified ("clean") opinion has been included at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

ORGANIZATIONAL STRUCTURE

County government is the largest unit of local government in Michigan and is also the oldest political subdivision of the state, having attained stature and importance before any other form of government now in existence. Also, it is the only form of government in the United States which is directly answerable to the people it governs. Unlike other forms of government in the cities and states, all major departments and offices are administered by men and women elected by and responsible to the people for their every action.

Bay County, Michigan, incorporated in 1857, is located approximately 100 miles north of Detroit in the mid-eastern part of the state on the shores of the Saginaw Bay. It occupies 444 square miles and currently serves a population of 107,517. In terms of population, this ranks Bay County as the 19th largest of 83 counties in the state of Michigan. Bay County is empowered to levy a property tax on real, personal and industrial property located within its boundaries.

Pursuant to Act 139 of Public Acts of 1973 (as amended by PA 100 of 1980), the voters of Bay County elected the optional Unified Form of County Government in November of 1978. The form of government established in 1978 is also known as the "county executive" form of government. The Board of Commissioners exercises the legislative power of the county and determines all matters of policy. The Board of Commissioners is composed of nine commissioners who are elected from their respective districts. Each commissioner serves a term of two years. The county executive is the head of the administrative branch of the county government and is elected at large for a four-year term. The judicial branch of government consists of three Circuit Court judges, three District Court judges, and one Probate Court judge. All judges are elected at large for a six-year term. The Circuit and District Court judges are elected on two-year, staggered terms. The offices of prosecuting attorney, sheriff, county clerk, treasurer, register of deeds, and drain commissioner are elected at large and serve for a four-year term.

Bay County provides a wide range of services, including public safety, health and welfare services, community and economic development, and recreational and cultural activities. Certain financing and oversight services on the construction of Bay County public buildings are provided through a component unit, a legally separate building authority, which functions, in essence, as a department of Bay County, and therefore has been included as an integral part of Bay County's financial statements. Bay County is also financially accountable for services provided by other legally separate component units of Bay County. These services include the construction and maintenance of the county's system of roads and bridges by the Bay County Road Commission; the providing of services and materials to satisfy the educational, personal, and professional interest of the community by the Bay County Library System, and water supply and wastewater disposal services are provided by the Bay County Department of Water and Sewer. In addition, the Bay County Drain Commission provides for the construction and maintenance of drainage districts throughout Bay County; the Bay Area Narcotics Enforcement Team combats the proliferation of narcotic trafficking in the eastern mid-Michigan area; and the Bay County Economic Development Corporation provides the means and methods to strengthen and revitalize the economy of Bay County all of which are reported separately within Bay County's financial statements. Additional information on all seven of these legally separate entities can be found in the notes to the financial statements (see note I.A.) The Bay-Arenac Intermediate School District, Bay County Historical Society and Bay County Fair and Youth Exhibition did not meet the basic established criteria for inclusion and are not included in the report.

Bay County prepares, adopts and maintains budgetary controls on an annual basis. Governmental fund types of Bay County are under formal budgetary control. Activities of the General Fund, Special Revenue Funds and Debt Service funds are included in the annual appropriated budget. The level of budgetary control; that is, the level at which expenditures cannot legally exceed the appropriated amount, is established on a categorical basis by function and activity within an individual fund. Capital Project funds are budgeted by project. Enterprise funds and Internal Service funds, which are Proprietary funds, and the Pension Trust Fund, Health Care Trust fund and Private Purpose Trust funds, which are Fiduciary funds, are also subject to budgetary controls and are budgeted on a categorical basis. The County's procedures in establishing its annual budget are as follows:

- In June of each year, budget packages are mailed to all County elected officials and department/division heads, outlining the procedures for requesting appropriations for the subsequent budget year.
- In August of each year, the County Executive and Finance Officer hold budget hearings with all elected officials and department/division heads, to obtain additional information regarding their budget requests.
- On October 1 preceding the beginning of the next fiscal year, in accordance with the provisions of the state of Michigan PA 139 of 1963, as amended by PA 100 of 1980 (the Unified Form of County Government Act), and in conformance with Act 2, PA 1968, as amended by Public Act 621 of 1978, (the Uniform Budgeting and Accounting Act), the Finance Department prepares and the County Executive submits a proposed operating budget to the Board of Commissioners Ways and Means Committee for review and subsequent adoption by the County Board of Commissioners.
- Subsequent to the County Executive submitting the proposed budget to the Board of Commissioners, a public hearing is conducted to obtain taxpayer comments. The Board of Commissioners then makes any amendments to the budget it deems necessary and adopts the same by formal resolution prior to December 31.

The Board of Commissioners is authorized to make adjustments to the various budgets as deemed necessary. Elected officials and department/division heads are authorized to amend budgets under their control subject to the provisions of Paragraph 10 of the County's General Appropriation Budget Act Resolution. Bay County prepares and issues separate from the CAFR a report on budget amounts compared to actual at the legal level of budgetary control.

ECONOMIC CONDITION AND OUTLOOK

The 2000 population census identified the population of Bay County to be 110,157. The decrease in the population during the 1990s has slowed to 19 percent of the decrease during the 1980s. As of July 1, 2007 the population of Bay County has declined to an estimated 107,517 or a 2.4 percent reduction from the 2000 census. It is hopeful this declining trend will reverse itself through the latter part of the current decade based upon the level and diversity of business developments.

As the result of the trade, service, finance, and agricultural industries, the economic condition and outlook of the county is stable, as it has been for the past several years. Most recently, the county's state equalized values (SEV) of real property have increased 4.16%, 3.91% and 2.83% for 2005, 2006 and 2007 respectively. For 2008 Bay County is projecting an increase of \$17,490,373 or 0.54% in state equalized values of real property which total \$3,229,798,886. The state equalized value of personal property increased by 3.41% in 2007 after a slight decrease of 0.48% in 2006 and an increase of 2.64% in 2005. Bay County, for 2008, is projecting a minor decrease of 0.02% or \$51,450 reduction in the SEV of personal property which totals \$263,457,400. In total, the County's SEV for both real and personal property is projected to increase 0.49% or \$17,056,723 to \$3,493,256,286. In addition, for 2008, Bay County is projecting \$44,479,957 in equivalent SEV on the full and one-half (½) rate industrial tax rolls.

The average unemployment rate for Bay County for the year ended December 31, 2007, was 6.7%. This compares favorably with Bay County's rate as of December 31, 2006, of 6.9% and unfavorably with the December 31, 2007, average nationwide rate of 4.6%, and favorably with the 2007 statewide rate of 7.2%.

Total listings of commercial and residential property sold in 2007 by Bay County real estate agents was 1,517 with a total sales value of \$137,465,843, with the average price of these transactions being \$90,796. These figures represent an increase of 2.03% and a decrease of 7.13%, respectively, compared to 2006 sales valued at \$134,724,762, with an average price of transactions of \$97,768. Bay County's average residential sales price in 2007 decreased 9.8% to \$92,756 from the 2006 average residential sales price of \$102,789.

Since the manufacturing and farming sectors of Bay County's economy face increased competition, the county must look to its natural resources to maintain a strong and vigorous economy. The Saginaw River, which flows the entire length of Bay County, is one of Michigan's most important commercial ports. There are 28 commercial ports located along the river between the city of Saginaw and Saginaw Bay. The state's only direct export grain terminals are also located on the river. The hinterland served by the Saginaw River port is the largest of Michigan's 38 cargo ports. While most waterborne commerce on the river consists of United States domestic and Canadian trades, direct overseas shipments also occur each year.

Boating is also big business on the Saginaw Bay and Saginaw River. In 2007 there were 827,869 boats registered in Michigan, with more than 50 percent of them being within 100 miles of the Saginaw Bay. Bay County has 9,653 registered boats, which equates to 1.17% of all registered boats in the state. The Saginaw River was the host for a very large national boat race in 2007, namely the Dobson Bay City River Roar, an outboard grand prix. This race, which attracts between 25,000 and 40,000 people annually, has been held for the past 20 years and all signs point to a continuation of this race in future years. Over the years, to accommodate the large number of fishermen and pleasure boaters, Bay County constructed and operates a 56-campsite campground inclusive of six camping cabins and a boat launch. In addition, a 98 slip marina was developed cooperatively by Bay County and Bay City and the county developed 3 additional boat launches with a total of 15 ramps.

MAJOR INITIATIVES

Over the past 30 years Bay County has been a leader in developing a productive fishery in the Saginaw Bay area. It is through a cooperative effort with the Michigan Department of Natural Resources, that over 20 million walleye fingerlings have been planted. In 2007, no fingerlings were planted in the Saginaw Bay due to the wild class levels being reached.

This effort has produced a nationally recognized trophy walleye population and has attracted the following major fishing tournaments which generated great media exposure:

- Infisherman Professional Walleye Trail Mercury Championship
- RCL Operation National Walleye Tournament
- Michigan Walleye Tour championship

Another fishery which is being recognized is the Saginaw Bay bass population. This fish is also a tournament draw, specifically the Michigan Bass Federation State Tournament held in 2006, in addition to several regional events held in Bay County annually. The Saginaw Bay is a very fertile body of water. The fishery for bass and walleye will continue to expand, along with the

perch, catfish, white bass, northern pike, carp, suckers, etc. Sport fishing has a seemingly unlimited future.

Consumers Energy plans on constructing a new \$2 billion, 800-megawatt, coal fired power plant at its Karn-Weadock facility in Bay County's Hampton Township. Hampton Township is prepared to offer the maximum 50% tax abatement on Consumers Energy's investment for twelve years. The estimated completion date is 2015. It is anticipated to create 1,800 construction jobs and 80 permanent new jobs. The construction is expected to have a direct economic impact of \$549 million in Michigan, including \$298 million in Bay, Midland and Saginaw counties. The direct and indirect economic impact of the construction is estimated to be \$1.2 billion in Michigan, including \$500 million for the tri county area. The plants ongoing operations economic impact is estimated to be \$51 million annually for the state and \$39 million for the three county area.

MBS International Airport, which is owned by Bay County and the cities of Saginaw and Midland, plans on making nearly \$50 million in capital improvements between 2008 and 2012, in order to keep pace with its competitors. The projects in the plan include construction of a new terminal, taxiway, apron and access road, land acquisition, wetlands mitigation, security equipment, fencing and an extension and improvement to the airfield perimeter service road. Funding for the plan is anticipated to be \$34.3 million from the federal government, \$976,350 from the state, more than \$10 million locally and \$4.1 million from passenger facility charges.

Fabiano Brothers Inc., a beverage distributor, plans on investing \$16 million on the construction of a 200,000 square foot distribution center complete with new corporate offices in the Market Place Corporate Center located in Bay County's Monitor Township. The building plans call for indoor parking for executives, an electric security gate, a built in truck wash, a recycling center, a large indoor cooler and a drive through loading bay. Public commitment to pave the way for the construction will come from Monitor Township Downtown Development Authority capturing \$2 million in taxes to help pay for the infrastructure costs. This investment could bring as many as 300 jobs to Bay County and act as a catalyst for attracting other businesses.

FINANCIAL INFORMATION

General Fund Fund Balance

The unreserved, undesignated fund balance of the General Fund represents the excess of assets over liabilities, less reserves and designations. The 2006 unreserved, undesignated General Fund fund balance of \$2,296,325 increased by \$380,408 to \$2,676,734 in 2007, which represents 7.97 percent of the adopted 2008 general fund operating budget.

Relevant Financial Policies

In accordance with the county's General Financial Policy which mandates the General Fund to establish and maintain a reserve for a long-term advance to the Budget Stabilization Fund at a minimum of 5 percent to a maximum of 10 percent of the General Fund's current year adopted operating budget, the Board of Commissioners have funded the Budget Stabilization Fund by authorizing advances of \$600,000 in 1993; \$482,581 in 1995; \$176,624 in 1997; \$71,562 in 1999; \$75,829 in 2000; \$374,175 in 2001; and \$18,819 in 2002 bringing the total General Fund advance to the Budget Stabilization Fund to \$1,799,590, which is equal to 5.40 percent of the adopted 2007 *General Fund Operating Budget*. If funds are available, additional advances will be provided in the future. The Budget Stabilization Fund can be used to cover a General Fund

fund deficit, to prevent a reduction in the level of public services or in the number of employees where revenues are not sufficient to cover expenditures, or to cover expenditures arising because of a natural disaster to the extent that such expenditures are not covered by federal or state funds.

The 100% Tax Payment Fund Policy, which governs transfers from the 100% Tax Payment Fund to the General Fund, mandates that a reserve in an amount equal to 10% of the total amount of the most recent delinquent tax settlement with the local taxing units be established within the 100% Tax Payment Fund and that the funds in the reserve shall only be used if necessary to meet the last annual delinquent tax settlement obligations to the local taxing units.

Cash balances are invested according to the Statement of Investment Policy adopted by the Board of Commissioners. The Board of Commissioners has authorized the Bay County Treasurer to invest surplus funds of the county in accordance with those investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, M.C.L. 129.91. The Act generally allows the county to deposit funds in banks, savings and loan associations, and credit unions in the state of Michigan. The act also provides for investments in U.S. government obligations; certificates of deposit, savings accounts and deposit accounts of banks, savings and loans, and credit unions who are members of the FDIC, FSLIC, and NACU, respectively; commercial paper; U. S. government or federal agency obligation repurchase agreements; bankers' acceptances of United States banks; and, with some restrictions, mutual funds.

Employees' Retirement System Fund

In 2007 the Bay County Employees' Retirement System experienced a 4.37% increase in its net assets held in trust for pension benefits. The net assets increased from \$243,583,712 as of December 31, 2006 to \$254,228,599, or a \$10,644,887 increase. The system's funded ratio is 125.2% as of December 31, 2006.

Public Employees' Health Care Fund

In 2001, Bay County established and initiated funding the Bay County Voluntary Employees' Beneficiary Association (VEBA), a tax-exempt trust under section 501(c)(9) of the Internal Revenue Code of 1986, as amended and pursuant to the state of Michigan, Public Employee Healthcare Fund Investment Act, Public Act 149 of 1999. The purpose of the VEBA is to provide for medical or other benefits for retired employees of the employer, their spouses and dependents. In 2007 the Public Employees' Health Care Fund experienced a 11.85% increase in its net assets held in trust for medical or other benefits for retired employees. The net assets increased from \$19,939,626 as of December 31, 2006 to \$22,301,785 or a \$2,362,159 increase. As of December 31, 2007 the Public Employees Health Care Fund has not begun paying benefits because its funding status is below the minimum required to enable the fund to begin paying benefits. The funds funded ratio is 32.25% as of December 31, 2006.

OTHER INFORMATION

Risk Management

Bay County, through the Michigan Municipal Risk Management Authority (MMRMA) is self-insured for property, general, inland marine, crime, auto liability, and bonds. In addition, the county is self-insured in the areas of workers' compensation, sickness and accident, unemployment compensation and employee/retiree health care.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bay County, Michigan, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2006. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Bay County, Michigan, has received a Certificate of Achievement for the last eighteen consecutive years ended 1989 through 2006. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are again submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and other county departments, and the various elected and appointed officials. We would like to express our appreciation to everyone who assisted in and contributed to the preparation of this report. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the county in a responsible and progressive manner.

Sincerely,



Bay County Executive Office
Thomas L. Hickner
County Executive



Bay County Finance Department
Michael J. Regulski CGFM
Finance Officer

THE BOARD OF COMMISSIONERS

KIM COONAN
CHAIRMAN

EUGENE F. GWIZDALA
VICE CHAIRMAN

PATRICK H. BESON
SERGEANT AT ARMS

VAUGHN J. BEGICK
ERNIE KRYGIER
DAWN A. KLIDA

DONALD J. TILLEY
BRIAN K. ELDER
RICHARD L. BYRNE

ADMINISTRATION

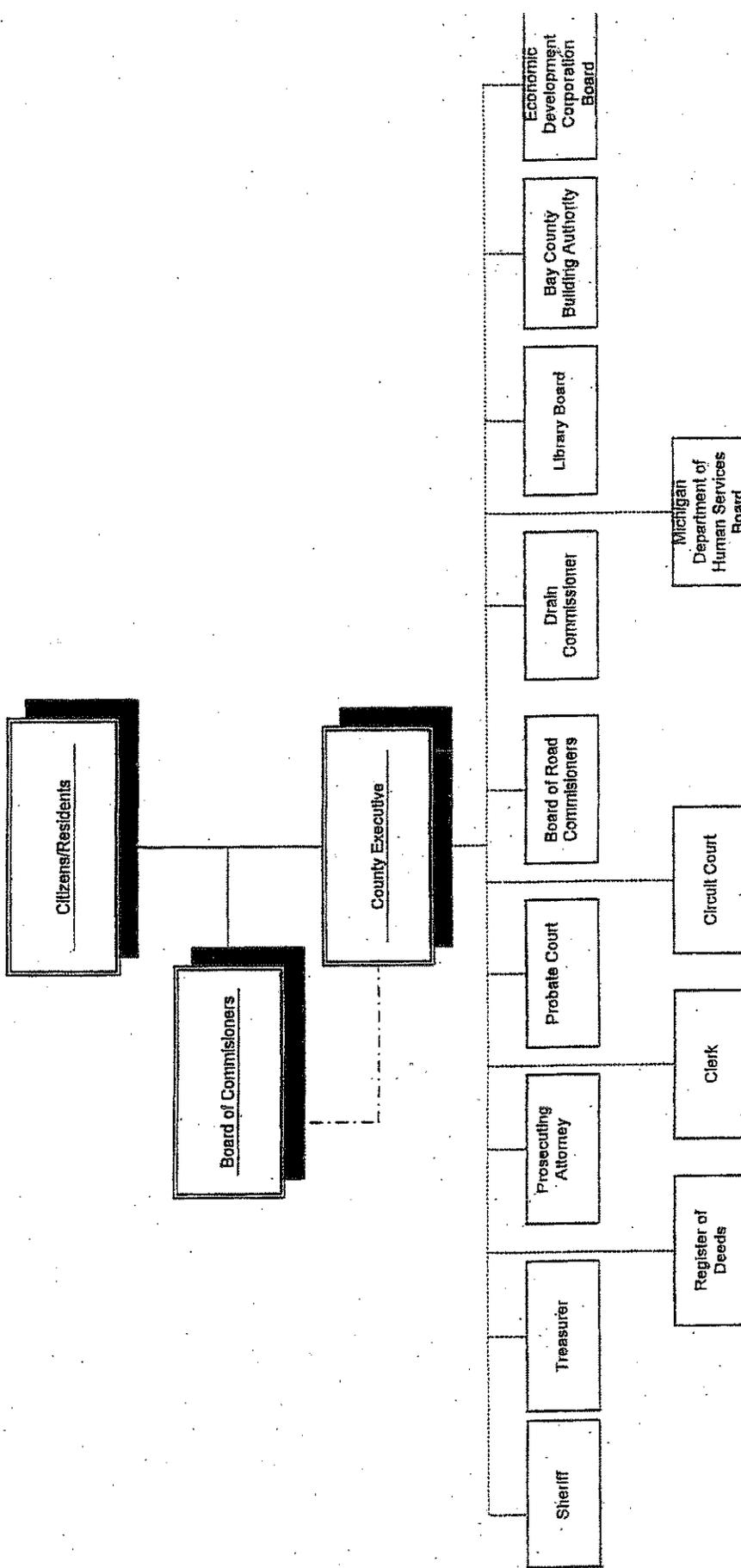
THOMAS L. HICKNER
COUNTY EXECUTIVE

MICHAEL J. REGULSKI CGFM
FINANCE OFFICER

INDEPENDENT AUDITORS

REHMANN ROBSON

Bay County Organizational Chart



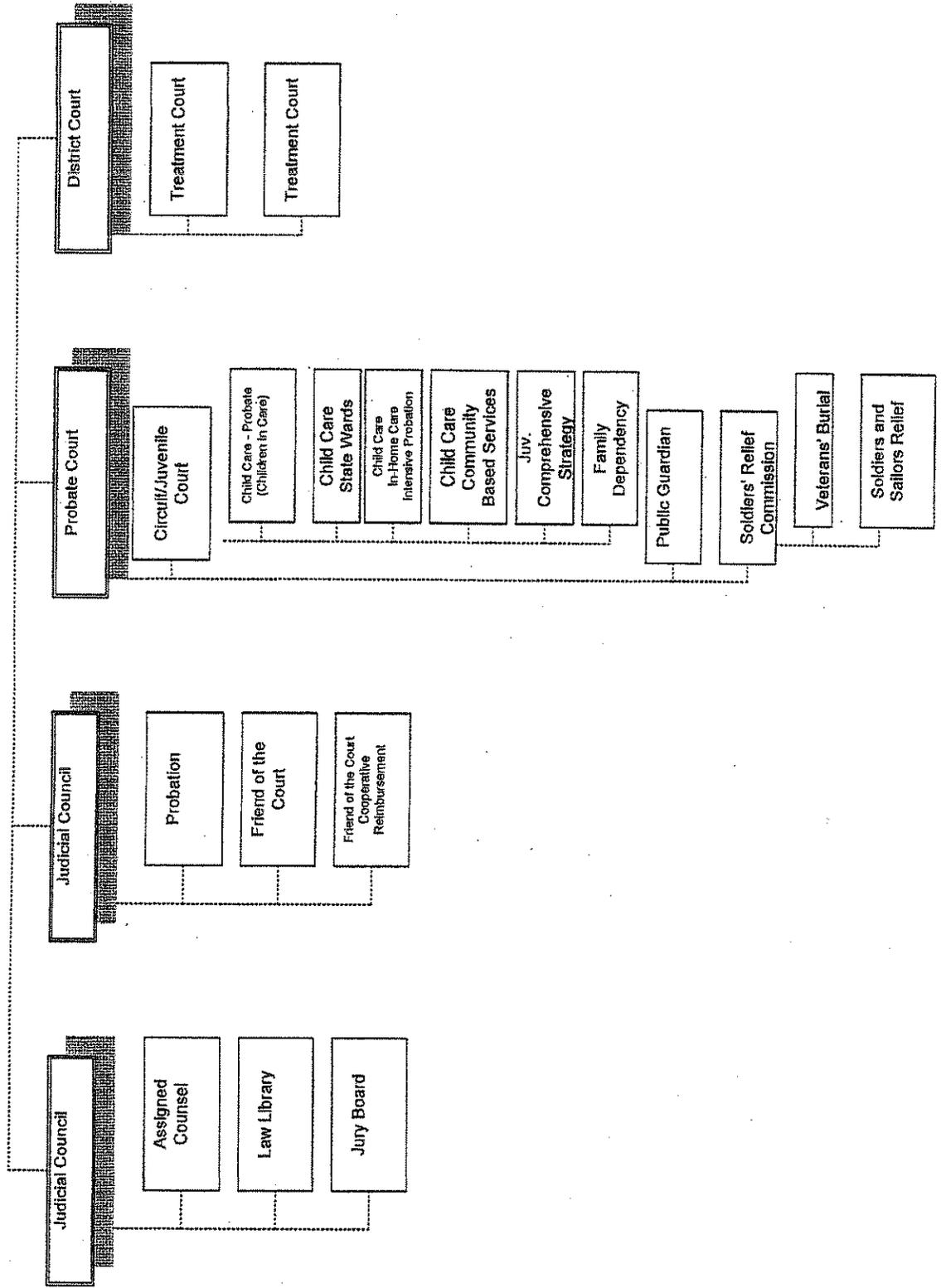
Legend:

Direct Control of County Executive _____

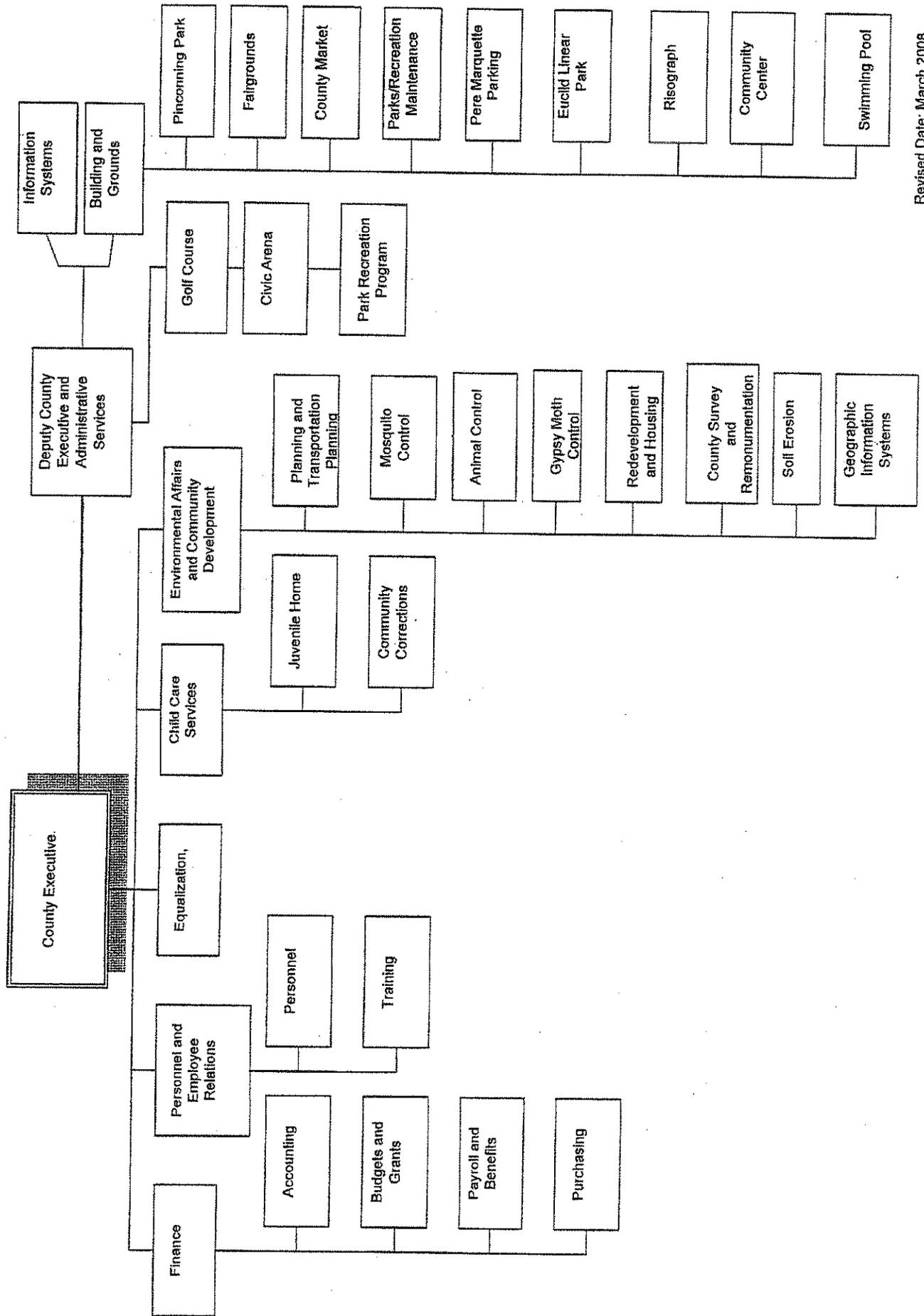
Coordinate Budget/Personnel, etc.

Legislative Coordination - - - -

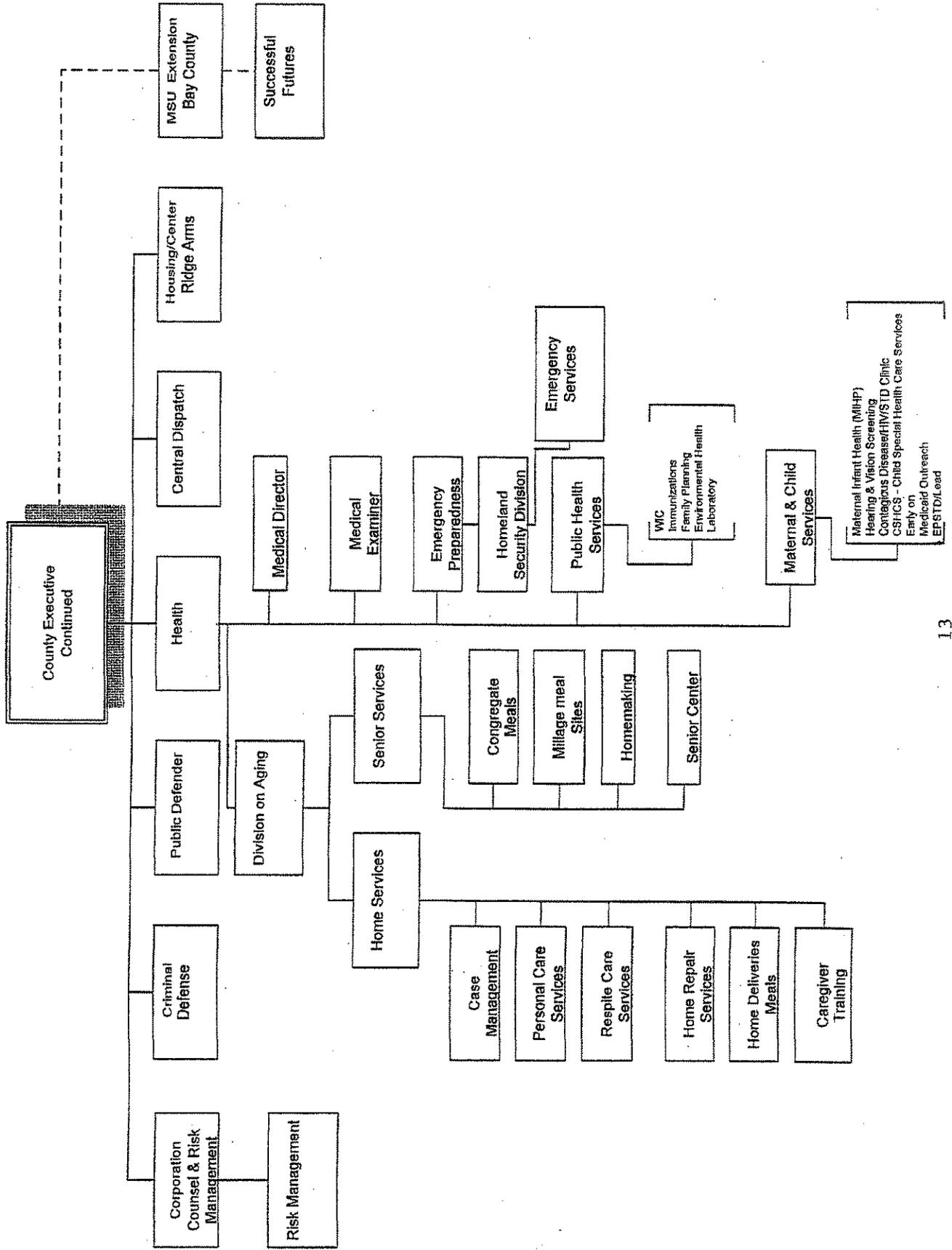
Bay County Organizational Chart Courts



Bay County Organizational Chart County Executive



Bay County Organizational Chart County Executive(Continued)



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Bay County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director

II. FINANCIAL SECTION

The Financial Section contains:

- **Independent Auditors' Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Notes to Basic Financial Statements**
- **Supplementary Financial Information**



INDEPENDENT AUDITORS' REPORT

June 25, 2008

Board of Commissioners
County of Bay
Bay City, 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 Bay, Michigan**, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **County of Bay** management's. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bay County Housing Fund and the Medical Care Facility, which are major fund opinion units; the financial statements of the Bay County Road Commission Component Unit, which represents 62.12% of the assets and 51.18% of the revenues of the aggregate discretely presented component units; and the financial statements of the Bay County Department of Water and Sewer, which represents 22.01% of the assets and 18.86% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing fund, Road Commission and Department of Water and Sewer, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Bay, Michigan**, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons of the General Fund and major special revenue funds for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also separately issued our report dated June 25, 2008, on our consideration of the **County of Bay, 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.

The Management's Discussion and Analysis and the historical pension supplementary information for the Employees Retirement System listed in the table of contents, are not required parts of the basic financial statements but is 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **County of Bay, Michigan's** basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables, as listed in the table of contents, have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Management's Discussion and Analysis

As management of **Bay County, Michigan**, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the accompanying basic financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$72,711,125 (*net assets*). Of this amount, \$23,722,400 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,483,249.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$21,781,067, an increase of \$212,629 in comparison with the prior year. Approximately 39.39% of this total amount, or \$8,580,211, is *available for spending* at the government's discretion (*unreserved fund balance*). This amount is inclusive of both the *unreserved – designated* amount, which has been designated based upon either County policy or for a specific purpose, and the *unreserved – undesignated* amount.
- At the end of the current fiscal year, the general fund's unreserved – undesignated fund balance was \$3,806,382 or 13.91% of total general fund expenditures. Total fund balance for the general fund was \$6,370,226.
- The County's total debt decreased by \$4,455,531 or 9.65% during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments and accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, and recreation and culture. The business-type activities of the County include the 100% Tax Payment Fund, Delinquent Property Tax Foreclosure, Medical Care Facility, Public Golf Course, Housing, and Commissary Operations.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Road Commission, a legally separate Economic Development Corporation, a legally separate Department of Water and Sewer, a legally separate Drain Commission, a legally separate Library System, and a legally separate Bay Area Narcotics Enforcement Team for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. Financial statements for the Road Commission, Department of Water and Sewer, and the Drain Commission were issued separately from the County and other component units. The Bay County Building Authority, although 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.

The government-wide financial statements can be found on pages 34-36 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Mosquito Control Fund, Division on Aging Fund, 911 Service Fund, Budget Stabilization Fund and Revenue Sharing Reserve Fund, each of which are considered to be major funds. Data from the other 20 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.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 37-45 of this report.

Proprietary funds. The County maintains two different types of proprietary funds: enterprise funds and internal service 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 its 100% Tax Payment Fund, Delinquent Property Tax Foreclosure Fund, Medical Care Facility, Public Golf Course, Housing, and Commissary operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Bay County uses internal service funds to account for its Workers' Compensation/Unemployment Compensation/Sick and Accident Self Insurance Fund and its Healthcare Self Insurance Fund. Because these services predominately benefit governmental rather than business-type functions, they have been included within the *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 Medical Care Facility Fund, the 100% Tax Payment Fund and the Housing Fund, each of which are considered to be major funds. Data from the other proprietary funds are combined and presented in two separate columns distinguishing between *business-type activities* and *governmental activities*. Individual fund data for each of these nonmajor enterprise funds and internal service funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 46-49 of this report.

Fiduciary funds. 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* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 50-51 of this report.

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. The notes to the financial statements can be found on pages 55-103 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found on pages 105-127 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bay County, as the following table demonstrates, assets exceeded liabilities by \$72,711,125 at the close of the most recent fiscal year.

| Fiscal Year Ending December 31, | Bay County's Net Assets | | | | | |
|---|----------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Current and other assets | \$33,653,591 | \$32,985,436 | \$15,149,144 | \$14,405,229 | \$48,802,735 | \$47,390,665 |
| Capital assets, net of accumulated depreciation | 53,195,605 | 54,242,048 | 9,682,534 | 10,247,886 | 62,878,139 | 64,489,934 |
| Total assets | 86,849,196 | 87,227,484 | 24,831,678 | 24,653,115 | 111,680,874 | 111,880,599 |
| Long-term liabilities outstanding | 27,432,899 | 29,376,914 | 926,952 | 1,066,552 | 28,359,851 | 30,443,466 |
| Other liabilities | 8,118,597 | 8,667,905 | 2,491,301 | 2,551,259 | 10,609,898 | 11,219,164 |
| Total liabilities | 35,551,496 | 38,044,819 | 3,418,253 | 3,617,811 | 38,969,749 | 41,662,630 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 28,500,605 | 27,330,257 | 9,682,534 | 10,247,886 | 38,183,139 | 37,578,143 |
| Restricted | 10,805,586 | 12,593,800 | - | - | 10,805,586 | 12,593,800 |
| Unrestricted | 11,991,509 | 9,258,608 | 11,730,891 | 10,787,418 | 23,722,400 | 20,046,026 |
| Total net assets | \$ 51,297,700 | \$ 49,182,665 | \$ 21,413,425 | \$ 21,035,304 | \$ 72,711,125 | \$ 70,217,969 |

One of the largest portions of the County's net assets, \$38,183,139 (52.51%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are 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.

An additional portion of the County's net assets, \$10,805,586 (14.86%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$23,722,400 (32.63%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Bay County's
Changes in Net Assets**

| Fiscal Year Ending December 31, Revenues | Governmental Activities | | Business-Type Activities | | Total | |
|---|--------------------------------|----------------------------|---------------------------------|----------------------------|----------------------------|----------------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Program revenue: | | | | | | |
| Charges for services | \$10,742,237 | \$11,047,848 | \$19,248,923 | \$18,950,180 | \$29,991,160 | \$29,998,028 |
| Operating grants and contributions | 7,716,066 | 8,128,705 | 194,863 | 170,067 | 7,910,929 | 8,298,772 |
| Capital grants and contributions | 174,315 | 195,067 | 34,575 | 43,942 | 208,890 | 239,009 |
| General revenue: | | | | | | |
| Property taxes | 22,058,685 | 26,709,969 | 1,418,657 | 1,323,483 | 23,477,342 | 28,033,452 |
| Grants and contributions not restricted to specific programs | - | - | - | - | - | - |
| Other | 1,586,883 | 2,538,061 | 520,459 | 782,829 | 2,107,342 | 3,320,890 |
| Total revenue | <u>42,278,186</u> | <u>48,619,650</u> | <u>21,417,477</u> | <u>21,270,501</u> | <u>63,695,663</u> | <u>69,890,151</u> |
| Expenses | | | | | | |
| Legislative | 476,193 | 462,546 | - | - | 476,193 | 462,546 |
| Judicial | 6,199,519 | 5,985,743 | - | - | 6,199,519 | 5,985,743 |
| General government | 9,675,202 | 11,104,066 | - | - | 9,675,202 | 11,104,066 |
| Public safety | 10,063,369 | 10,151,999 | - | - | 10,063,369 | 10,151,999 |
| Public works | 6,803 | 5,698 | - | - | 6,803 | 5,698 |
| Health and welfare | 10,229,296 | 10,255,576 | - | - | 10,229,296 | 10,255,576 |
| Community and economic development | 161,116 | 99,308 | - | - | 161,116 | 99,308 |
| Recreation and culture | 1,886,181 | 1,859,716 | - | - | 1,886,181 | 1,859,716 |
| Other activities | 1,296,026 | 1,293,007 | - | - | 1,296,026 | 1,293,007 |
| Interest on debt | 1,141,128 | 1,238,778 | - | - | 1,141,128 | 1,238,778 |
| 100% tax payment | - | - | 118,585 | 122,594 | 118,585 | 122,594 |
| Medical care facility | - | - | 18,571,595 | 18,627,337 | 18,571,595 | 18,627,337 |
| Delinquent Property Tax Foreclosure | - | - | 72,847 | 69,181 | 72,847 | 69,181 |
| Golf course | - | - | 586,215 | 636,359 | 586,215 | 636,359 |
| Housing | - | - | 619,345 | 577,292 | 619,345 | 577,292 |
| Commissary | - | - | 108,994 | 118,253 | 108,994 | 118,253 |
| Total expenses | <u>41,134,833</u> | <u>42,456,437</u> | <u>20,077,581</u> | <u>20,151,016</u> | <u>61,212,414</u> | <u>62,607,453</u> |
| Increase in net assets before transfers | 1,143,353 | 6,163,213 | 1,339,896 | 1,119,485 | 2,483,249 | 7,282,698 |
| Transfers | 971,857 | 724,487 | (\$971,857) | (\$724,487) | - | - |
| Increase in net assets | 2,115,210 | 6,887,700 | 368,039 | 394,998 | 2,483,249 | 7,282,698 |
| Net assets - beginning of year, as restated | 49,182,490 | 42,294,965 | 21,045,386 | 20,640,306 | 70,227,876 | 62,935,271 |
| Net assets - end of year | <u><u>\$51,297,700</u></u> | <u><u>\$49,182,665</u></u> | <u><u>\$21,413,425</u></u> | <u><u>\$21,035,304</u></u> | <u><u>\$72,711,125</u></u> | <u><u>\$70,217,969</u></u> |

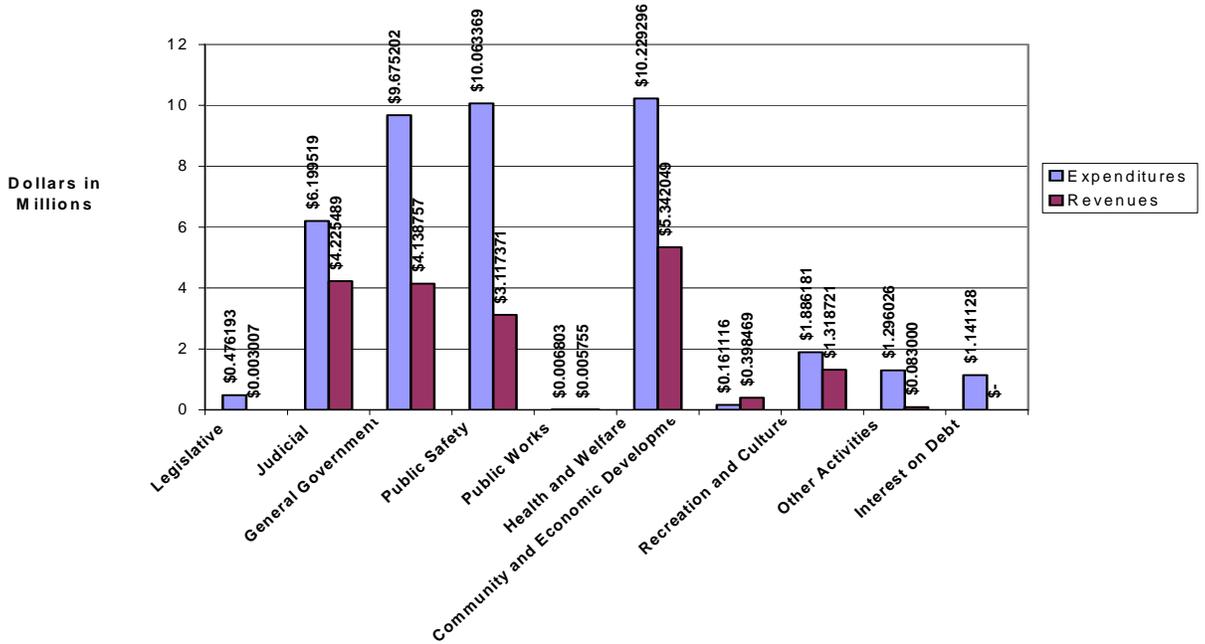
The County's net assets increased by \$2,483,249 during the current fiscal year. This increase is attributable mainly to actual expenditures incurred being under budget and an increase in investment earnings and charges for services.

Governmental activities. Governmental activities increased the County's net assets by \$2,115,210 thereby accounting for the majority of growth in the net assets of the County. Key elements of this increase are as follows:

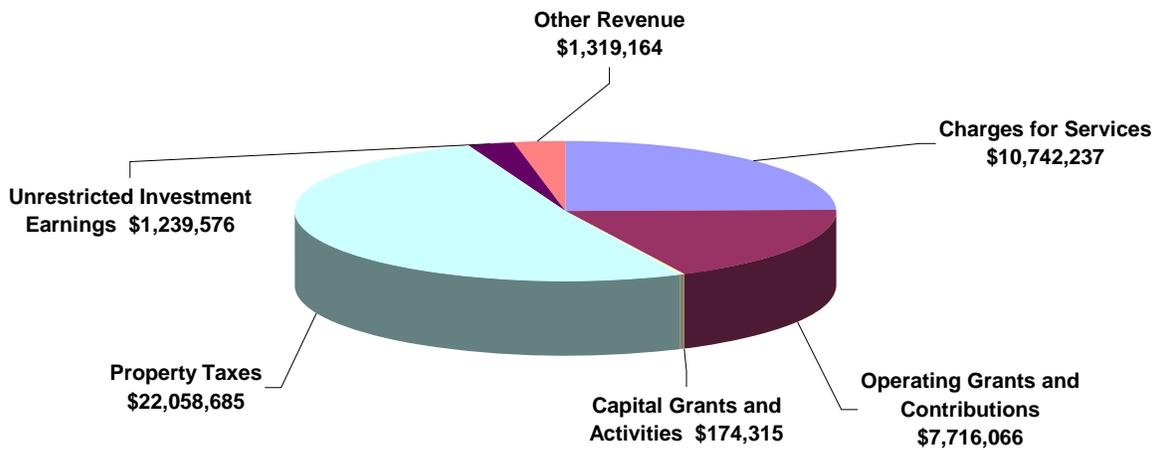
- Actual expenditures were under budget by approximately \$1.3 million.
- Expenditures decreased \$1,428,864 primarily due to a reduction in loss on the disposal of assets of approximately \$1,200,000 and a decrease of depreciation and depletion of approximately \$145,000.
- Unrestricted investment earnings increased \$226,458 in 2007 over 2006.

Business-type activities. Business-type activities increased the County's net assets by \$368,039. The key element of this increase was the Medical Care Facility Fund's charges for services increasing \$277,291 in 2007 over 2006.

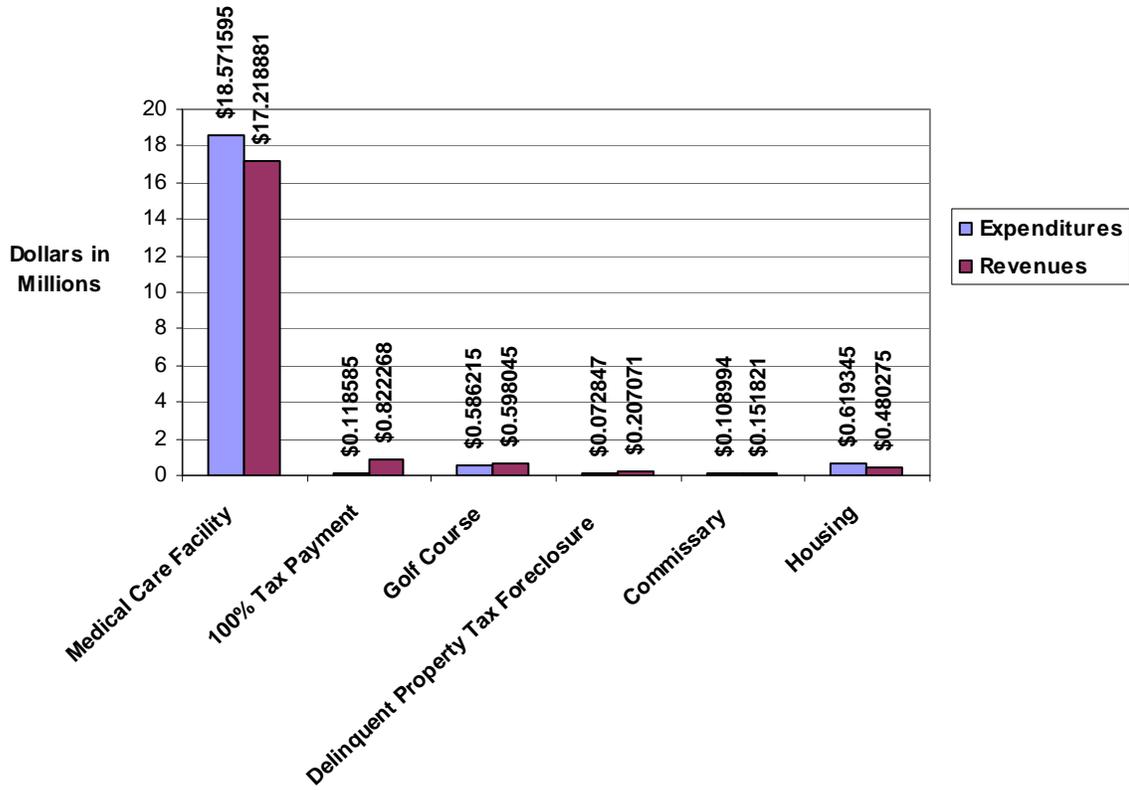
**Governmental Activities - 2007
Expenditures and Program Revenues**



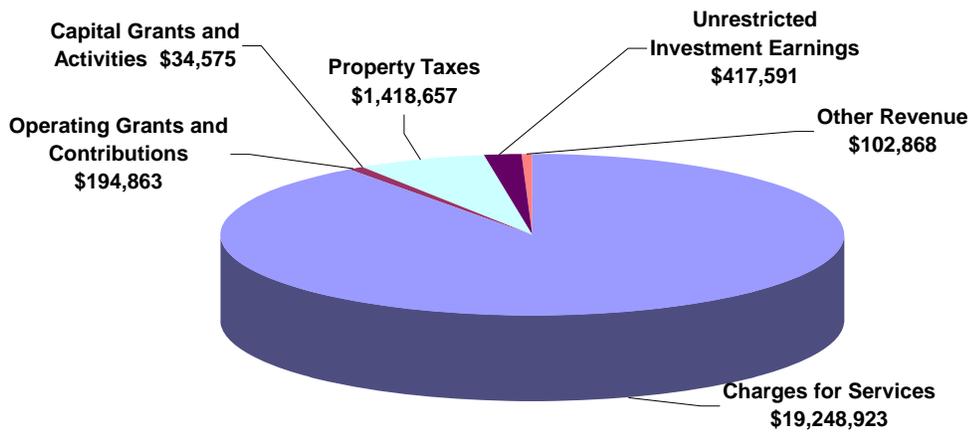
**Revenues by Source
Governmental-Type Activities**



**Business-Type Activities - 2007
Expenditures and Program Revenues**



**Revenues by Source
Business-Type Activities**



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's *governmental funds* 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 measurement of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$21,781,067, an increase of \$212,629 compared to the prior year. Of this amount, 39.39% (\$8,580,211) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. However, the *unreserved fund balance* amount is further separated into *unreserved – designated fund balance* (\$225,480) and *unreserved – undesignated fund balance* (\$8,354,731). The underlying distinction between the two is that *unreserved – designated fund balance* has been designated based upon a specific purpose. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for: 1) long-term advances (\$2,299,590), 2) restricted assets (\$8,357,269), 3) prepaid expenditures (\$47,442), 4) non-current assets (\$1,507,762), 5) debt service (\$703,157), 6) restricted contributions (\$237,398), and 7) inventory (\$48,238). Of the \$212,629 increase in governmental fund balances, there were increases in the General Fund of \$913,054, the 911 Service Fund of \$512,432, the Mosquito Control Fund of \$48,310, and decreases in the Revenue Sharing Reserve Fund of \$1,715,966 and Division on Aging Fund of \$186,321.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved – undesignated fund balance of the general fund was \$3,806,382 while total fund balance amounted to \$6,370,226. As a measure of the general fund's liquidity, it may be useful to compare both unreserved – undesignated fund balance and total fund balance to total fund expenditures. Unreserved – undesignated fund balance represents 13.91% of total general fund expenditures, while total fund balance represents 23.27% of that same amount.

Fund balance of the County's general fund increased by \$913,054 during the current fiscal year. The key factors in this increase are as follows:

- Property taxes and other taxes increased by \$1,022,717 (6.43%).
- Reimbursements, refunds and other revenue decreased by \$489,584 (16.12%).
- Judicial expenditures increased \$144,095 (2.15%).
- Other financing uses decreased \$791,429 (67.91%)

The \$1,715,966 decrease in the Revenue Sharing Reserve Fund was the result of transfers out to the General Fund to support its operations exceeding the amount of property taxes and interest earnings of the fund.

The 911 Service Fund increase of \$512,432 resulted primarily from reduced transfers out to other funds of \$195,186 and increased tax revenues of \$78,040.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the 100% Tax Payment Fund at the end of the year amounted to \$7,522,047, while those for the Medical Care Facility Fund and Housing Fund amounted to \$3,305,428 and \$445,405 respectively. The combined unrestricted net assets of the nonmajor enterprise funds and the internal service funds were \$458,011 and \$0 respectively, at the end of the year. The 100% Tax Payment Fund and the Medical Care Facility had an increase in net assets for the year of \$76,666 and \$249,279 respectively, while the Housing Fund had a decrease in net assets of \$89,560. The combined increase in net assets of the nonmajor enterprise funds was \$131,654 and the combined increase in net assets for the internal service funds was \$575,428 for the year. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights. The differences between the original budget and final amended budget for expenditures resulted in a 3.96% increase (\$1,142,557 increase in expenditures); whereas the difference between the original budget and final amended budget for revenues resulted in a 3.07% increase (\$878,083 increase in revenues); finally, the original budget for total other financing sources/uses was amended resulting in a 146.39% increase (\$378,221 increase in other financing uses). The original budget for the addition to Fund Balance (\$511,500) was affected by budgetary adjustments. These adjustments (\$1,142,695) resulted in a use of Fund Balance (\$1,154,195), including the budgeted use of reserved fund balance of \$338,201. The budgetary differences are briefly summarized as follows:

- A \$796,412 increase in computer software for a new financial, human resources and treasury management package.
- A \$320,350 increase for 2006 open purchase orders filled in 2007.
- A \$41,925 increase in miscellaneous computer hardware and software purchases.

Material actual to budget variances are as follows:

- A negative variance of \$574,581 in state grant revenues is due to the state of Michigan altering the 2007-2008 Convention/Tourism tax distribution to counties.
- The primary reason for the \$128,022 negative revenue variance in charges for services is due to actual fees collected at Register of Deeds, Sheriff and other activities being less than budgeted.
- A negative \$59,096 variance in federal grant revenue is the result of reimbursable expenditures not being incurred.

- General government expenditures were under budget by \$1,437,983 primarily as a result of a new financial, human resources and treasury management software valued at \$796,412, not purchased in 2007.
- The remaining actual to budget positive variances are due to the county exercising fiscal responsibility.

General Fund Balance. The following schedule presents a comparative summary of changes in the fund balance of the General Fund for the fiscal years ended December 31, 2007, and December 31, 2006, along with the amount and percentage of increases and decreases in relation to the 2006 fund balance:

| | 2007 | 2006 | Variance From 2006 | Percent Increase/ (Decrease) |
|--|---------------|---------------|-----------------------|------------------------------------|
| Revenues | \$ 28,660,603 | \$ 28,622,010 | \$ 38,593 | 0.13% |
| Expenditures | (27,373,648) | (27,039,933) | (333,715) | 1.23% |
| Revenue Over (Under) Expenditures | 1,286,955 | 1,582,077 | (295,122) | |
| Other Financing Sources (Uses): | | | | |
| Insurance Recoveries & Proceeds | 18,255 | 15,161 | 3,094 | 20.41% |
| Transfers In | 3,641,361 | 4,104,965 | (463,604) | (-11.29%) |
| Transfers Out | (4,033,517) | (5,285,456) | 1,251,939 | 23.69% |
| Revenues & other financing sources over (under) expenditures & other financing uses | 913,054 | 416,747 | 496,307 | |
| Fund balance, beginning of year | 5,457,172 | 5,040,622 | 416,550 | |
| Fund balance, end of year | \$ 6,370,226 | \$ 5,457,369 | \$ 912,857 | 16.73% |

The following schedule enumerates the particular changes in the classifications of fund balance.

GENERAL FUND BALANCE ANALYSIS

| | Reserve for Advances to Other Funds | Reserve for Future Use | Unreserved | Total Fund Balance |
|--------------------------------------|---|------------------------------|--------------|--------------------------|
| Fund balance beginning of year | \$ 2,299,590 | \$ 861,454 | \$ 2,296,128 | \$ 5,457,172 |
| 2006 Transactions | | | | |
| Revenues over (under) expenditures | - | (597,200) | 1,884,155 | 1,286,955 |
| Total other financing sources (uses) | - | - | (373,901) | (373,901) |
| 2006 net increase (decrease) | - | (597,200) | 1,510,254 | 913,054 |
| Fund balance, end of year | \$ 2,299,590 | \$ 264,254 | \$ 3,806,382 | \$ 6,370,226 |

The Board of Commissioners approved the Specific Fund Balance Policy within the Bay County General Financial Policy. This policy establishes a Reserve for a Long Term Advance to the Budget Stabilization Fund. The policy authorizes earmarking a minimum of five percent (5%) to a maximum of ten percent (10%) of the General Fund's current year adopted budget for this Reserve.

The current long-term advance reserve consists of a reserve for budget stabilization of \$1,799,590 or 5.40% of the 2007 adopted General Fund operating budget, and a \$500,000 cash flow advance to the Health Fund.

The reserve for restricted contributions (\$158,139) consists of prepaid animal neutering fees (\$26,839), remonumentation recording fees (\$73,081), family counseling fees (\$27,850), and various revenues received for specific programs (\$30,369). The reserve for prepaid items (\$47,442) consists of items like prepaid insurance, maintenance contracts, and postage. The reserve for restricted assets (\$10,435) relates to a cash flow advance to the Flexible Spending Plan Fund and the reserve for inventories (\$48,238) relates to resalable merchandise.

Enterprise Operations. The enterprise operations of the County include the use of six (6) enterprise funds: the 100% Tax Payment Fund, the Medical Care Facility Fund, the Public Golf Course Fund, the Delinquent Property Tax Foreclosure Fund, the Commissary Fund, and the Housing Fund.

The 100% Tax Payment Fund is used to account for advances by the County to other local operating units and County funds of delinquent property taxes. Advances are prepaid from delinquent tax collections, interest earnings from investments, and interest and collection fees from delinquent taxes.

The Bay Medical Care Facility Fund was established to account for the operations of the County-owned facility which is a licensed skilled nursing home that provides long-term, highly skilled care to the residents of Bay County. Revenues are primarily received from patients, third-party payors, and property taxes.

The Public Golf Course Fund accounts for the operation of the County golf course. Revenues are primarily generated from user fees.

The Delinquent Property Tax Foreclosure Fund was established to account for various fees and costs relating to the Delinquent Tax Reversion process.

The Commissary Fund was established to record the operations of commissary sales to inmates at the Bay County Law Enforcement Center. Costs are recovered through charges of items sold.

The Housing Fund accounts for the operations of the Hampton Township Housing Project – Center Ridge Arms, which provides low income housing to eligible County residents. Revenues are primarily received through rental charges and an operating subsidy received from the Federal Government (HUD).

Fiduciary Operations. The fiduciary operations of the County include the use of eight (8) trust and/or agency funds: a General Trust and Agency Fund, the Probate Court Trust Fund, the Inmate

Trust Fund, the Library Penal Fine Fund, the Current Tax Collection Fund, the Flexible Spending Plan Fund, the Employees' Retirement System Fund and the Public Employees' Healthcare Fund.

The General Trust and Agency Fund is used to account for resources held by the County in a trustee or agency capacity which are received from various sources and subsequently disbursed to other parties.

The Probate Court Trust Fund is used to account for individual donations made to the court and their subsequent disbursement to assist youths.

The Inmate Trust Fund is used to account for deposits from inmates at the Bay County Law Enforcement Center and related expenses to maintain the fund.

The Library Penal Fine Fund is used to account for penal fines received by the District and Circuit courts and distributed to public libraries, as directed by the State Library Board, and the County's Law Library Fund per state of Michigan, Public Act 286 of 1961.

The Current Tax Collection Fund is used to account for the collection of current property taxes and special assessments held by the County in a trustee capacity and the subsequent distributions to the appropriate local governmental units and County funds.

The Flexible Spending Plan Fund is used to account for a portion of employee wages voluntarily set aside on a pre-tax basis to cover unreimbursed medical expenses and/or dependent day care expenses. The County holds these funds in a trustee capacity and reimburses the participating employees for eligible expenses.

The Employees Retirement System Fund is used to accumulate financial resources in order to pay pension benefits to retirees (spouses) and account for the related financial transactions of the Bay County Employees' Retirement System. The System is administered by the Retirement Board of Trustees while the County acts as custodian for the System.

The Public Employee Healthcare Fund is used to accumulate financial resources in order to provide medical benefits for retirees' and their spouses and dependents. The fund is administered by the Voluntary Employees' Beneficiary Association (VEBA) Board of Trustees.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounted to \$62,878,139 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, machinery and equipment, office equipment and furniture, computer software, computer hardware, vehicles, leased assets and construction work in progress. The total decrease in the County's investment in capital assets for the current fiscal year was 2.50% (a 1.93% decrease for governmental activities and a 5.52% decrease for business-type activities).

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

- The west HVAC unit was replaced at the Bay County Health Department for a total project cost of \$41,453 which includes \$4,926 of General Fund labor provided by the Bay County Buildings and Grounds Department.
- Central Dispatch 911 completed a radio project at the Whitefeather site for a total cost of \$33,028.
- Central Dispatch 911 replaced their furniture with a new Xybix system at a cost of \$86,615.
- The Bay County Golf Course purchased a \$33,934 Toro Reelmaster mower while trading in a Reelmaster Fairway mower.

**Bay County's
Capital Assets (net of depreciation)**

| Fiscal Year Ending December 31, | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Land | \$2,144,448 | \$2,144,448 | \$257,604 | \$257,604 | \$2,402,052 | \$2,402,052 |
| Land improvement | 1,230,375 | 1,424,801 | 411,696 | 452,162 | 1,642,071 | 1,876,963 |
| Buildings and buildings additions and improvements | 47,424,623 | 48,736,112 | 8,477,666 | 8,770,809 | 55,902,289 | 57,506,921 |
| Machinery and equipment | 654,642 | 580,877 | 187,817 | 213,564 | 842,459 | 794,441 |
| Office equipment and furniture | 535,220 | 497,793 | 181,951 | 565,024 | 717,171 | 1,062,817 |
| Computer software | 159,851 | 146,617 | - | - | 159,851 | 146,617 |
| Computer hardware | 220,815 | 252,272 | - | - | 220,815 | 252,272 |
| Vehicles | 546,173 | 444,101 | 106,193 | - | 652,366 | 444,101 |
| Leased assets | 2,216 | 15,027 | - | - | 2,216 | 15,027 |
| Construction work in progress | 277,242 | - | 59,607 | - | 336,849 | - |
| Total | \$53,195,605 | \$54,242,048 | \$9,682,534 | \$10,259,163 | \$62,878,139 | \$64,501,211 |

Additional information on the County's capital assets can be found in note III C on pages 71-79 of this report.

Long-term debt. At the end of the current fiscal year, the County had total outstanding debt of \$41,696,042. Of this amount, \$35,480,091 is general obligation bonds. The remainder of the County debt is comprised of notes payable, compensated absences, claims, capital leases payable, and long term advances.

**Bay County's
Outstanding Debt**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Fiscal Year Ending December 31, | | | | | | |
| Primary Government | | | | | | |
| General obligation bonds | \$ 24,695,000 | \$ 26,815,000 | - | - | \$ 24,695,000 | \$ 26,815,000 |
| Installment purchase contracts | - | 82,390 | - | - | - | 82,390 |
| Capital leases payable | - | 14,401 | - | - | - | 14,401 |
| Notes payable | - | - | 78,763 | - | 78,763 | - |
| Long term advances | 29,000 | 29,000 | - | - | 29,000 | 29,000 |
| Internal service fund claims | 666,106 | 578,261 | - | - | 666,106 | 578,261 |
| Compensated absences | 2,042,793 | 1,857,862 | 396,050 | 420,026 | 2,438,843 | 2,277,888 |
| Claims | - | - | 491,520 | 646,526 | 491,520 | 646,526 |
| Component Units | | | | | | |
| General obligation bonds | 10,785,091 | 13,678,091 | - | - | 10,785,091 | 13,678,091 |
| Notes payable | 1,213,641 | 509,226 | - | - | 1,213,641 | 509,226 |
| Revenue bonds | - | - | - | - | - | - |
| Compensated absences | 1,298,078 | 1,266,541 | - | - | 1,298,078 | 1,266,541 |
| Claims | - | 254,249 | - | - | - | 254,249 |
| Total | \$ 40,729,709 | \$ 45,085,021 | \$ 966,333 | \$ 1,066,552 | \$ 41,696,042 | \$ 46,151,573 |

The County's total gross long-term debt of \$41,696,042 is equivalent to \$388 per capita or 1.3% of the County's taxable value of property.

The County's total debt decreased by \$4,455,531 (9.65%) during the fiscal year.

The County's current bond ratings are as follows:

| | <u>Moody's</u> | <u>Standard and Poors</u> |
|---------------------------------|----------------|---------------------------|
| Unlimited tax obligations | A2 | A |
| Limited tax obligations | A3 | A |
| Insured limited tax obligations | Aaa | AAA |
| Revenue bonds | unrated | unrated |
| Special assessment bonds | unrated | unrated |

Current state statutes (Article 7, Section II, Michigan Constitution of 1963) limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The County's current debt limit and margin (amounts expressed in thousands) is as follows:

| | |
|------------------|-----------|
| Debt limit | \$347,620 |
| Debt margin | \$312,140 |
| Percent of limit | 89.80% |

Additional information on the County's long-term debt can be found in note III F on pages 83-87 of this report.

Economic Factors and Next Year's Budget and Rates

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

- Staffing levels.
- 2% wage increase.
- Increasing general liability insurance costs.
- Increasing health insurance costs for employees and retirees.
- Higher utility costs.
- Higher gasoline costs.
- Reduction in some federal and state grants and local government reimbursements.
- Transfers to/from other funds.
- Limiting capital expenditures.
- Indigent attorney costs

During the current fiscal year, unreserved–undesignated fund balance in the General Fund increased to \$3,806,382. The County has not appropriated any of this amount for spending in the adopted 2008 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in Bay County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, Bay County Building, 515 Center Avenue, Suite 701, Bay City, Michigan 48708-5128.

**BAY COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

| | PRIMARY GOVERNMENT | | | COMPONENT UNITS |
|---|------------------------------------|-------------------------------------|----------------------|----------------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 12,945,083 | \$ 3,545,969 | \$ 16,491,052 | \$ 12,575,020 |
| Investments | 8,360,617 | 4,982,963 | 13,343,580 | 954,386 |
| Receivables | 11,740,566 | 6,384,005 | 18,124,571 | 20,687,777 |
| Internal balances | 39,223 | (39,031) | 192 | - |
| Prepaid items and other assets | 519,864 | 267,034 | 786,898 | 627,368 |
| Inventories | 48,238 | 8,204 | 56,442 | 989,884 |
| Capital assets, net: | | | | |
| Assets not being depreciated | 2,421,690 | 317,211 | 2,738,901 | 45,239,032 |
| Assets being depreciated | 50,773,915 | 9,365,323 | 60,139,238 | 62,157,381 |
| TOTAL ASSETS | 86,849,196 | 24,831,678 | 111,680,874 | 143,230,848 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 1,993,450 | 943,202 | 2,936,652 | 2,389,277 |
| Unearned revenue | 5,870,840 | 1,508,718 | 7,379,558 | 5,760,840 |
| Unamortized bond premium | 254,307 | - | 254,307 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 2,870,379 | 889,078 | 3,759,457 | 3,081,541 |
| Due in more than one year | 24,562,520 | 77,255 | 24,639,775 | 10,212,792 |
| TOTAL LIABILITIES | 35,551,496 | 3,418,253 | 38,969,749 | 21,444,450 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 28,500,605 | 9,603,771 | 38,104,376 | 104,567,682 |
| Restricted for: | | | | |
| Debt service | 703,157 | - | 703,157 | 743,227 |
| Noncurrent assets | 1,507,762 | - | 1,507,762 | - |
| Restricted contributions | 237,398 | - | 237,398 | - |
| Restricted assets | 7,230,550 | - | 7,230,550 | - |
| System replacement | - | - | - | 403,995 |
| Unrestricted | 13,118,228 | 11,809,654 | 24,927,882 | 16,071,494 |
| TOTAL NET ASSETS | \$ 51,297,700 | \$ 21,413,425 | \$ 72,711,125 | \$ 121,786,398 |

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

**BAY COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| FUNCTIONS / PROGRAMS | EXPENSES | INDIRECT EXPENSES ALLOCATION | PROGRAM REVENUES | | NET (EXPENSE) REVENUE | |
|---------------------------------------|----------------------|---|---------------------------------|---|----------------------------------|---|
| | | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | | CAPITAL GRANTS AND CONTRIBUTIONS |
| PRIMARY GOVERNMENT | | | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | | | |
| Public safety | \$ 10,016,238 | \$ 47,131 | \$ 1,649,313 | \$ 1,352,516 | \$ 115,542 | \$ (6,945,998) |
| Community and economic development | 189,728 | (28,612) | 20,509 | 377,960 | - | 237,353 |
| Health and welfare | 10,229,296 | - | 2,266,056 | 3,057,274 | 18,719 | (4,887,247) |
| Public works | 6,803 | - | 5,755 | - | - | (1,048) |
| General government | 9,992,403 | (317,201) | 3,000,349 | 1,138,408 | - | (5,536,445) |
| Judicial | 5,936,801 | 262,718 | 2,460,180 | 1,753,255 | 12,054 | (1,974,030) |
| Legislative | 476,193 | - | 3,007 | - | - | (473,186) |
| Recreation and culture | 1,971,080 | (84,899) | 1,254,068 | 36,653 | 28,000 | (567,460) |
| Other functions | 1,296,026 | - | 83,000 | - | - | (1,213,026) |
| Interest on long-term debt | 1,141,128 | - | - | - | - | (1,141,128) |
| TOTAL GOVERNMENTAL ACTIVITIES | 41,255,696 | (120,863) | 10,742,237 | 7,716,066 | 174,315 | (22,502,215) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | |
| Medical Care Facility | 18,566,119 | 5,476 | 17,218,881 | - | - | (1,352,714) |
| 100% Tax Payment | 118,585 | - | 822,268 | - | - | 703,683 |
| Golf Course | 506,085 | 80,130 | 598,045 | - | - | 11,830 |
| Delinquent Property Tax Foreclosure | 72,847 | - | 207,071 | - | - | 134,224 |
| Commissary | 108,994 | - | 151,821 | - | - | 42,827 |
| Housing | 590,733 | 28,612 | 250,837 | 194,863 | 34,575 | (139,070) |
| TOTAL BUSINESS-TYPE ACTIVITIES | 19,963,363 | 114,218 | 19,248,923 | 194,863 | 34,575 | (599,220) |
| TOTAL PRIMARY GOVERNMENT | \$ 61,219,059 | \$ (6,645) | \$ 29,991,160 | \$ 7,910,929 | \$ 208,890 | \$ (23,101,435) |
| COMPONENT UNITS | | | | | | |
| Road Commission | \$ 11,207,773 | \$ - | \$ 1,868,910 | \$ 7,267,583 | \$ 3,060,395 | \$ 989,115 |
| Library System | 4,169,360 | 4,769 | 536,158 | 90,905 | 80,145 | (3,466,921) |
| Department of Water and Sewer | 4,521,638 | - | 4,165,908 | - | - | (355,730) |
| Drain Commission | 369,225 | - | 1,530,384 | - | 456,453 | 1,617,612 |
| Bay Area Narcotics Enforcement Team | 893,930 | 1,876 | 519,562 | 468,711 | - | 92,467 |
| TOTAL COMPONENT UNITS | \$ 21,161,926 | \$ 6,645 | \$ 8,620,922 | \$ 7,827,199 | \$ 3,596,993 | \$ (1,123,457) |

**BAY COUNTY
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | PRIMARY GOVERNMENT | | | COMPONENT UNITS |
|---|------------------------------------|-------------------------------------|----------------------|----------------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | |
| CHANGES IN NET ASSETS | | | | |
| Net (expense) revenue | \$ (22,502,215) | \$ (599,220) | \$ (23,101,435) | \$ (1,123,457) |
| General revenues: | | | | |
| Property taxes | 22,058,685 | 1,418,657 | 23,477,342 | 2,829,209 |
| Unrestricted investment earnings | 1,239,576 | 417,591 | 1,657,167 | 600,722 |
| Other revenue | 347,307 | 102,438 | 449,745 | 299,837 |
| Gain on disposal of capital assets | - | 430 | 430 | - |
| Transfers - internal activities | 971,857 | (971,857) | - | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | 24,617,425 | 967,259 | 25,584,684 | 3,729,768 |
| CHANGE IN NET ASSETS | 2,115,210 | 368,039 | 2,483,249 | 2,606,311 |
| NET ASSETS, BEGINNING OF YEAR | 49,182,490 | 21,045,386 | 70,227,876 | 119,180,087 |
| NET ASSETS, END OF YEAR | \$ 51,297,700 | \$ 21,413,425 | \$ 72,711,125 | \$ 121,786,398 |

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

**BAY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

| | <u>GENERAL</u> | <u>MOSQUITO CONTROL</u> | <u>BUDGET STABILIZATION</u> | <u>911 SERVICE</u> |
|--|---------------------|-----------------------------|---------------------------------|------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 178,760 | \$ 1,087,908 | \$ 1,487,552 |
| Investments | 2,097,676 | 98,232 | 711,682 | 943,754 |
| Accounts receivable | 284,842 | 210 | - | 329 |
| Property taxes receivable | 1,631,750 | 1,289,432 | - | 2,015,714 |
| Accrued interest receivable | 70,813 | 4,099 | - | 26,700 |
| Inventories | 48,238 | - | - | - |
| Due from other funds | 98,730 | - | - | - |
| Due from component units | 281,381 | - | - | - |
| Due from other governmental units | 1,670,025 | - | - | 51,943 |
| Prepaid items and other current assets | 480,799 | - | - | - |
| Interfund advances | 2,299,590 | - | - | - |
| TOTAL ASSETS | <u>\$ 8,963,844</u> | <u>\$ 1,570,733</u> | <u>\$ 1,799,590</u> | <u>\$ 4,525,992</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 669,942 | \$ 4,580 | \$ - | \$ 14,195 |
| Accrued items and other liabilities | 469,744 | 7,164 | - | 36,964 |
| Accrued vacation and sick pay, current | 85,413 | - | - | 2,165 |
| Due to other funds | 299,551 | 228 | - | 1,201 |
| Due to component units | 92,470 | - | - | - |
| Due to other governmental units | 99,791 | 877 | - | 2,550 |
| Deposits | 10,344 | - | - | - |
| Interfund advances | 22,792 | - | 1,799,590 | - |
| Long term advances from other governmental units | - | - | - | - |
| Deferred revenue | 843,571 | 1,320,030 | - | 2,063,545 |
| TOTAL LIABILITIES | <u>2,593,618</u> | <u>1,332,879</u> | <u>1,799,590</u> | <u>2,120,620</u> |
| FUND BALANCES: | | | | |
| Reserved: | | | | |
| Debt service | - | - | - | - |
| Non-current assets | - | - | - | - |
| Restricted contributions | 158,139 | - | - | - |
| Prepaid items | 47,442 | - | - | - |
| Inventories | 48,238 | - | - | - |
| Restricted assets | 10,435 | - | - | - |
| Advances | 2,299,590 | - | - | - |
| Total reserves | <u>2,563,844</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Unreserved: | | | | |
| Designated for subsequent year's expenditures | | | | |
| General fund | 1,129,648 | - | - | - |
| Special revenue funds | - | 27,730 | - | 68,048 |
| Designated for other projects and activities | | | | |
| Special revenue funds | - | - | - | - |
| Undesignated: | | | | |
| General fund | 2,676,734 | - | - | - |
| Special revenue fund | - | 210,124 | - | 2,337,324 |
| TOTAL FUND BALANCES | <u>6,370,226</u> | <u>237,854</u> | <u>-</u> | <u>2,405,372</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 8,963,844</u> | <u>\$ 1,570,733</u> | <u>\$ 1,799,590</u> | <u>\$ 4,525,992</u> |

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

| <u>DIVISION ON AGING</u> | <u>REVENUE SHARING RESERVE</u> | <u>OTHER GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|------------------------------|--|---|---|
| \$ 354,609 | \$ 4,740,386 | \$ 2,349,164 | \$ 10,198,379 |
| 166,048 | 3,271,932 | 565,085 | 7,854,409 |
| 30,156 | - | 1,563,631 | 1,879,168 |
| 1,439,768 | - | 556,593 | 6,933,257 |
| 7,547 | 73,291 | 14,084 | 196,534 |
| - | - | - | 48,238 |
| - | 261,225 | - | 359,955 |
| 200 | - | 10,178 | 291,759 |
| 58,091 | - | 609,996 | 2,390,055 |
| - | - | - | 480,799 |
| - | - | - | 2,299,590 |
| <u>\$ 2,056,419</u> | <u>\$ 8,346,834</u> | <u>\$ 5,668,731</u> | <u>\$ 32,932,143</u> |
| | | | |
| \$ 32,611 | \$ - | \$ 112,845 | \$ 834,173 |
| 32,922 | - | 87,188 | 633,982 |
| 893 | - | 2,924 | 91,395 |
| 956 | - | 16,919 | 318,855 |
| - | - | - | 92,470 |
| 3,928 | - | 53,654 | 160,800 |
| - | - | - | 10,344 |
| - | - | 500,000 | 2,322,382 |
| - | - | 29,000 | 29,000 |
| 1,475,282 | - | 955,247 | 6,657,675 |
| <u>1,546,592</u> | <u>-</u> | <u>1,757,777</u> | <u>11,151,076</u> |
| | | | |
| - | - | 703,157 | 703,157 |
| - | - | 1,507,762 | 1,507,762 |
| - | - | 79,259 | 237,398 |
| - | - | - | 47,442 |
| - | - | - | 48,238 |
| - | 7,220,115 | - | 7,230,550 |
| - | - | - | 2,299,590 |
| <u>-</u> | <u>7,220,115</u> | <u>2,290,178</u> | <u>12,074,137</u> |
| | | | |
| - | - | - | 1,129,648 |
| 423,302 | 1,126,719 | 52,632 | 1,698,431 |
| - | - | 225,480 | 225,480 |
| - | - | - | 2,676,734 |
| 86,525 | - | 1,342,664 | 3,976,637 |
| <u>509,827</u> | <u>8,346,834</u> | <u>3,910,954</u> | <u>21,781,067</u> |
| | | | |
| <u>\$ 2,056,419</u> | <u>\$ 8,346,834</u> | <u>\$ 5,668,731</u> | <u>\$ 32,932,143</u> |

BAY COUNTY
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007

| | |
|--|----------------------|
| Fund balances - total governmental funds | \$ 21,781,067 |
| Amounts reported for <i>governmental activities</i> in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | |
| Add - capital assets | 75,944,974 |
| Deduct - accumulated depreciation | (22,749,369) |
| Other long-term assets are not available to pay for current period expenditures and, therefore, either deferred or otherwise not recorded in the funds | |
| Add - deferred revenue for delinquent taxes receivable | 786,835 |
| Bond premiums in the governmental activities are reported in the funds, but amortized over the life of the bonds on the statement of net assets | |
| Deduct - unamortized bond premium | (254,307) |
| Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | |
| Add - net assets of governmental activities accounted for in the internal service funds | 2,617,736 |
| Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | |
| Deduct - long-term debt | (24,695,000) |
| Deduct - accrued interest on long-term debt | (182,901) |
| Deduct - accrued liability to Historical Preservation | (882) |
| Deduct - long-term portion of compensated absences | <u>(1,950,453)</u> |
| Net assets of governmental activities | <u>\$ 51,297,700</u> |

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

BAY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>GENERAL</u> | <u>MOSQUITO CONTROL</u> | <u>BUDGET STABILIZATION</u> | <u>911 SERVICE</u> |
|---|---------------------|-----------------------------|---------------------------------|------------------------|
| REVENUES | | | | |
| Property taxes and other taxes | \$ 16,929,350 | \$ 1,273,632 | \$ - | \$ 1,991,156 |
| Licenses and permits | 185,593 | - | - | - |
| Federal grants | 2,280,039 | - | - | - |
| State grants | 1,346,729 | - | - | 225,252 |
| Interest, rents and royalties | 1,383,440 | 23,251 | - | 136,868 |
| Charges for services | 3,076,141 | 389 | - | - |
| Fines and forfeits | 912,264 | - | - | - |
| Reimbursements, refunds, and other revenues | 2,547,047 | 96 | - | 9,261 |
| TOTAL REVENUES | <u>28,660,603</u> | <u>1,297,368</u> | <u>-</u> | <u>2,362,537</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Legislative | 485,491 | - | - | - |
| Judicial | 5,894,123 | - | - | - |
| General government | 8,919,172 | - | - | - |
| Public safety | 8,164,241 | - | - | 1,805,773 |
| Public works | 6,803 | - | - | - |
| Health and welfare | 1,022,494 | 1,147,366 | - | - |
| Community and economic development | 135,375 | - | - | - |
| Recreation and culture | 1,383,706 | - | - | - |
| Other functions | 1,296,026 | - | - | - |
| Debt service | | | | |
| Principal | 65,022 | - | - | 9,372 |
| Interest and other fees | 1,195 | - | - | 1,050 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | <u>27,373,648</u> | <u>1,147,366</u> | <u>-</u> | <u>1,816,195</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,286,955</u> | <u>150,002</u> | <u>-</u> | <u>546,342</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recoveries/proceeds | 18,255 | - | - | - |
| Transfers in | 3,641,361 | - | - | - |
| Transfer (out) | (4,033,517) | (101,692) | - | (33,910) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(373,901)</u> | <u>(101,692)</u> | <u>-</u> | <u>(33,910)</u> |
| NET CHANGE IN FUND BALANCES | 913,054 | 48,310 | - | 512,432 |
| FUND BALANCES, BEGINNING OF YEAR | <u>5,457,172</u> | <u>189,544</u> | <u>-</u> | <u>1,892,940</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 6,370,226</u> | <u>\$ 237,854</u> | <u>\$ -</u> | <u>\$ 2,405,372</u> |

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

| DIVISION ON AGING | REVENUE SHARING RESERVE | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|------------------------------|--|---|---|
| \$ 1,422,221 | \$ (99,663) | \$ 271,715 | \$ 21,788,411 |
| - | - | 191,554 | 377,147 |
| 606,407 | - | 1,177,461 | 4,063,907 |
| 17,324 | - | 1,383,080 | 2,972,385 |
| 44,841 | 309,703 | 366,946 | 2,265,049 |
| 24,511 | - | 170,638 | 3,271,679 |
| - | - | 15,821 | 928,085 |
| 431,349 | - | 3,388,449 | 6,376,202 |
| <u>2,546,653</u> | <u>210,040</u> | <u>6,965,664</u> | <u>42,042,865</u> |
| - | - | - | 485,491 |
| - | - | 81,186 | 5,975,309 |
| - | - | 147,052 | 9,066,224 |
| - | - | 319,421 | 10,289,435 |
| - | - | - | 6,803 |
| 2,396,370 | - | 5,639,352 | 10,205,582 |
| - | - | 59,578 | 194,953 |
| - | - | 524,817 | 1,908,523 |
| - | - | - | 1,296,026 |
| - | - | 2,142,397 | 2,216,791 |
| - | - | 1,152,348 | 1,154,593 |
| - | - | 20,618 | 20,618 |
| <u>2,396,370</u> | <u>-</u> | <u>10,086,769</u> | <u>42,820,348</u> |
| <u>150,283</u> | <u>210,040</u> | <u>(3,121,105)</u> | <u>(777,483)</u> |
| - | - | - | 18,255 |
| 6,200 | - | 4,027,317 | 7,674,878 |
| (342,804) | (1,926,006) | (265,092) | (6,703,021) |
| <u>(336,604)</u> | <u>(1,926,006)</u> | <u>3,762,225</u> | <u>990,112</u> |
| (186,321) | (1,715,966) | 641,120 | 212,629 |
| <u>696,148</u> | <u>10,062,800</u> | <u>3,269,834</u> | <u>21,568,438</u> |
| <u>\$ 509,827</u> | <u>\$ 8,346,834</u> | <u>\$ 3,910,954</u> | <u>\$ 21,781,067</u> |

BAY COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - total governmental funds \$ 212,629

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 | 999,134 |
| Deduct - loss on sale of capital assets | (68,686) |
| Deduct - depreciation expense | (1,976,891) |

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in the funds, rather they are deferred to the following fiscal year

| | |
|---|---------|
| Add - increase in delinquent property taxes | 270,274 |
|---|---------|

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

| | |
|---|-----------|
| Add - principal payments on long-term liabilities | 2,216,791 |
| Add - amortization of bond premium | 29,483 |

Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The net revenue (expense) of the funds is reported with governmental activities.

| | |
|---|---------|
| Add - interest revenue from governmental internal service funds | 67,655 |
| Add - net operating income from governmental activities in internal service funds | 507,773 |

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

| | |
|---|------------------|
| Add - decrease in accrued interest payable on bonds | 13,458 |
| Add - decrease in the accrual to Historical Preservation | 105 |
| Deduct - increase in the accrual for compensated absences | <u>(156,515)</u> |

Change in net assets of governmental activities \$ 2,115,210

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

**BAY COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|---------------------|---------------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Property taxes and other taxes | \$ 16,747,986 | \$ 16,970,274 | \$ 16,929,350 | \$ (40,924) |
| Licenses and permits | 222,100 | 218,100 | 185,593 | (32,507) |
| Federal grants | 1,804,571 | 2,339,135 | 2,280,039 | (59,096) |
| State grants | 1,957,956 | 1,921,310 | 1,346,729 | (574,581) |
| Interest, rents and royalties | 1,241,128 | 1,383,698 | 1,383,440 | (258) |
| Charges for services | 3,207,000 | 3,204,163 | 3,076,141 | (128,022) |
| Fines and forfeits | 916,000 | 916,000 | 912,264 | (3,736) |
| Reimbursements, refunds, and other revenues | 2,499,049 | 2,521,193 | 2,547,047 | 25,854 |
| TOTAL REVENUES | 28,595,790 | 29,473,873 | 28,660,603 | (813,270) |
| EXPENDITURES | | | | |
| Current | | | | |
| Legislative | 506,985 | 513,755 | 485,491 | 28,264 |
| Judicial | 6,130,553 | 6,209,156 | 5,894,123 | 315,033 |
| General government | 9,666,251 | 10,357,155 | 8,919,172 | 1,437,983 |
| Public safety | 7,730,160 | 8,447,866 | 8,164,241 | 283,625 |
| Public works | 6,050 | 6,050 | 6,803 | (753) |
| Health and welfare | 1,016,253 | 1,030,253 | 1,022,494 | 7,759 |
| Community and economic development | 143,207 | 163,705 | 135,375 | 28,330 |
| Recreation and culture | 1,479,539 | 1,560,431 | 1,383,706 | 176,725 |
| Other functions | 1,625,638 | 1,635,078 | 1,296,026 | 339,052 |
| Debt service | | | | |
| Principal | 517,678 | 66,312 | 65,022 | 1,290 |
| Interest and other fees | 26,617 | 1,727 | 1,195 | 532 |
| TOTAL EXPENDITURES | 28,848,931 | 29,991,488 | 27,373,648 | 2,617,840 |
| REVENUES OVER EXPENDITURES | (253,141) | (517,615) | 1,286,955 | 1,804,570 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recoveries/proceeds | - | 10,600 | 18,255 | 7,655 |
| Transfers in | 3,617,746 | 3,627,156 | 3,641,361 | 14,205 |
| Transfer (out) | (3,876,105) | (4,274,336) | (4,033,517) | 240,819 |
| TOTAL OTHER FINANCING SOURCES (USES) | (258,359) | (636,580) | (373,901) | 262,679 |
| NET CHANGE IN FUND BALANCES | (511,500) | (1,154,195) | 913,054 | 2,067,249 |
| FUND BALANCES, BEGINNING OF YEAR | 5,457,172 | 5,457,172 | 5,457,172 | - |
| FUND BALANCES, END OF YEAR | \$ 4,945,672 | \$ 4,302,977 | \$ 6,370,226 | \$ 2,067,249 |

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

**BAY COUNTY
MOSQUITO CONTROL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|--------------|--------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Property and other taxes | \$ 1,320,782 | \$ 1,320,782 | \$ 1,273,632 | \$ (47,150) |
| Interest, rents and royalties | 7,500 | 7,500 | 23,251 | 15,751 |
| Charges for services | - | - | 389 | 389 |
| Reimbursements, refunds, and other revenues | 100 | 100 | 96 | (4) |
| TOTAL REVENUES | 1,328,382 | 1,328,382 | 1,297,368 | (31,014) |
| EXPENDITURES | | | | |
| Health and welfare | 1,258,512 | 1,258,512 | 1,147,366 | 111,146 |
| REVENUES OVER (UNDER) EXPENDITURES | 69,870 | 69,870 | 150,002 | 80,132 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (out) | (101,692) | (101,692) | (101,692) | - |
| NET CHANGE IN FUND BALANCES | (31,822) | (31,822) | 48,310 | 80,132 |
| FUND BALANCES, BEGINNING OF YEAR | 189,544 | 189,544 | 189,544 | - |
| FUND BALANCES, END OF YEAR | \$ 157,722 | \$ 157,722 | \$ 237,854 | \$ 80,132 |

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

BAY COUNTY
911 SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | BUDGETED AMOUNTS | | | VARIANCE |
|---|-------------------------|---------------------|---------------------|--|
| | ORIGINAL | FINAL | ACTUAL | WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Property and other taxes | \$ 1,982,222 | \$ 1,982,222 | \$ 1,991,156 | \$ 8,934 |
| State grants | 202,000 | 202,000 | 225,252 | 23,252 |
| Interest, rents and royalties | 105,400 | 105,400 | 136,868 | 31,468 |
| Reimbursements, refunds, and other revenues | 3,300 | 3,300 | 9,261 | 5,961 |
| TOTAL REVENUES | 2,292,922 | 2,292,922 | 2,362,537 | 69,615 |
| EXPENDITURES | | | | |
| Public safety | 2,271,685 | 2,391,886 | 1,805,773 | 586,113 |
| Debt service | | | | |
| Principal | 9,672 | 9,672 | 9,372 | 300 |
| Interest and other fees | 927 | 927 | 1,050 | (123) |
| TOTAL EXPENDITURES | 2,282,284 | 2,402,485 | 1,816,195 | 586,290 |
| REVENUES OVER (UNDER) EXPENDITURES | 10,638 | (109,563) | 546,342 | 655,905 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (out) | (33,910) | (33,910) | (33,910) | - |
| NET CHANGE IN FUND BALANCES | (23,272) | (143,473) | 512,432 | 655,905 |
| FUND BALANCES, BEGINNING OF YEAR | 1,892,940 | 1,892,940 | 1,892,940 | - |
| FUND BALANCES, END OF YEAR | \$ 1,869,668 | \$ 1,749,467 | \$ 2,405,372 | \$ 655,905 |

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

BAY COUNTY
DIVISION ON AGING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | BUDGETED AMOUNTS | | | VARIANCE |
|---|-------------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | ACTUAL | WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Property and other taxes | \$ 1,411,944 | \$ 1,411,944 | \$ 1,422,221 | \$ 10,277 |
| Federal grants | 591,241 | 606,784 | 606,407 | (377) |
| State grants | 10,266 | 6,431 | 17,324 | 10,893 |
| Interest, rents and royalties | 8,000 | 8,000 | 44,841 | 36,841 |
| Charges for services | 8,800 | 19,000 | 24,511 | 5,511 |
| Reimbursements, refunds, and other revenues | 424,596 | 448,601 | 431,349 | (17,252) |
| TOTAL REVENUES | 2,454,847 | 2,500,760 | 2,546,653 | 45,893 |
| EXPENDITURES | | | | |
| Health and welfare | 2,614,557 | 2,676,169 | 2,396,370 | 279,799 |
| REVENUES OVER (UNDER) EXPENDITURES | (159,710) | (175,409) | 150,283 | 325,692 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 6,200 | 6,200 | 6,200 | - |
| Transfers (out) | (342,804) | (342,804) | (342,804) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (336,604) | (336,604) | (336,604) | - |
| NET CHANGE IN FUND BALANCES | (496,314) | (512,013) | (186,321) | 325,692 |
| FUND BALANCES, BEGINNING OF YEAR | 696,148 | 696,148 | 696,148 | - |
| FUND BALANCES, END OF YEAR | \$ 199,834 | \$ 184,135 | \$ 509,827 | \$ 325,692 |

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

BAY COUNTY
REVENUE SHARING RESERVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE</u> |
|------------------------------------|-------------------------|---------------------|---------------------|--|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>WITH FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| Property taxes and other taxes | \$ - | \$ - | \$ (99,663) | \$ (99,663) |
| Interest, rents and royalties | 330,000 | 330,000 | 309,703 | (20,297) |
| TOTAL REVENUES | 330,000 | 330,000 | 210,040 | (119,960) |
| OTHER FINANCING (USES) | | | | |
| Transfer (out) | (1,944,180) | (1,926,006) | (1,926,006) | - |
| NET CHANGE IN FUND BALANCES | (1,614,180) | (1,596,006) | (1,715,966) | (119,960) |
| FUND BALANCE, BEGINNING OF YEAR | 10,062,800 | 10,062,800 | 10,062,800 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 8,448,620</u> | <u>\$ 8,466,794</u> | <u>\$ 8,346,834</u> | <u>\$ (119,960)</u> |

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

**BAY COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007**

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | | GOVERNMENTAL |
|---|--|---------------------|---------------------|---------------------|----------------------|---------------------|
| | MEDICAL | | | | OTHER | INTERNAL |
| | CARE | 100% TAX | | | PROPRIETAR | SERVICE |
| | FACILITY | PAYMENT | HOUSING | FUNDS | TOTAL | FUNDS |
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 442,722 | \$ 2,547,677 | \$ 240,819 | \$ 314,751 | \$ 3,545,969 | \$ 2,746,704 |
| Investments | 3,026,386 | 1,581,817 | 196,324 | 178,436 | 4,982,963 | 506,208 |
| Accounts receivable, net of allowance | 1,399,326 | 2,434 | 68,057 | 5,823 | 1,475,640 | 7,303 |
| Property taxes receivable | 1,468,201 | 2,603,195 | - | - | 4,071,396 | - |
| Accrued interest receivable | - | 386,521 | - | 4,298 | 390,819 | 12,791 |
| Inventories | - | - | - | 8,204 | 8,204 | - |
| Due from other funds | - | 18 | - | 41,676 | 41,694 | 20,923 |
| Due from component units | - | - | - | - | - | 1,466 |
| Due from other governmental units | - | 445,896 | - | 254 | 446,150 | - |
| Prepaid items and other current assets | 223,378 | - | 43,656 | - | 267,034 | 67,298 |
| Interfund advances | - | - | - | 22,792 | 22,792 | - |
| TOTAL CURRENT ASSETS | 6,560,013 | 7,567,558 | 548,856 | 576,234 | 15,252,661 | 3,362,693 |
| NONCURRENT ASSETS | | | | | | |
| Construction in progress | 59,607 | - | - | - | 59,607 | - |
| Land | - | - | 90,583 | 167,021 | 257,604 | - |
| Land improvements | - | - | 317,888 | 776,062 | 1,093,950 | - |
| Buildings and improvements | 11,423,909 | - | 4,262,116 | 406,224 | 16,092,249 | - |
| Machinery and equipment | 413,114 | - | 278,806 | 459,903 | 1,151,823 | - |
| Office furniture and fixtures | 2,357,590 | 2,035 | - | 16,669 | 2,376,294 | - |
| Vehicles and other | 60,002 | - | - | 126,603 | 186,605 | - |
| Less accumulated depreciation | (7,837,153) | (2,035) | (2,558,841) | (1,137,569) | (11,535,598) | - |
| TOTAL NONCURRENT ASSETS | 6,477,069 | - | 2,390,552 | 814,913 | 9,682,534 | - |
| TOTAL ASSETS | 13,037,082 | 7,567,558 | 2,939,408 | 1,391,147 | 24,935,195 | 3,362,693 |
| LIABILITIES | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | 397,760 | 786 | 21,331 | 9,455 | 429,332 | 604 |
| Accrued items and other liabilities | 433,492 | 2,071 | 19,932 | 6,687 | 462,182 | 77,094 |
| Accrued vacation and sick pay | 344,421 | 615 | 10,283 | 2,858 | 358,177 | - |
| Deposits payable | 1,683 | - | 19,988 | - | 21,671 | - |
| Due to other funds | 83,452 | 19,876 | - | 189 | 103,517 | 8 |
| Due to other governmental units | - | 13,332 | 16,204 | 481 | 30,017 | 200 |
| Claims, settlements, and judgments | 491,520 | - | - | - | 491,520 | 553,984 |
| Unearned revenue | 1,502,257 | - | 3,062 | 3,399 | 1,508,718 | - |
| Notes payable, current portion | - | - | - | 39,381 | 39,381 | - |
| TOTAL CURRENT LIABILITIES | 3,254,585 | 36,680 | 90,800 | 62,450 | 3,444,515 | 631,890 |
| NONCURRENT LIABILITIES | | | | | | |
| Claims, settlements, and judgments | - | - | - | - | - | 112,122 |
| Notes payable, net of current portion | - | - | - | 39,382 | 39,382 | - |
| Accrued vacation and sick pay | - | 8,831 | 12,651 | 16,391 | 37,873 | 945 |
| TOTAL NONCURRENT LIABILITIES | - | 8,831 | 12,651 | 55,773 | 77,255 | 113,067 |
| TOTAL LIABILITIES | 3,254,585 | 45,511 | 103,451 | 118,223 | 3,521,770 | 744,957 |
| NET ASSETS | | | | | | |
| Investment in capital assets, net of related debt | 6,477,069 | - | 2,390,552 | 736,150 | 9,603,771 | - |
| Restricted for insurance claims | - | - | - | - | - | 2,293,071 |
| Restricted for advances received | - | - | - | - | - | 324,665 |
| Unrestricted | 3,305,428 | 7,522,047 | 445,405 | 536,774 | 11,809,654 | - |
| TOTAL NET ASSETS | \$ 9,782,497 | \$ 7,522,047 | \$ 2,835,957 | \$ 1,272,924 | \$ 21,413,425 | \$ 2,617,736 |

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

BAY COUNTY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | | GOVERNMENTAL | |
|---|---|---------------------|---------------------|---------------------|------------------------|---------------------|------------------------|
| | MEDICAL CARE FACILITY | | 100% TAX PAYMENT | | OTHER PROPRIETAR FUNDS | | INTERNAL SERVICE FUNDS |
| | | | | | | | |
| OPERATING REVENUES | | | | | | | |
| Program grants-subsidies | \$ - | \$ - | \$ 194,863 | \$ - | \$ 194,863 | \$ - | |
| Charges for services | 17,218,881 | 300 | 250,837 | 956,937 | 18,426,955 | 5,335,413 | |
| Reimbursements, refunds, and other revenue | 53,340 | - | 30,809 | 11,374 | 95,523 | 90,394 | |
| TOTAL OPERATING REVENUES | 17,272,221 | 300 | 476,509 | 968,311 | 18,717,341 | 5,425,807 | |
| OPERATING EXPENSES | | | | | | | |
| Personal services | 8,547,440 | 103,863 | 153,002 | 285,517 | 9,089,822 | 4,072,732 | |
| Supplies | - | 14,267 | - | 76,905 | 91,172 | 76 | |
| Other services | 9,307,083 | 455 | 267,720 | 337,828 | 9,913,086 | 845,226 | |
| Depreciation | 610,491 | - | 198,623 | 67,806 | 876,920 | - | |
| TOTAL OPERATING EXPENSES | 18,465,014 | 118,585 | 619,345 | 768,056 | 19,971,000 | 4,918,034 | |
| OPERATING INCOME (LOSS) | (1,192,793) | (118,285) | (142,836) | 200,255 | (1,253,659) | 507,773 | |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Property and other taxes | 1,418,657 | 821,968 | - | - | 2,240,625 | - | |
| Federal grants | - | - | - | - | - | - | |
| Other income | 6,915 | - | - | - | 6,915 | - | |
| Gain (loss) on disposal of capital assets | (102,732) | - | 430 | - | (102,302) | - | |
| Interest income | 123,081 | 253,766 | 18,271 | 22,473 | 417,591 | 67,655 | |
| Interest expense | (3,849) | - | - | - | (3,849) | - | |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 1,442,072 | 1,075,734 | 18,701 | 22,473 | 2,558,980 | 67,655 | |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 249,279 | 957,449 | (124,135) | 222,728 | 1,305,321 | 575,428 | |
| Capital contributions | - | - | 34,575 | - | 34,575 | - | |
| Transfers (out) | - | (880,783) | - | (91,074) | (971,857) | - | |
| CHANGE IN NET ASSETS | 249,279 | 76,666 | (89,560) | 131,654 | 368,039 | 575,428 | |
| NET ASSETS, BEGINNING OF YEAR | 9,533,218 | 7,445,381 | 2,925,517 | 1,141,270 | 21,045,386 | 2,042,308 | |
| NET ASSETS, END OF YEAR | \$ 9,782,497 | \$ 7,522,047 | \$ 2,835,957 | \$ 1,272,924 | \$ 21,413,425 | \$ 2,617,736 | |

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

**BAY COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | | GOVERNMENTAL ACTIVITIES |
|--|--|-----------------------------|-------------------|--|---------------------|---------------------------------------|
| | MEDICAL CARE FACILITY | 100% TAX PAYMENT | HOUSING | OTHER PROPRIETARY FUNDS | TOTAL | INTERNAL SERVICE FUNDS |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Cash received from customers | \$ 15,534,249 | \$ - | \$ 235,183 | \$ 958,412 | \$ 16,727,844 | \$ - |
| Cash received from interfund services provided | 1,905,374 | - | - | 11,669 | 1,917,043 | 5,340,717 |
| Cash received from grants and subsidies | - | - | 145,957 | - | 145,957 | - |
| Interfund reimbursements | - | (11,832) | - | (8,526) | (20,358) | 4,062 |
| Cash payments to suppliers for goods and services | (9,363,861) | (388,280) | (267,410) | (411,632) | (10,431,183) | (330,142) |
| Cash payments to employees and related taxes and insurance | (8,547,440) | (104,470) | (164,643) | (287,887) | (9,104,440) | (4,076,817) |
| Other operating revenues | 53,340 | - | 30,809 | 11,374 | 95,523 | 90,394 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (418,338) | (504,582) | (20,104) | 273,410 | (669,614) | 1,028,214 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Taxes received | 1,406,788 | 948,149 | - | - | 2,354,937 | - |
| Proceeds from interfund advances | - | - | - | (8,500) | (8,500) | - |
| Claims, settlements, and judgments, long-term | - | - | - | - | - | 77,242 |
| Resident trust withdrawals | 48 | - | - | - | 48 | - |
| Contributions | 6,915 | - | - | - | 6,915 | - |
| Transfers (out) | - | (880,783) | - | (91,074) | (971,857) | - |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 1,413,751 | 67,366 | - | (99,574) | 1,381,543 | 77,242 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition and construction of capital assets | (217,744) | - | (34,575) | (152,079) | (404,398) | - |
| Proceeds from sale of capital assets | 1,375 | - | 430 | - | 1,805 | - |
| Cash received from capital grants | - | - | 34,575 | - | 34,575 | - |
| Issuance of long-term debt | - | - | - | 118,145 | 118,145 | - |
| Principal paid on long-term debt | - | - | - | (39,382) | (39,382) | - |
| Interest paid on long-term debt | (3,849) | - | - | - | (3,849) | - |
| NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES | (220,218) | - | 430 | (73,316) | (293,104) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Proceeds from sale of investments | - | 295,210 | - | 42,961 | 338,171 | 200,376 |
| Purchases of investments | (509,081) | - | (5,455) | (89,433) | (603,969) | - |
| Interest on investments | 123,081 | 253,766 | 17,192 | 22,473 | 416,512 | 67,655 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (386,000) | 548,976 | 11,737 | (23,999) | 150,714 | 268,031 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 389,195 | 111,760 | (7,937) | 76,521 | 569,539 | 1,373,487 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 53,527 | 2,435,917 | 248,756 | 238,230 | 2,976,430 | 1,373,217 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 442,722 | \$ 2,547,677 | \$ 240,819 | \$ 314,751 | \$ 3,545,969 | \$ 2,746,704 |

(Continued)

**BAY COUNTY
STATEMENT OF CASH FLOWS (CONCLUDED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | | GOVERNMENTAL ACTIVITIES |
|--|--|-----------------------------|--------------------|--|---------------------|---------------------------------------|
| | MEDICAL CARE FACILITY | 100% TAX PAYMENT | HOUSING | OTHER PROPRIETARY FUNDS | TOTAL | INTERNAL SERVICE FUNDS |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | |
| Operating income (loss) | \$ (1,192,793) | \$ (118,285) | \$ (142,836) | \$ 200,255 | \$ (1,253,659) | \$ 507,773 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | | | |
| Depreciation | 610,491 | - | 198,623 | 67,806 | 876,920 | - |
| Changes in assets and liabilities: | | | | | | |
| Accounts receivable | 135,156 | (401) | (64,560) | 1,382 | 71,577 | 1,475 |
| Accrued interest receivable | | 42,956 | - | (1,188) | 41,768 | 446 |
| Inventories | | - | - | 5,140 | 5,140 | - |
| Due from other funds | | (18) | - | 3,169 | 3,151 | 4,067 |
| Due from component units | - | - | - | - | - | 3,383 |
| Due from other governmental units | | (421,520) | - | (254) | (421,774) | - |
| Prepaid items and other current assets | 375,667 | - | (15,690) | - | 359,977 | 514,620 |
| Accounts payable | (320,177) | 151 | 1,425 | (469) | (319,070) | 540 |
| Accrued items and other liabilities | (26,682) | (2,208) | 2,934 | (3,981) | (29,937) | (13,137) |
| Accrued vacation and sick pay, current | - | 1,601 | - | 1,102 | 2,703 | (178) |
| Due to other funds | - | (11,814) | - | (26) | (11,840) | (5) |
| Due to other governmental units | - | 4,956 | - | (1,061) | 3,895 | (1,373) |
| Claims, settlements, and judgments | - | - | - | - | - | 10,603 |
| Unearned revenue | - | - | - | 1,535 | 1,535 | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (418,338)</u> | <u>\$ (504,582)</u> | <u>\$ (20,104)</u> | <u>\$ 273,410</u> | <u>\$ (669,614)</u> | <u>\$ 1,028,214</u> |

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

**BAY COUNTY
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2007**

| | PRIVATE PURPOSE TRUST FUNDS | PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS | AGENCY FUNDS |
|-------------------------------------|--|--|-------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 54,588 | \$ - | \$ 7,364,317 |
| Investments at fair value: | | | |
| Common stock | - | 193,037,736 | - |
| Corporate bonds | - | 22,626,115 | - |
| Governmental securities | - | 27,403,094 | - |
| Short-term investment funds | - | 11,434,224 | - |
| Convertible bonds | - | 20,395,205 | - |
| Other | - | 1,084,892 | 4,299,224 |
| Total Investments | <u>-</u> | <u>275,981,266</u> | <u>4,299,224</u> |
| Receivables: | | | |
| Interest and dividends | - | 932,139 | - |
| Accounts | - | 1,016,309 | 4,665 |
| Due from component units | <u>-</u> | <u>42,242</u> | <u>-</u> |
| TOTAL ASSETS | <u>54,588</u> | <u>277,971,956</u> | <u>\$11,668,206</u> |
| LIABILITIES | | | |
| Accounts payable | - | 404,996 | 855 |
| Accrued items and other liabilities | 53,957 | 1,032,578 | 134,259 |
| Accrued vacation and sick pay | - | 3,778 | - |
| Due to component units | - | - | 11,102,853 |
| Due to other governmental units | - | 220 | 271,397 |
| Deposits | - | - | 135,969 |
| Undistributed taxes | - | - | 11,476 |
| Advances | <u>-</u> | <u>-</u> | <u>11,397</u> |
| TOTAL LIABILITIES | <u>53,957</u> | <u>1,441,572</u> | <u>\$11,668,206</u> |
| NET ASSETS HELD IN TRUST | <u>\$ 631</u> | <u>\$ 276,530,384</u> | |

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

**BAY COUNTY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | PRIVATE PURPOSE TRUST FUNDS | PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS |
|---|--|--|
| ADDITIONS | | |
| Contributions: | | |
| Employer | \$ - | \$ 2,785,469 |
| Plan members | - | 1,123,376 |
| Total contributions | - | 3,908,845 |
| Investment income: | | |
| Net appreciation in fair value of investments | - | 13,778,045 |
| Interest and dividends | 105 | 6,287,214 |
| Less investment expense | - | (1,906,901) |
| Net investment income | 105 | 18,158,358 |
| Other revenue | - | 170,284 |
| TOTAL ADDITIONS | 105 | 22,237,487 |
| DEDUCTIONS | | |
| Benefits | - | 8,723,428 |
| Administrative expenses | - | 154,259 |
| Refunds of contributions | - | 346,143 |
| Other services | 69 | - |
| Capital outlay | - | 6,610 |
| TOTAL DEDUCTIONS | 69 | 9,230,440 |
| CHANGE IN NET ASSETS | 36 | 13,007,047 |
| NET ASSETS HELD IN TRUST FOR PENSION AND HEALTHCARE BENEFITS | | |
| Beginning of year | 595 | 263,523,337 |
| End of year | \$ 631 | \$ 276,530,384 |

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

**BAY COUNTY
COMPONENT UNITS
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

| | ROAD COMMISSION | ECONOMIC DEVELOPMENT | LIBRARY SYSTEM |
|---|----------------------------|---------------------------------|---------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 529,827 | \$ 11,487 | \$ 4,547,343 |
| Investments | 946,871 | 7,515 | - |
| Receivables | 1,941,995 | 190 | 5,899,149 |
| Inventories | 589,729 | - | - |
| Prepaid items and other current assets | 425,935 | - | 104,015 |
| Capital assets, net: | | | |
| Assets not being depreciated | 44,508,793 | - | 107,487 |
| Assets being depreciated | 40,032,263 | - | 2,331,667 |
| TOTAL ASSETS | 88,975,413 | 19,192 | 12,989,661 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 1,131,049 | - | 115,389 |
| Unearned revenue | - | - | 5,750,500 |
| Long-term liabilities: | | | |
| Due within one year | 19,102 | - | - |
| Due in more than one year | 807,300 | - | 121,749 |
| TOTAL LIABILITIES | 1,957,451 | - | 5,987,638 |
| NET ASSETS | | | |
| Investment in capital assets, net of related debt | 84,541,056 | - | 2,439,154 |
| Restricted for: | | | |
| Debt service | - | - | - |
| System replacement | - | - | - |
| Unrestricted | 2,476,906 | 19,192 | 4,562,869 |
| TOTAL NET ASSETS | \$ 87,017,962 | \$ 19,192 | \$ 7,002,023 |

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

| DEPARTMENT OF WATER AND SEWER | DRAIN COMMISSION | BAY AREA NARCOTICS ENFORCEMENT TEAM | TOTAL |
|--|-----------------------------|--|----------------|
| \$ 3,649,422 | \$ 3,576,075 | \$ 260,866 | \$ 12,575,020 |
| - | - | - | 954,386 |
| 9,432,413 | 3,342,959 | 71,071 | 20,687,777 |
| 400,155 | - | - | 989,884 |
| 97,418 | - | - | 627,368 |
| 62,791 | 559,961 | - | 45,239,032 |
| 17,878,042 | 1,886,638 | 28,771 | 62,157,381 |
| 31,520,241 | 9,365,633 | 360,708 | 143,230,848 |
| 747,063 | 314,959 | 80,817 | 2,389,277 |
| 10,340 | - | - | 5,760,840 |
| 2,622,118 | 440,321 | - | 3,081,541 |
| 6,895,333 | 2,388,410 | - | 10,212,792 |
| 10,274,854 | 3,143,690 | 80,817 | 21,444,450 |
| 17,940,833 | (382,132) | 28,771 | 104,567,682 |
| - | 743,227 | - | 743,227 |
| 403,995 | - | - | 403,995 |
| 2,900,559 | 5,860,848 | 251,120 | 16,071,494 |
| \$ 21,245,387 | \$ 6,221,943 | \$ 279,891 | \$ 121,786,398 |

**BAY COUNTY
 COMPONENT UNITS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2007**

| <u>FUNCTIONS / PROGRAMS</u> | <u>PROGRAM REVENUES</u> | | | <u>NET (EXPENSE) REVENUE</u> | |
|--|-------------------------|---------------------------------|---|----------------------------------|---|
| | <u>EXPENSES</u> | <u>CHARGES FOR SERVICES</u> | <u>OPERATING GRANTS AND CONTRIBUTIONS</u> | | <u>CAPITAL GRANTS AND CONTRIBUTIONS</u> |
| COMPONENT UNIT | | | | | |
| ROAD COMMISSION | | | | | |
| Governmental Activities: | | | | | |
| Highways and streets | \$ 11,207,773 | \$ 1,868,910 | \$ 7,267,583 | \$ 3,060,395 | \$ 989,115 |
| LIBRARY SYSTEM | | | | | |
| Governmental Activities: | | | | | |
| Recreation and culture | 4,174,129 | 536,158 | 90,905 | 80,145 | (3,466,921) |
| DEPARTMENT OF WATER AND SEWER | | | | | |
| Business Type Activities: | | | | | |
| Water | 1,377,400 | 1,538,692 | - | - | 161,292 |
| Sewer | 3,144,238 | 2,627,216 | - | - | (517,022) |
| TOTAL DEPARTMENT OF WATER AND SEWER | 4,521,638 | 4,165,908 | - | - | (355,730) |
| DRAIN COMMISSION | | | | | |
| Governmental Activities: | | | | | |
| Public works | 279,904 | 1,530,384 | - | 456,453 | 1,706,933 |
| Interest on long-term debt | 89,321 | - | - | - | (89,321) |
| TOTAL DRAIN COMMISSION | 369,225 | 1,530,384 | - | 456,453 | 1,617,612 |
| BAY AREA NARCOTICS TEAM | | | | | |
| Governmental Activities: | | | | | |
| Public safety | 895,806 | 519,562 | 468,711 | - | 92,467 |
| TOTAL COMPONENT UNITS | \$ 21,168,571 | \$ 8,620,922 | \$ 7,827,199 | \$ 3,596,993 | \$ (1,123,457) |

**BAY COUNTY
 COMPONENT UNITS
 STATEMENT OF ACTIVITIES (CONCLUDED)
 FOR THE YEAR ENDED DECEMBER 31, 2007**

| | ROAD COMMISSION | ECONOMIC DEVELOPMENT | LIBRARY SYSTEM | DEPARTMENT OF WATER AND SEWER | DRAIN COMMISSION | BAY AREA NARCOTICS ENFORCEMENT TEAM | TOTAL |
|----------------------------------|----------------------------|---------------------------------|---------------------------|--|-----------------------------|--|-----------------------|
| CHANGE IN NET ASSETS | | | | | | | |
| Net (expense) revenue | \$ 989,115 | \$ - | \$ (3,466,921) | \$ (355,730) | \$ 1,617,612 | \$ 92,467 | \$ (1,123,457) |
| GENERAL REVENUES: | | | | | | | |
| Property taxes | - | - | 2,829,209 | - | - | - | 2,829,209 |
| Unrestricted investment earnings | 32,770 | 1,004 | 253,341 | 133,336 | 175,240 | 5,031 | 600,722 |
| Other revenue | 94,800 | - | - | 185,839 | 19,198 | - | 299,837 |
| TOTAL GENERAL REVENUES | 127,570 | 1,004 | 3,082,550 | 319,175 | 194,438 | 5,031 | 3,729,768 |
| CHANGE IN NET ASSETS | 1,116,685 | 1,004 | (384,371) | (36,555) | 1,812,050 | 97,498 | 2,606,311 |
| NET ASSETS, BEGINNING OF YEAR | 85,901,277 | 18,188 | 7,386,394 | 21,281,942 | 4,409,893 | 182,393 | 119,180,087 |
| NET ASSETS, END OF YEAR | \$ 87,017,962 | \$ 19,192 | \$ 7,002,023 | \$ 21,245,387 | \$ 6,221,943 | \$ 279,891 | \$ 121,786,398 |

NOTES TO BASIC FINANCIAL STATEMENTS

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Bay, Michigan (the “County”) was incorporated in 1857. The County operates under the unified form of government and provides services to its 108,390 residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services.

The accounting policies of the County of Bay conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

A. REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County’s reporting entity because they are entities for which the County is considered to financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Units

Bay County Building Authority (Building Authority) – The seven-member authority is appointed by the Bay County Board of Commissioners and its activity is dependent upon Board actions. The purpose of the Building Authority is to finance through tax-exempt bonds the construction of public facilities for use by the County, with the bonds secured by lease agreements with, and serviced through lease payments from, the County. The Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of the County’s public buildings. The Building Authority’s activity is recorded in various Debt Service and Capital Projects funds.

Discretely Presented Component Units

Bay County Road Commission (Road Commission) - The Road Commission is governed by a Board comprised of three elected county-at-large officials who are not members of the Bay County Board of Commissioners. The County does not have appropriation authority or budgetary control over the activities of the Road Commission; however, the nature and significance of the relationship between the primary government and the Road Commission is such that exclusion would cause the reporting entity’s financial statements to be misleading. The Road Commission is responsible for the construction and maintenance of the County’s system of roads and bridges and is principally funded by

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

state-collected vehicle fuel and registration taxes under Public Act 51. The Road Commission's activities are reported discretely as a governmental fund type. Complete financial statements of the Road Commission can be obtained from its administrative offices at 2600 East Beaver Road, Kawkawlin, Michigan, 48631.

Bay County Economic Development Corporation (Economic Development Corporation) - The Economic Development Corporation is governed by a nine-member Board who are recommended by the Bay County Executive and approved by the Bay County Board of Commissioners. The County has appropriation authority and budgetary control over the activities of the Economic Development Corporation. The Economic Development Corporation provides the means and methods of encouragement and assistance to strengthen and revitalize the economy of Bay County by improving the atmosphere for progress and growth through new employment opportunities and an increased tax base. The Economic Development Corporation's activities are reported discretely as a governmental fund type. Separate financial statements for the Economic Development Corporation can be obtained from the County's Finance Department at 515 Center Avenue, Bay City, Michigan, 48708.

Bay County Library System (Library System) - The Library System is governed by a Board comprised of five appointees of the Bay County Board of Commissioners who are not County Board members. The County, which is the Library System's taxing authority, also has appropriation authority, but not budgetary control, over its activities. The Library System provides services and materials in a variety of formats to satisfy the educational, personal, and professional interests of the Bay County community, with funds primarily raised through local property taxes. The Library System's activities are reported discretely as a governmental fund type. Separate financial statements for the Library System can be obtained from its administrative offices at 500 Center Avenue, Bay City, Michigan, 48708.

Bay County Department of Water and Sewer (Department of Water and Sewer) - The Department of Water and Sewer is governed by a Board consisting of three elected county-at-large officials who are not members of the Bay County Board of Commissioners. The County does not have appropriation authority or budgetary control over the activities of the Department of Water and Sewer; however, the nature and significance of the relationship between the primary government and the Department of Water and Sewer is such that exclusion would cause the reporting entity's financial statements to be misleading. Periodically, the Department of Water and Sewer requests and receives a pledge of the full faith and credit of Bay County as secondary security on bond issues. The Department of Water and Sewer provides a healthful and continuous water supply service and an environmentally sound, convenient, and continuous wastewater disposal service to Bay County communities. The Department of Water and Sewer debt service and capital project activities are reported discretely. Complete

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

financial statements of the Department of Water and Sewer can be obtained from its administrative offices at 3933 Patterson Road, Bay City, Michigan, 48706.

Bay County Drain Commission (Drain Commission) - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Drain Commissioner has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The drainage Board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The County employs all full-time employees and the elected officials of the Drain Commission. The Drain Commission deposits its receipts with the County Treasurer. The nature and significance of the relationship between the primary government and the Drain Commission is such that exclusion would cause the reporting entity's financial statements to be misleading. Separate financial statements for the Drain Commission can be obtained from the County's Finance Department at 515 Center Avenue, Bay City, Michigan, 48708.

Bay Area Narcotics Enforcement Team (BAYANET) – BAYANET is an instrument of six counties and the State Police formed to organize a multi-jurisdictional/multi-tiered investigative task force designed to singularly combat the proliferation of narcotic trafficking in the eastern Mid-Michigan area. It has not been officially formed as a governmental unit with the State of Michigan. As per the agreement executed on February 28, 2001, between the County and BAYANET, the County became the budgetary authority over BAYANET and the custodian of all BAYANET's funds. As of July 1, 2001, the County Treasurer became responsible for maintaining all of BAYANET's cash and investments. Monthly, the County Board of Commissioners approves BAYANET's accounts payable and payroll. All detail accounting, accounts payable and payroll processing functions are performed by BAYANET staff. Complete financial statements of BAYANET can be obtained from its administrative offices at P.O. Box 676, Freeland, Michigan 48623.

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 the 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

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

charges for support. Likewise, the primary government is reported separately from certain legally separate 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 is 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, except for agency funds which do not have a measurement focus. 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.

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.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Property taxes, franchise taxes, licenses, intergovernmental revenues 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 government reports the following major governmental funds:

The *General Fund* is the principal operating fund of Bay County. It is used to account for all revenues, expenditures, and activities not specifically accounted for in another fund.

The *Mosquito Control Fund* accounts for revenues received from property taxes and State grants for controlling mosquitoes.

The *Budget Stabilization Fund* accounts for funds advanced from the General Fund until additional funds are needed by the County to cover a General Fund deficit, to prevent a reduction in the level of public services or number of employees, or to cover expenses arising because of a natural disaster.

The *911 Service Fund* accounts for revenues received from property taxes and grants to provide countywide central dispatching services for police, fire, and other emergency situations.

The *Division on Aging Fund* accounts for revenues received from property taxes, Federal and State grants, and contributions to provide services and programs for County residents 60 years of age and older.

The *Revenue Sharing Reserve Fund* accounts for tax millage funds as required by Public Act 357 of 2004.

The government reports the following major proprietary funds:

The *Medical Care Facility Fund* was established to account for the operations of the facility, which is a licensed skilled nursing home that provides long-term, highly skilled care to the residents of Bay County. Revenues are primarily received from patients, third-party payors, and property taxes.

The *100% Tax Payment Fund* is used to account for advances by the County to other local operating units and County funds for delinquent property taxes. Advances are repaid from collections of delinquent taxes, including interest and collection fees.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

The *Housing Fund* accounts for the operations of the Hampton Township Housing Project, which provides low-income housing to eligible County residents.

Additionally, the County reports the following fund types:

Internal Service Funds provide insurance coverage for workers' compensation, sickness and accident, unemployment compensation, and health insurance to other departments or agencies of the government on a cost reimbursement basis.

The *Private Purpose Trust Funds* account for trust arrangements for the Probate Court and Inmate Trust funds, which accumulate resources held in trust for those specific purposes.

The *Pension and Other Employee Benefit Trust Funds* account for the activities of the Employees' Retirement System and Public Employee Healthcare Fund, which accumulate resources for pension and health benefit payments for qualified employees.

Agency Funds are used to account for assets held for other governments in an agency capacity, including tax collections.

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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Medical Care Facility, the 100% Tax Payment, and Housing enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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 nonoperating revenues and expenses.

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

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, the County considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments are reported at fair value. 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 an established market are reported at estimated fair value.

2. RECEIVABLES AND PAYABLES

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity 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".

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

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

3. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost using either the first-in, first-out or specific identification method. The costs of inventories are recorded as assets when purchased and charged to expenditures when used, which is the consumption 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, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County), 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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The 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 when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

| | |
|------------------------------------|-------------|
| Building and improvements | 5-50 years |
| Equipment | 3-20 years |
| Vehicles and accessories | 3-7 years |
| Office furniture and fixtures | 3-20 years |
| Depletable assets | 5-100 years |
| Land improvements (infrastructure) | 10-50 years |

In the Drain Commission component unit, infrastructure includes only those infrastructure assets acquired subsequent to January 1, 2003. In the Road Commission component unit, infrastructure is reported retrospectively from 1980, except for right-of-ways, bridges, and traffic signals, which are required to be reported despite the date of purchase. Roads are removed from the capital assets at the time the group of individually recorded roads have fully been depreciated.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Depreciation is recorded on the capital assets of the Road Commission Component Unit over the estimated useful lives (ranging from five to fifty years) of the assets, using the sum-of-years digits method for road equipment as prescribed by the Uniform Accounting Procedures for Michigan County Road Commissions, which does not vary significantly from the straight-line basis, and straight-line method for all other capital assets.

5. 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 government 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.

6. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

7. INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Subsidies are also recorded as transfers.

Internal Service Funds are used and record charges for services to all County departments and funds as operating revenue. All affected County funds record these payments to the Internal Service Funds as operating expenditures or expenses.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

8. COMPENSATED ABSENCES

Bay County, including its component units, except for the Road Commission and Department of Water and Sewer, has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 90 days, except for the Medical Care Facility, which has no limit for accumulating unused sick days. The Road Patrol and Correctional Facility Officers employees may accumulate unused sick days up to a maximum of 120 days. Probate Court employees may accumulate a maximum of 30 unused sick days. Employees may either use these sick days when ill or receive payment for 50 percent of the unused portion at time of retirement, subject to certain limitations. Most employees are also allowed to accumulate unused vacation days, subject to certain limitations. All employees can accumulate and carryforward a maximum of 30 days; hours accumulated in excess of 30 days must be used by December 31.

Employees of the Road Commission, a component unit, are granted vacation and sick leave in varying amounts, based on the Road Commission's administrative policy and contract with union employees. Vacation time is credited annually to each employee but cannot be accumulated for more than one year without Board approval, with the exception that all employees can carry over five days without Board approval. Administrative employees and union employees are limited to 1,200 hours of sick leave accumulation. At this point, the employees are allowed to accumulate 96 hours of sick leave reserve, the unused portion of which is paid by the Road Commission at the beginning of the following year. Upon retirement, permanent disability or leaving the employment of the Road Commission, all union employees are paid 85% of their accumulated sick leave. Administrative employees are paid 85% of their accumulated sick leave upon leaving the employment of the Road Commission.

The Department of Water and Sewer, a component unit, has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 120 days. Union employees may either use these sick days when ill or receive payment for 70% of the unused portion at time of retirement. All other employees receive 85% of the unused portion at time employment is terminated. Employees are also allowed to accumulate unused vacation days. Employees can accumulate a maximum of 30 days to carry over at the end of the year.

Compensated Absence Liability Recognition

Accumulated sick and vacation is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

The long term portion of unpaid sick and vacation pay that is applicable to governmental fund types is reported in the Statement of Net Assets.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

Governmental funds are under formal budgetary control. For 2007, no budget was adopted for the Budget Stabilization fund, a Special Revenue fund, as no activity occurred during the year. Capital Projects funds are budgeted by project. Budget and actual comparisons for the Budget Stabilization fund, a Special Revenue fund, and Capital Projects funds are not reported in the financial statements, because annual budgets are not prepared. The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Ninety days prior to the beginning of the fiscal year, in accordance with the provisions of Public Act 139 of 1963 as amended by Public Act 100 of 1980 and in conformance with Act 2, Public Act 1968 as amended by Act 621 of 1978, the County Executive submits a proposed operating budget to the Ways and Means Committee, which recommends formal adoption by the Bay County Board of Commissioners. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain comments.
3. Prior to January 1, the budget is legally enacted by a budget adopting resolution.

Budgets shown in the financial statements were prepared on the same modified accrual basis that is used to reflect actual results. The Board of Commissioners has legal control over expenditures on an object class (categorical) basis, with the exception of the Circuit, District, and Probate courts, whose legal level of control over expenditures is on a total basis (lump sum) encompassing all of their operations. Expenditures are limited to appropriations for each object class (category) of budget data presented. The Board of Commissioners is authorized to make adjustments to the various budgets as deemed necessary. Elected officials and department/division heads are authorized to amend budgets under their control, subject to provisions of the General Appropriation Budget Act Resolution. Such adjustments and amendments have been reflected in the budgeted amounts shown in the financial statements. There were no supplemental appropriations that were deemed material. All appropriations lapse at year-end. Encumbrances that have lapsed are reappropriated. Budgetary expenditures represented by the encumbrances are

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

reflected in the budget in the year that the expenditures are shown in the financial statements. The County has prepared and issued separate from the CAFR a report on budget amounts compared to actual at the legal level of budgetary control (by activity, by object class (category), by fund).

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

The County has prepared and issued separate from the CAFR a report on budget amounts, which includes a schedule reflecting the amount of any excess of expenditures over appropriations at the legal level of control. The following individual funds incurred expenditures in excess of appropriations, presented at a summary level for the County's major governmental funds:

| <u>Fund</u> | <u>Appropriation</u> | <u>Expenditure</u> | <u>Excess Expenditure</u> |
|-------------------------|----------------------|--------------------|---------------------------|
| General Fund: | | | |
| Public works | \$ 6,050 | \$ 6,803 | \$ (753) |
| Special Revenue Funds: | | | |
| 911 Service: | | | |
| Interest and other fees | 927 | 1,050 | (123) |

The above items represent violations of the County's budgeting policies. Revenues were sufficient to cover all expenditures.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

A reconciliation of cash, pooled investments and investments as shown in the basic financial statement for the County's deposits and investments is as follows:

| | <u>Carrying Amount</u> |
|--|-----------------------------------|
| Government-wide Financial Statement Captions: | |
| Primary Government: | |
| Cash and cash equivalents | \$ 16,491,052 |
| Investments | 13,343,580 |
| Component Units: | |
| Cash and cash equivalents | 12,575,020 |
| Investments | 954,386 |
| Fiduciary Fund Financial Statement Captions: | |
| Cash and cash equivalents | 7,418,905 |
| Investments | <u>280,280,490</u> |
| Total | <u>\$ 331,063,433</u> |
| Notes to Financial Statements: | |
| Bank deposits (checking accounts, savings and money market accounts and certificates of deposit) | \$ 27,874,048 |
| Investments: | |
| U.S. treasury notes | 3,835,294 |
| U.S. agencies | |
| On securities loan | 4,696,434 |
| Not on securities loan | 35,871,366 |
| Commercial paper | 10,169,481 |
| Corporate bonds | |
| On securities loan | 14,335,794 |
| Not on securities loan | 8,290,321 |
| Common stock | |
| On securities loan | 27,028,689 |
| Not on securities loan | 166,009,047 |
| Agency obligations | 475,275 |
| Asset backed securities | 79,996 |
| Convertible bonds | 18,527,515 |
| Other short-term investments | 13,831,535 |
| Cash on hand | <u>38,638</u> |
| Total | <u>\$ 331,063,433</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

The County has adopted an official investment policy which is in accordance with investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, Act 196 PA 1997 (the Act). The Act generally allows the County to deposit funds in banks, savings and loan associations, and credit unions in the State of Michigan. The Act also provides for investment in U.S. government obligations; certificates of deposit of banks, savings and loans, and credit unions; commercial paper; repurchase agreements; bankers' acceptances; and, with some restrictions, mutual funds. Pension Trust funds are also allowed to invest in corporate stocks and bonds. Pension Trust fund investments are subject to a number of restrictions as to type, quality and concentration of investments. All investments are reported at fair value.

| | <u>Investment Maturities (In Years)</u> | | | | | <u>Credit Rating Range</u> | |
|-------------------------|---|----------------------|----------------------|----------------------|----------------------|-----------------------------|------------------------------------|
| | <u>Fair Value</u> | <u>Less Than 1</u> | <u>1-5</u> | <u>6-10</u> | <u>More Than 10</u> | <u>Standard & Poors</u> | <u>Moody's Investor's Services</u> |
| Agency obligations | \$ 475,272 | \$ - | \$ - | \$ 475,272 | \$ - | AAA | Aaa to AAA |
| Asset backed securities | 79,996 | - | 79,996 | - | - | AAA | Aaa to AAA |
| U.S. treasury notes | 3,835,294 | - | - | 142,563 | 3,692,731 | n/a | n/a |
| U.S. agencies | 40,567,800 | 1,977,355 | 8,599,154 | 13,463,700 | 16,527,591 | AAA | Aaa to AAA |
| Commercial paper | 10,169,481 | 10,169,481 | - | - | - | n/a | n/a to A1+ |
| Convertible bonds | 18,527,515 | 594,575 | 3,033,927 | 3,183,831 | 11,715,182 | B to AAA | Aa1 to B1 |
| Corporate bonds | <u>22,626,115</u> | <u>2,894,507</u> | <u>4,559,780</u> | <u>9,030,543</u> | <u>6,141,285</u> | B- to AAA | Caa1 to Aaa |
| | <u>\$ 96,281,473</u> | <u>\$ 15,635,918</u> | <u>\$ 16,272,857</u> | <u>\$ 26,295,909</u> | <u>\$ 38,076,789</u> | | |

**The County's investments in U.S. agencies include call options with a market value of \$17,000,000. The amounts listed as convertible bonds also include nonrated investments held by the pension fund. The amounts that are not rated are not broken out because such information could not be obtained from the pension fund investment managers.

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments. The County's investment policy does not have specific limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year end.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The County's investment policy does not have specific limits on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end \$22,949,093 of the County's bank balance of \$24,724,072 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. However, the County's investment policy states that no more than sixty percent of the County investment portfolio will be invested with a single financial institution. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified above. The County's investment policy states that with the exception of U.S. Treasury securities and authorized pools, no more than sixty percent of the County investment portfolio should be invested in a single security type. No single investment represents more than five percent of the County's investments. However, amounts invested in common stock mutual funds in the Public Employee Healthcare fund represent 7.3% of the County's investments at December 31, 2007. All investments held at year end are reported above.

Investments and Securities Lending

A contract approved by the Bay County Board of Commissioners permits the Bay County Employees' Retirement System (the System) to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or cash as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and cash are initially pledged at 102 percent of the fair value of United States securities lent and 105 percent of the fair value of non-United States securities, and may not fall below 100 percent during the term of the loan.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

There are no restrictions on the amount of the securities that can be loaned. Securities on loan at year-end are classified in the previous schedule of investments according to the category for the collateral received on the securities lent. At year-end the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

B. RECEIVABLES

Receivables in the primary government and component units are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Component Units</u> |
|---|------------------------------------|-------------------------------------|----------------------------|
| Taxes/special assessments | | | |
| Due within one year | \$ 7,203,817 | \$ 4,071,396 | \$ 6,385,732 |
| Due after one year | - | - | 2,467,097 |
| Accounts | 876,971 | 1,755,640 | 483,314 |
| Notes | | | |
| Due within one year | 58,564 | - | 2,570,000 |
| Due after one year | 1,522,054 | - | 6,600,000 |
| Interest | 209,325 | 390,819 | 165,579 |
| Intergovernmental | 2,390,055 | 446,150 | 2,271,091 |
| Less: allowance for uncollectible accounts | <u>(520,220)</u> | <u>(280,000)</u> | <u>(255,036)</u> |
| Total | <u>\$ 11,740,566</u> | <u>\$ 6,384,005</u> | <u>\$ 20,687,777</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:

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

| | <u>Unavailable</u> | <u>Unearned</u> |
|---|--------------------|-----------------|
| Property taxes receivable (General Fund) | \$ 772,229 | \$ - |
| Property taxes receivable (Mosquito Control Fund) | 3,638 | 1,316,392 |
| Property taxes receivable (911 Service Fund) | 5,677 | 2,057,868 |
| Property taxes receivable (Division on Aging Fund) | 4,073 | 1,469,860 |
| Property taxes receivable (Nonmajor Governmental fund types) | 1,218 | 568,687 |
| Grant drawdowns prior to meeting all eligibility requirements | - | 458,033 |
| Total | \$ 786,835 | \$ 5,870,840 |

C. CAPITAL ASSETS

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

Primary Government

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|--|--------------------------|------------------|------------------|-----------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,144,448 | \$ - | \$ - | \$2,144,448 |
| Construction in progress | - | 277,242 | - | 277,242 |
| Total capital assets not being depreciated | 2,144,448 | 277,242 | - | 2,421,690 |
| Capital assets being depreciated: | | | | |
| Land improvements | 3,158,713 | - | - | 3,158,713 |
| Buildings and improvements | 63,726,475 | 83,912 | - | 63,810,387 |
| Machinery and equipment | 1,689,944 | 181,965 | (105,861) | 1,766,048 |
| Office furniture and equipment | 2,999,235 | 220,396 | (117,512) | 3,102,119 |
| Vehicles | 1,561,153 | 235,619 | (110,755) | 1,686,017 |
| Total capital assets being depreciated | 73,135,520 | 721,892 | (334,128) | 73,523,284 |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| Less accumulated depreciation | | | | |
| Land improvements | \$(1,733,912) | \$ (194,426) | \$ - | \$(1,928,338) |
| Buildings and improvements | (14,990,363) | (1,395,401) | - | (16,385,764) |
| Machinery and equipment | (1,109,067) | (96,156) | 93,817 | (1,111,406) |
| Office furniture and equipment | (2,087,526) | (176,634) | 80,143 | (2,184,017) |
| Vehicles | <u>(1,117,052)</u> | <u>(114,274)</u> | <u>91,482</u> | <u>(1,139,844)</u> |
| Total accumulated depreciation | <u>(21,037,920)</u> | <u>(1,976,891)</u> | <u>265,442</u> | <u>(22,749,369)</u> |
| Total capital assets being depreciated, net | <u>52,097,600</u> | <u>(1,254,999)</u> | <u>(68,686)</u> | <u>50,773,915</u> |
| Governmental activities capital assets, net | <u>\$54,242,048</u> | <u>\$ (977,757)</u> | <u>\$ (68,686)</u> | <u>\$53,195,605</u> |
| | | | | |
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
| Business-type activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 257,604 | \$ - | \$ - | \$ 257,604 |
| Construction in progress | - | 104,555 | (44,948) | 59,607 |
| Total capital assets not being depreciated | <u>257,604</u> | <u>104,555</u> | <u>(44,948)</u> | <u>317,211</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 1,116,950 | - | (23,000) | 1,093,950 |
| Buildings and improvements | 16,000,296 | 91,953 | - | 16,092,249 |
| Machinery and equipment | 1,149,528 | 33,934 | (31,639) | 1,151,823 |
| Office furniture and fixtures | 2,676,567 | 100,759 | (401,032) | 2,376,294 |
| Vehicles | <u>68,460</u> | <u>118,145</u> | <u>-</u> | <u>186,605</u> |
| Total capital assets being depreciated | <u>21,011,801</u> | <u>344,791</u> | <u>(455,671)</u> | <u>20,900,921</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

| | Beginning Balance | Additions | Ending Disposals | Balance |
|---|------------------------------|-------------------------|-----------------------------|-------------------------|
| Less accumulated depreciation | | | | |
| Land improvements | \$ (664,788) | \$ (40,466) | \$ 23,000 | \$ (682,254) |
| Buildings and improvements | (7,229,487) | (681,722) | 296,626 | (7,614,583) |
| Machinery and equipment | (935,964) | (59,681) | 31,639 | (964,006) |
| Office furniture and fixtures | (2,111,543) | (83,099) | 299 | (2,194,343) |
| Vehicles | <u>(68,460)</u> | <u>(11,952)</u> | <u>-</u> | <u>(80,412)</u> |
| Total accumulated depreciation | <u>(11,010,242)</u> | <u>(876,920)</u> | <u>351,564</u> | <u>(11,535,598)</u> |
| Total capital assets being depreciated, net | <u>10,001,559</u> | <u>(532,129)</u> | <u>(104,107)</u> | <u>9,365,323</u> |
| Business-type activities capital assets, net | <u>\$10,259,163</u> | <u>\$ (427,574)</u> | <u>\$ (149,055)</u> | <u>\$ 9,682,534</u> |

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

Governmental activities:

| | |
|------------------------|----------------|
| Judicial | \$ 27,317 |
| General government | 1,366,958 |
| Public safety | 231,516 |
| Health and welfare | 203,035 |
| Recreation and culture | <u>148,065</u> |

Total depreciation expense – governmental activities **\$ 1,976,891**

Business-type activities:

| | |
|-------------------------------------|--------------|
| Medical Care Facility | \$ 610,491 |
| Housing | 198,623 |
| Golf Course | 57,964 |
| Delinquent Property Tax Foreclosure | <u>9,842</u> |

Total depreciation expense – business-type activities **\$ 876,920**

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Discretely presented component units

Activity for the Road Commission for the year ended December 31, 2007, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|--------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 496,086 | \$ 5,895 | \$ - | \$ 501,981 |
| Land improvements | 42,556,937 | 1,100,214 | - | 43,657,151 |
| Right of ways | <u>349,661</u> | <u>-</u> | <u>-</u> | <u>349,661</u> |
| Total capital assets not being depreciated | <u>43,402,684</u> | <u>1,106,109</u> | <u>-</u> | <u>44,508,793</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 2,595,368 | 17,487 | - | 2,612,855 |
| Road equipment | 9,843,271 | 233,751 | (99,376) | 9,977,646 |
| Shop equipment | 144,074 | 9,751 | - | 153,825 |
| Office equipment | 181,765 | 2,105 | - | 183,870 |
| Engineering equipment | 139,283 | 5,532 | - | 144,815 |
| Yard and storage | 1,330,389 | 8,421 | - | 1,338,810 |
| Infrastructure: | | | | |
| Roads | 46,733,543 | 1,650,320 | (1,958,364) | 46,425,499 |
| Bridges | 18,525,874 | 26,919 | - | 18,552,792 |
| Traffic signals | 294,083 | - | - | 294,083 |
| Depletable assets: | | | | |
| Gravel pits | <u>53,037</u> | <u>-</u> | <u>-</u> | <u>53,037</u> |
| Total capital assets being depreciated | <u>79,840,687</u> | <u>1,954,286</u> | <u>(2,057,740)</u> | <u>79,737,233</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|
| Less accumulated depreciation | | | | |
| Buildings and improvements | \$(1,521,263) | \$ (66,111) | \$ - | \$(1,587,374) |
| Road equipment | (8,429,106) | (796,193) | 98,343 | (9,126,956) |
| Shop equipment | (133,719) | (11,073) | - | (144,792) |
| Office equipment | (132,614) | (8,165) | - | (140,779) |
| Engineering equipment | (82,905) | (7,853) | - | (90,758) |
| Yard and storage | (728,032) | (56,604) | - | (784,636) |
| Infrastructure: | | | | |
| Roads | (19,750,520) | (2,504,940) | 1,958,364 | (20,297,096) |
| Bridges | (6,913,733) | (347,822) | - | (7,261,555) |
| Traffic signals | (251,049) | (5,652) | - | (256,701) |
| Depletable assets: | | | | |
| Gravel pits | <u>(14,267)</u> | <u>(56)</u> | <u>-</u> | <u>(14,323)</u> |
| Total accumulated depreciation | <u>(37,957,208)</u> | <u>(3,804,469)</u> | <u>2,056,707</u> | <u>(39,704,970)</u> |
| Total capital assets being depreciated, net | <u>41,883,479</u> | <u>(1,850,183)</u> | <u>(1,033)</u> | <u>40,032,263</u> |
| Road Commission capital assets, net | <u>\$85,286,163</u> | <u>\$ (744,074)</u> | <u>\$ (1,033)</u> | <u>\$ 84,541,056</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Activity for the Library System for the year ended December 31, 2007, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|--------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 119,487 | \$ - | \$ (12,000) | \$ 107,487 |
| Capital assets being depreciated: | | | | |
| Land improvements | 179,722 | - | (93,773) | 85,949 |
| Buildings and improvements | 1,336,767 | 10,880 | (232,183) | 1,115,464 |
| Machinery and equipment | 121,040 | - | - | 121,040 |
| Office furniture & fixtures | 1,201,114 | 70,000 | (41,967) | 1,229,147 |
| Books and a/v materials | 3,419,682 | 112,937 | (1,411,509) | 2,121,110 |
| Vehicles and other | <u>182,770</u> | <u>-</u> | <u>-</u> | <u>182,770</u> |
| Total capital assets being depreciated | <u>6,441,095</u> | <u>193,817</u> | <u>(1,779,432)</u> | <u>4,855,480</u> |
| Less accumulated depreciation | | | | |
| Land improvements | (130,180) | (6,619) | 93,773 | (43,026) |
| Buildings and improvements | (786,881) | (108,960) | 232,183 | (663,658) |
| Machinery and equipment | (50,071) | (9,375) | - | (59,446) |
| Office furniture & fixtures | (459,919) | (60,981) | 41,967 | (478,933) |
| Books and a/v materials | (2,118,386) | (401,809) | 1,411,509 | (1,108,686) |
| Vehicles and other | <u>(166,188)</u> | <u>(3,876)</u> | <u>-</u> | <u>(170,064)</u> |
| Total accumulated depreciation | <u>(3,711,625)</u> | <u>(591,620)</u> | <u>1,779,432</u> | <u>(2,523,813)</u> |
| Total capital assets being depreciated, net | <u>2,729,470</u> | <u>(397,803)</u> | <u>-</u> | <u>2,331,667</u> |
| Library System capital assets, net | <u>\$ 2,848,957</u> | <u>\$ (397,803)</u> | <u>\$ (12,000)</u> | <u>\$ 2,439,154</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Activity for the Department of Water & Sewer for the year ended December 31, 2007, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|-------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 62,791 | \$ - | \$ - | \$ 62,791 |
| Construction in progress | <u>5,300</u> | <u>-</u> | <u>(5,300)</u> | <u>-</u> |
| Total capital assets not being depreciated | <u>68,091</u> | <u>-</u> | <u>(5,300)</u> | <u>62,791</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 13,267,513 | 22,206 | - | 13,289,719 |
| Improvements other than buildings | 76,474 | - | - | 76,474 |
| Machinery and equipment | 8,759,600 | 29,341 | (21,724) | 8,767,217 |
| Water system | 3,843,526 | 302,636 | - | 4,146,162 |
| Sewer system | <u>17,169,768</u> | <u>-</u> | <u>-</u> | <u>17,169,768</u> |
| Total capital assets being depreciated | <u>43,116,881</u> | <u>354,183</u> | <u>(21,724)</u> | <u>43,449,340</u> |
| Less accumulated depreciation | | | | |
| Buildings | (6,658,045) | (278,890) | - | (6,936,935) |
| Improvements other than buildings | (72,347) | (589) | - | (72,936) |
| Machinery and equipment | (7,874,681) | (204,547) | 21,724 | (8,057,504) |
| Water system | (1,489,563) | (90,517) | - | (1,580,080) |
| Sewer system | <u>(8,580,448)</u> | <u>(343,395)</u> | <u>-</u> | <u>(8,923,843)</u> |
| Total accumulated depreciation | <u>(24,675,084)</u> | <u>(917,938)</u> | <u>21,724</u> | <u>(25,571,298)</u> |
| Total capital assets being depreciated, net | <u>18,441,797</u> | <u>(563,755)</u> | <u>-</u> | <u>17,878,042</u> |
| Department of Water & Sewer capital assets, net | <u>\$18,509,888</u> | <u>\$ (563,755)</u> | <u>\$ (5,300)</u> | <u>\$ 17,940,833</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Activity for the Drain Commission for the year ended December 31, 2007, was as follows:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|------------------------------|-------------------|--------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ - | \$ 234,288 | \$ - | \$ 234,288 |
| Land | <u>355,673</u> | <u>-</u> | <u>(30,000)</u> | <u>325,673</u> |
| Total capital assets not being depreciated | <u>355,673</u> | <u>234,288</u> | <u>(30,000)</u> | <u>559,961</u> |
| Capital assets being depreciated: | | | | |
| Land improvements (infrastructure) | 1,524,477 | 219,669 | - | 1,744,146 |
| Buildings | 171,681 | - | - | 171,681 |
| Machinery and equipment | 345,826 | 30,345 | (462) | 375,709 |
| Office furniture and equipment | 44,843 | - | (1,762) | 43,081 |
| Vehicles | <u>104,908</u> | <u>9,515</u> | <u>-</u> | <u>114,423</u> |
| Total capital assets being depreciated | <u>2,191,735</u> | <u>259,529</u> | <u>(2,224)</u> | <u>2,449,040</u> |
| Less accumulated depreciation | | | | |
| Land improvements (infrastructure) | (67,544) | (31,480) | - | (99,024) |
| Buildings | (153,680) | (5,728) | - | (159,408) |
| Machinery and equipment | (187,802) | (11,947) | 462 | (199,287) |
| Office furniture and equipment | (44,843) | - | 1762 | (43,081) |
| Vehicles | <u>(49,894)</u> | <u>(11,708)</u> | <u>-</u> | <u>(61,602)</u> |
| Total accumulated depreciation | <u>(503,763)</u> | <u>(60,863)</u> | <u>2,224</u> | <u>(562,402)</u> |
| Total capital assets being depreciated, net | <u>1,687,972</u> | <u>198,666</u> | <u>-</u> | <u>1,886,638</u> |
| Drain commission capital assets, net | <u>\$ 2,043,645</u> | <u>\$ 432,954</u> | <u>\$ (30,000)</u> | <u>\$ 2,446,599</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Activity for the Bay Area Narcotics Enforcement Team for the year ended December 31, 2007, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets being depreciated: | | | | |
| Equipment | \$ 68,764 | \$ 9,920 | \$ - | \$ 78,684 |
| Less accumulated depreciation | | | | |
| Equipment | <u>(40,132)</u> | <u>(9,781)</u> | <u>-</u> | <u>(49,913)</u> |
| Bay Area Narcotics Enforcement Team capital assets, net | <u>\$ 28,632</u> | <u>\$ 139</u> | <u>\$ -</u> | <u>\$ 28,771</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

D. PAYABLES

Accounts payable and accrued liabilities in the primary government are as follows:

| | Governmental <u>Activities</u> | Business-type <u>Activities</u> |
|---|-----------------------------------|------------------------------------|
| Accounts | \$ 927,247 | \$ 429,332 |
| Wages, fringe benefits and other accrued liabilities | 894,859 | 462,182 |
| Deposits | 10,344 | 21,671 |
| Intergovernmental | 161,000 | 30,017 |
| Total | <u>\$ 1,993,450</u> | <u>\$ 943,202</u> |

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

| | Due from: | | | | | |
|-----------------------|------------------|-------------------------------|--------------|------------------------|---------------------|-------------------|
| | | Revenue Sharing Reserve | 100% Tax | Nonmajor Enterprise | Internal Service | |
| Due to: | General | Reserve | Tax | Enterprise | Service | Total |
| General | \$ - | \$ 261,225 | \$ - | \$ 22,441 | \$ 15,885 | \$ 299,551 |
| Mosquito Control | - | - | - | - | 228 | 228 |
| 911 Service | - | - | - | - | 1,201 | 1,201 |
| Division on Aging | - | - | - | - | 956 | 956 |
| Nonmajor | | | | | | |
| Governmental | 14,544 | - | - | - | 2,375 | 16,919 |
| Medical Care Facility | 83,626 | - | - | - | - | 83,626 |
| 100% Tax | 560 | - | - | 19,235 | 81 | 19,876 |
| Housing | - | - | 18 | - | - | 18 |
| Nonmajor Enterprise | - | - | - | - | 189 | 189 |
| Internal Service | - | - | - | - | 8 | 8 |
| Total | <u>\$ 98,730</u> | <u>\$ 261,225</u> | <u>\$ 18</u> | <u>\$ 41,676</u> | <u>\$ 20,923</u> | <u>\$ 422,572</u> |

Interfund 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 total governmental activities interfund balances exceed the total business-type activities interfund balances by \$192. This imbalance is caused by the timing effect of the interfund transactions in the Medical Care Facility and the Housing Fund, which maintain accounting records separate from those of the general County operations.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Advances to/from other funds:

| | | |
|-----------------------------|---------------------|---------------------|
| General | \$ 2,299,590 | \$ 22,792 |
| Budget Stabilization fund | - | 1,799,590 |
| Nonmajor governmental funds | - | 500,000 |
| Nonmajor enterprise funds | <u>22,792</u> | <u>-</u> |
| Total | <u>\$ 2,322,382</u> | <u>\$ 2,322,382</u> |

Advances between the General Fund and nonmajor governmental funds exist to maintain adequate reserves in the Health Department/District Health and Budget Stabilization funds. Advances between the nonmajor enterprise funds and the General Fund were made to provide the General Fund with the necessary cash flow to make various improvements to the Veterans' Memorial Park softball diamonds in 1999.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

| | | Transfer from: | | | | | | | |
|-----------------------|---------------------------|--------------------------|------------------------|-------------------------|-------------------------------|--------------------------|-------------------------|-------------------------|----------------------------|
| Transfer to: | General | Mosquito Control | 911 Service | Division on Aging | Revenue Sharing Reserve | Nonmajor Governmental | 100% Tax | Nonmajor Enterprise | Total |
| General | \$ - | \$ 101,692 | \$ 33,910 | \$342,804 | \$1,926,006 | \$ 265,092 | \$880,783 | \$ 91,074 | \$ 3,641,361 |
| Division on Aging | 6,200 | - | - | - | - | - | - | - | 6,200 |
| Nonmajor Governmental | <u>4,027,317</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,027,317</u> |
| Total | <u>\$4,033,517</u> | <u>\$ 101,692</u> | <u>\$33,910</u> | <u>\$342,804</u> | <u>\$1,926,006</u> | <u>\$ 265,092</u> | <u>\$880,783</u> | <u>\$ 91,074</u> | <u>\$ 7,674,878</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to 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 and state revenue sharing special revenue fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, the Revenue Sharing Reserve Fund has transferred the allowable spending amount specified by the State for the State revenue sharing fund in compliance with Public Act 357 of 2004.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

F. LONG-TERM DEBT

Changes in Long-Term Debt

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due within One Year</u> |
|-----------------------------|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| Building Authority – | | | | | |
| General obligation bonds | \$26,815,000 | \$ - | \$ (2,120,000) | \$24,695,000 | \$ 2,225,000 |
| Installment purchase | | | | | |
| contracts payable | 82,390 | - | (82,390) | - | - |
| Leases payable | 14,401 | - | (14,401) | - | - |
| Long-term advances from | | | | | |
| State | 29,000 | - | - | 29,000 | - |
| Internal service funds – | | | | | |
| Claims | 578,261 | 87,845 | - | 666,106 | 553,984 |
| Compensated absences | <u>1,857,862</u> | <u>2,163,754</u> | <u>(1,978,823)</u> | <u>2,042,793</u> | <u>91,395</u> |
| | <u>\$29,376,914</u> | <u>\$ 2,251,599</u> | <u>\$ (4,195,614)</u> | <u>\$27,432,899</u> | <u>\$ 2,870,379</u> |
| Business-type activities | | | | | |
| Claims | \$ 646,526 | \$ - | \$ (155,006) | \$ 491,520 | \$ 491,520 |
| Notes payable | - | 118,145 | (39,382) | 78,763 | 39,381 |
| Compensated absences | <u>420,026</u> | <u>-</u> | <u>(23,976)</u> | <u>396,050</u> | <u>358,177</u> |
| | <u>\$ 1,066,552</u> | <u>\$ 118,145</u> | <u>\$ (218,364)</u> | <u>\$ 966,333</u> | <u>\$ 889,078</u> |
| Component Units | | | | | |
| Road Commission: | | | | | |
| Claims | \$ 254,249 | \$ - | \$ (254,249) | \$ - | \$ - |
| Compensated absences | <u>753,700</u> | <u>72,702</u> | <u>-</u> | <u>826,402</u> | <u>19,102</u> |
| | <u>\$ 1,007,949</u> | <u>\$ 72,702</u> | <u>\$ (254,249)</u> | <u>\$ 826,402</u> | <u>\$ 19,102</u> |
| Library System: | | | | | |
| Compensated absences | <u>\$ 124,225</u> | <u>\$ -</u> | <u>\$ (2,476)</u> | <u>\$ 121,749</u> | <u>\$ -</u> |
| Department of Water & Sewer | | | | | |
| General obligation bonds | \$11,815,000 | \$ - | \$ (2,645,000) | \$ 9,170,000 | \$ 2,570,000 |
| Compensated absences | <u>388,616</u> | <u>-</u> | <u>(41,165)</u> | <u>347,451</u> | <u>52,118</u> |
| | <u>\$12,203,616</u> | <u>\$ -</u> | <u>\$ (2,686,165)</u> | <u>\$ 9,517,451</u> | <u>\$ 2,622,118</u> |
| Drain Commission | | | | | |
| General obligation bonds | \$ 1,863,091 | \$ - | \$ (248,000) | \$ 1,615,091 | \$ 313,870 |
| Notes payable | <u>509,226</u> | <u>822,587</u> | <u>(118,173)</u> | <u>1,213,640</u> | <u>126,451</u> |
| | <u>\$ 2,372,317</u> | <u>\$ 822,587</u> | <u>\$ (366,173)</u> | <u>\$ 2,828,731</u> | <u>\$ 440,321</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year end, \$945 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Primary Government

The County issues general obligation bonds, installment purchase contracts, and capital leases to provide funds for the acquisition, renovation, and / or construction of major capital facilities and purchase of major equipment. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds, installment purchase contracts, and capital leases issued in prior years was \$33,730,639. During the year ended December 31, 2007, notes payable in the amount of \$118,145 were issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 20-year serial bonds with varying amounts of principal maturing each year. Installment purchase contracts are generally issued as 5 year contracts payable with varying amounts of principal maturing each year. General obligation bonds, installment purchase contracts, and capital leases payable currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|----------------------|
| Governmental activities | 2.5–8.0% | <u>\$ 24,695,000</u> |

Annual debt service requirements to maturity for general obligation bonds and installment purchase contracts are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 2,225,000 | \$ 1,082,092 |
| 2009 | 2,330,000 | 999,503 |
| 2010 | 2,310,000 | 911,369 |
| 2011 | 2,180,000 | 810,766 |
| 2012 | 1,790,000 | 711,748 |
| 2013-2017 | 9,400,000 | 2,207,861 |
| 2018-2020 | <u>4,460,000</u> | <u>338,725</u> |
| Total | <u>\$24,695,000</u> | <u>\$ 7,062,064</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Annual debt service requirements to maturity for notes payable are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Business-type Activities</u> | |
|--|---------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 39,381 | \$ - |
| 2009 | <u>39,382</u> | <u>-</u> |
| | <u>\$ 78,763</u> | <u>\$ -</u> |

Component Units

Department of Water & Sewer. General obligation bonds are issued by the County to finance construction projects managed and administered by the Department of Water & Sewer. General obligation and revenue bonds have been issued for business-type activities.

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and authorities. The bonds are issued as 10 to 30-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|--------------------------|-----------------------|---------------------|
| Business-type activities | 2.0 – 7.3% | <u>\$ 9,170,000</u> |

Annual debt service requirements to maturity for Department of Water and Sewer bonds are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Business-type Activities</u> | |
|--|---------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 2,570,000 | \$ 318,530 |
| 2009 | 970,000 | 240,515 |
| 2010 | 935,000 | 208,350 |
| 2011 | 950,000 | 177,476 |
| 2012 | 870,000 | 146,065 |
| 2013-2017 | 2,285,000 | 404,334 |
| 2018-2021 | <u>590,000</u> | <u>33,113</u> |
| Total | <u>\$ 9,170,000</u> | <u>\$ 1,528,383</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Drain Commission. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds and notes have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$5,932,960. During the year general obligation bonds and notes payable totaling \$822,587 were issued.

These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 5 to 20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|---------------------|
| Governmental activities | 2.25 –8.0% | \$ <u>2,828,731</u> |

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

| <u>Year Ending</u> | <u>Governmental Activities</u> | |
|--------------------|--------------------------------|-------------------|
| <u>December 31</u> | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 440,321 | \$ 89,626 |
| 2009 | 471,660 | 120,855 |
| 2010 | 496,747 | 81,835 |
| 2011 | 390,800 | 59,497 |
| 2012 | 367,410 | 41,226 |
| 2013-2017 | 649,793 | 53,595 |
| 2018 | <u>12,000</u> | <u>551</u> |
| Total | <u>\$ 2,828,731</u> | <u>\$ 447,185</u> |

Advance refundings

On February 18, 2004, the Bay County Building Authority issued general obligation bonds of \$2,035,000. Proceeds from this bond issue were used to advance refund two separately issued general obligation bonds, one issued in 1994 for jail renovations and one issued in 1995 for adult foster care homes. The refunded bonds mature as scheduled on November 1 through 2011. The balance of the defeased debt outstanding at December 31, 2007, was \$925,000.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

On May 10, 2006, the Bay County Building Authority issued general obligation bonds of \$7,205,000. A portion of the proceeds from this bond issue were used in a current refunding of the 1997 ice/civic arena bonds. The remaining proceeds from this bond issue were used to advance refund the 1995 and 1997 courthouse facility bonds and the remainder of the 1997 ice/civic arena bonds. The courthouse facility refunded bonds mature as scheduled on May 1 through 2017 and the ice/civic arena refunded bonds mature as scheduled on November 1 through 2015. The balance of the defeased debt outstanding at December 31, 2007, was \$7,325,000.

IV. OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLAN

Pension Plan

Plan Description - The County maintains a single-employer defined benefit pension plan, the Bay County Employees' Retirement System (the Plan), covering substantially all employees of the primary government. Employees of the County's component units, including Road Commission, Library System, and Department of Water and Sewer, participate in the County's plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan does not issue stand-alone financial statements and is not included in the financial report of any other entity.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Funding Policy/Contributions - The County's policy is to fund normal costs which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. The provisions of the Plan require the County to contribute at an actuarially determined rate. The current rate is 0 percent of annual covered payroll for General County, Medical Care Facility, Sheriff's Department, Library and Department of Water & Sewer, 3.24% for Bay Area Behavioral Health, and 10.82% for the Road Commission, which was determined through an actuarial valuation performed at December 31, 2006. Contributions from County funds for the year ended December 31, 2007, amounted to \$0 and contributions from the component units and Bay Area Behavioral Health amounted to \$706,090. Plan members contribute at a rate of 4% of their annual salary. The County pays the plan member contributions for all employee groups. Contributions received from plan members for the year ended December 31, 2007, amounted to \$1,123,376. The Plan benefit provisions and contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners, who also administer the plan, in accordance with County policies, union contracts, and plan provisions.

Basis of Accounting -The financial statements of the Bay County Employees' Retirement System are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period they are due. The County's contributions to the Plan are recognized when due and they have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Administrative Expenses -The Bay County Employees' Retirement System is administered by Bay County. Administrative expenses, such as trustee and actuarial fees, are paid by the System. Fees for investment counseling are paid by the System.

Benefits -A plan member may retire after reaching the age of 60 with 8 or more years of service. Sheriff Dispatchers and Bay Medical Care Facility employees may retire at 30 years of service regardless of age, or age 55 with 25 years of service. Road Patrol employees may retire with 25 years of service regardless of age. Correctional Facility Officers employees may retire at age 55 with 25 years of service. Road Commission employees may retire at 30 years of service regardless of age. All other plan members may retire at age 55 with 30 years of service. The Plan also provides early retirement to its members.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Eligible employees are provided benefits based on 2.25% of their final average compensation times the number of years of credited service (2.0% for Behavioral Health AFSCME, 2.5% for Sheriff-Road Patrol, CFO, Central Dispatch, District Court Union and Road Commission employees). Maximum retirement is 75% of final average compensation, defined as the average of the highest five years. For those who retire early, in accordance with the Plan provisions, the benefit is reduced to the actuarial equivalent of a pension at normal retirement age.

Duty death in service benefits provided by the County upon termination of workers' compensation payments entitle the plan member's spouse to a refund of accumulated contributions plus a benefit equal to the workers' compensation amount. Unmarried children under the age of 18 and parents receive a benefit equal to the workers' compensation amount. Non-duty death in service benefits, after ten years of service, are computed as a regular retirement, actuarially reduced in accordance with a 100% joint and survivor election.

Duty disability benefits provided by the County are computed as a regular retirement, with additional service credited until attainment of age 55, less an amount offset by workers' compensation payments. Non-duty disability benefits, after ten years of credited service, are computed as a regular retirement less an amount offset by workers' compensation payments.

Classes of Employees - The Plan's membership consists of the following at December 31, 2006, the date of the last actuarial valuation:

| | |
|--|--------------|
| Retirees and beneficiaries receiving benefits | <u>623</u> |
| Terminated plan members entitled to, but not yet receiving, benefits | <u>92</u> |
| Active plan members | <u>1,122</u> |

Annual Pension Cost - For the year ended December 31, 2007, the County's annual pension cost of \$706,090 was equal to the County's required and actual contribution. The required contribution was determined as part of the December 31, 2006, actuarial evaluation, using the entry age actuarial cost method.

The pension liability (asset) for the Plan at adoption was \$0 and was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which was adopted on January 1, 1997.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

The annual required contribution for the current year was determined as part of the December 31, 2006, actuarial valuation using the individual entry age normal cost method. Significant actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.0% per year pay inflation plus merit and longevity, (c) additional projected salary increases ranging from 1.0 to 8.0% per year, depending on age, attributable to merit and longevity, and (d) the assumption that benefits will not increase after retirement.

Unfunded actuarial accrued liabilities or asset surpluses are amortized by level percent of payroll contributions. If the liabilities exceed the assets, the difference is amortized over 30 years; if the assets exceed the liabilities the difference is amortized over 10 years. These periods are re-established with each annual actuarial valuation. The actuarial value of assets is determined by adding contributions and regular investment income to valuation assets at the beginning of the year and reducing that amount by benefit payments and administrative expenses. This preliminary value is then adjusted by 20% of the fair value gains and losses for each of the last 5 years.

Three Year Trend Information

| <u>Fiscal Year</u> <u>Ending</u> | <u>Annual Pension</u> <u>Cost (APC)</u> | <u>Percentage of</u> <u>APC Contributed</u> | <u>Net Pension</u> <u>Obligation</u> |
|-------------------------------------|--|--|---|
| 2005 | \$ 393,515 | 100% | \$ - |
| 2006 | 581,067 | 100% | - |
| 2007 | 706,090 | 100% | - |

Required supplementary information, which includes a Schedule of Funding Progress and a Schedule of Employer Contributions is presented immediately following the notes.

Net assets Reserved for Employees' Pension Benefits – Net assets reserved for employees' pension benefits includes legally required reserves. Net assets as of December 31, 2007, consists of the following reserves:

| | |
|------------------------------|-----------------------|
| Annuity reserve | \$ 84,078,549 |
| Employer reserve | 145,052,491 |
| Employee accumulated reserve | <u>25,097,559</u> |
| | <u>\$ 254,228,599</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Annuity reserve represents the cumulative contribution for retirees, disabled members, or surviving spouses who have elected monthly annuity benefits. Employer reserves represent the reserve for employer contributions, with County contributions, excluding member contributions made on behalf of employees, which are credited to the reserve for member contributions. Employee reserves represent the reserve into which the Retirement System shall make transfers and refunds of accumulated member contributions.

Following are the financial statements for the Employees' Retirement System Pension Trust Fund for the year ended December 31, 2007.

Statement of Plan Net Assets

Assets

Investments at fair value:

| | |
|-----------------------------|--------------------|
| Common stock | \$ 170,946,995 |
| Corporate bonds | 22,626,115 |
| Governmental securities | 27,403,094 |
| Short-term investment funds | 11,310,701 |
| Convertible bonds | 20,395,205 |
| Other | <u>1,084,892</u> |
| Total investments | <u>253,767,002</u> |

Receivables:

| | |
|------------------------|------------------|
| Interest and dividends | 783,419 |
| Trade | <u>906,244</u> |
| Total receivables | <u>1,689,663</u> |

Other current assets:

| | |
|--------------------------|---------------|
| Due from component units | <u>42,242</u> |
|--------------------------|---------------|

Total Assets 255,498,907

Liabilities

| | |
|-------------------------------------|------------------|
| Accounts payable | 382,100 |
| Accrued items and other liabilities | 884,210 |
| Accrued vacation and sick pay | 3,778 |
| Due to other governmental units | <u>220</u> |
| Total liabilities | <u>1,270,308</u> |

Net assets held in trust for pension benefits \$ 254,228,599

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Statement of Changes in Plan Net Assets

| | |
|--|-----------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 706,090 |
| Plan members | <u>1,123,376</u> |
| Total additions | <u>1,829,466</u> |
| Investment income: | |
| Net appreciation in fair value of investments | 14,034,991 |
| Interest and dividends | 5,698,831 |
| Less investment expense | <u>(1,869,322)</u> |
| Net investment income | <u>17,864,500</u> |
| Other revenue | <u>170,284</u> |
| Total additions | <u>19,864,250</u> |
| Deductions | |
| Benefits | 8,723,428 |
| Administrative expenses | 143,182 |
| Refunds of contributions | 346,143 |
| Capital outlay | <u>6,610</u> |
| Total deductions | <u>9,219,363</u> |
| Change in net assets | 10,644,887 |
| Net assets held in trust for pension benefits: | |
| Beginning of year | <u>243,583,712</u> |
| End of year | <u>\$ 254,228,599</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

B. POST-RETIREMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

The County also sponsors a retiree healthcare plan through a Voluntary Employees Beneficiary Association (VEBA) trust (the "Plan"). The plan is a single employer defined benefit public retiree healthcare plan established effective October 1, 2001. The purpose of the plan is to provide medical and healthcare benefits for the welfare of certain retirees of the County and the spouses and dependents of such retirees who are participants in the Bay County Retirement System. Benefits under the plan are provided pursuant to a group contract issued by Blue Cross Blue Shield of Michigan. The County Board of Commissioners has the authority to establish and amend benefit provisions. The Plan does not issue stand-alone financial statements and is not included in the financial report of any other entity.

The Plan is a contributory defined benefit plan which covers substantially all employees of Bay County as defined above. At December 31, 2006, the date of the latest actuarial valuation, participants in the plan consisted of:

| | |
|------------------------------------|------------|
| Retired members and beneficiaries: | |
| Under age 65 | 167 |
| Age 65 and over | <u>257</u> |
| Total | <u>424</u> |

The December 31, 2006, actuarial valuation identified the required employer contribution rate as 3.24% to 33.70% of covered payroll, depending on employee group and amortization period. Contributions to the Plan for the year-ended December 31, 2007, were \$2,079,379, representing 0-10% of covered payroll for employee groups.

The benefit obligation represents the actuarial present value of those estimated future benefits that are attributed to employee service rendered to December 31. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired or terminated employees and dependents (as defined by the Plan) and (2) active employees and their beneficiaries and dependents after retirement from service. Prior to an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to that employee's service rendered to the valuation date.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

The actuarial present value of the expected postretirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical insurance premium-cost data to estimate future annual premium costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The Plan's unfunded accrued liability was determined as part of an actuarial valuation of the Plan as of December 31, 2006. Significant actuarial assumptions used in determining the Plan's unfunded accrued liability included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually for active employees and 4.0% for retirees, (b) projected salary increases of 4.0% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 1.0% to 8.0% per year, depending on age, attributable to seniority/merit, and (d) healthcare cost increases of 5.0% for 2007, 4.5% for 2008 and 4% for 2009 and all subsequent years after the valuation.

Marketable securities are stated at aggregate fair value. Securities which are traded on a national securities exchange are valued at the last reported sales price on the last business day of the System's year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price.

The Plan's unfunded accrued liability, which was determined by an actuary, is as follows at December 31, 2006, the date of the latest actuarial valuation:

| | |
|---|----------------------|
| Retirees and beneficiaries | \$ 87,497,708 |
| Current employees: | |
| Value of expected future benefit payments | 92,712,451 |
| Less: Value of future normal costs | <u>(30,891,884)</u> |
| Total accrued liability | 149,318,275 |
| Valuation assets | <u>(19,939,625)</u> |
| Unfunded accrued liability | <u>\$129,378,650</u> |

Net assets available to fund this Plan amount to \$22,301,785 at December 31, 2007.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

In addition, the Library System, Department of Water and Sewer, Road Commission, and Bay Medical Care Facility provide certain health insurance benefits to their employees. The Bay Medical Care Facility also provides life insurance to retirees. The coverage amount is either \$2,500, \$3,500, or \$5,000, depending on the terms of the bargaining unit contract in effect at the time the employee retired. The County also provides life insurance to non-represented retirees as of March 1, 1998. The coverage amount is \$10,000.

Employees become eligible for post-retirement benefits if they reach normal retirement age while working for the County. Benefits for employees begin the first month following their date of retirement.

The insurance for General County retirees is paid for by the employer, with required copayments, if any, determined annually. In addition, some bargaining units' contracts provide for the County paying 50 percent of the retirees' current (at the time of retirement) spouses' insurance. Premiums for all other dependents covered on the policy are at the expense of the retiree.

Road Commission, Department of Water and Sewer, and Bay Medical Care Facility retirees have 100 percent of their premiums paid for by the County. The County also pays 100 percent of premiums for spouses of retirees of the Road Commission and Bay Medical Care Facility.

The Library pays 50% of the health insurance premiums for employees who retire between the ages of 60 and 65. Employees who retire at age 65 or later are entitled to 100% employer paid health insurance. Spousal premiums are at the expense of the retiree.

The post-retirement benefits are financed on a pay-as-you-go basis. The amount of expenditures for the benefits is recognized during the period incurred. The premiums are paid by the County. Employees make no contribution directly to the County for their share of the expense. The cost of retiree healthcare and life insurance benefits for 2007 was approximately \$2,267,836 for the primary government and approximately \$1,211,735 for component units.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Following are the financial statements for the Public Employee Healthcare Trust Fund for the year ended December 31, 2007.

Statement of Plan Net Assets

Assets

| | |
|--|----------------------|
| Investments at fair value: | |
| Common stock | \$ 22,090,741 |
| Short-term investment funds | <u>123,523</u> |
| Total investments | <u>22,214,264</u> |
| Receivables: | |
| Interest and dividends | 148,720 |
| Trade | <u>110,065</u> |
| Total receivables | <u>258,785</u> |
| | |
| <u>Total Assets</u> | <u>22,473,049</u> |
| Liabilities | |
| Accounts payable | 22,896 |
| Accrued items and other liabilities | <u>148,368</u> |
| Total liabilities | <u>171,264</u> |
| | |
| Net assets held in trust for healthcare benefits | <u>\$ 22,301,785</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Statement of Changes in Plan Net Assets

| | |
|---|----------------------|
| Additions | |
| Contributions | |
| Employer: | <u>\$ 2,079,379</u> |
| Investment income: | |
| Net appreciation in fair value of investments | (256,946) |
| Interest and dividends | 588,383 |
| Less investment expense | <u>(37,579)</u> |
| Net investment income | <u>293,858</u> |
| Total additions | 2,373,237 |
| Deductions | |
| Administrative expenses | <u>11,077</u> |
| Change in net assets | 2,362,160 |
| Net assets held in trust for healthcare benefits: | |
| Beginning of year | <u>19,939,625</u> |
| End of year | <u>\$ 22,301,785</u> |

UPCOMING REPORTING CHANGE

The Governmental Accounting Standards Board has recently release Statement Number 45, Accounting and Reporting By Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree healthcare, as well as any “other” postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

C. SELF-INSURANCE

The County is self-funded for risks associated with workers' compensation, sickness and accident insurance (short-term disability), unemployment compensation and healthcare. The self-insurance program for workers' compensation (except for the Bay County Medical Care Facility), short-term disability and unemployment is accounted for in the Self-Insurance Fund, an Internal Service fund. Contributions are paid to the Self-Insurance Fund as a percentage of payroll, with the rates being determined by an independent actuary. The Bay County Medical Care Facility participates in its own, stand-alone self-insured program for workers' compensation and healthcare benefits. The activity of this program is accounted for in the Medical Care Facility Enterprise Fund, with claims being paid as they are incurred. The County's self-insurance program for healthcare became effective January 1, 2001, and is accounted for in the Healthcare Self-Insurance Fund, an internal service fund. The contributions which are paid to the Healthcare Self-Insurance Fund are determined by an independent consultant.

For the area of unemployment compensation, the County is categorized as a reimbursing employer in the State of Michigan. Employee sickness and accident benefit limits are established by way of contract negotiations with the County's eleven bargaining units and by the Board of Commissioners for the County's nonrepresented employees.

Specifically in the area of workers' compensation, the County purchases excess insurance to reduce its exposure to significant claim losses. Excess insurance allows recovery of a portion of the losses from the excess insurer, although it does not discharge the primary liability of the Self-Insurance fund as direct insurer of the risks. During 2007, Bay County purchased excess insurance from Citizens Insurance Company of America. The self-insured retention is \$400,000 per occurrence. The maximum limit of indemnity per occurrence is statutory. The employers' liability maximum limit of indemnity is \$1,000,000 per occurrence.

The County estimates the liability for claims that have been incurred through December 31, 2007, including both claims that have been reported as well as those that have not yet been reported and estimates of both future payments of losses and related claim adjustment expenses. Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses. Neither the County nor the Bay Medical Care Facility has experienced settlements in excess of insurance coverage during the past three years.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

General Liability

In 2007 the County was self-insured for general liability insurance coverage with Michigan Municipal Risk Management Authority (MMRMA). Bay County's contributions to this fund are determined each year by MMRMA based on its review of an application filed by the County, which identifies County assets such as property, vehicles, buildings, and equipment. Bay County's retention levels and policy coverage through MMRMA are as follows:

| Coverage | Self-Insured Retention (excess of deductible) |
|---|--|
| Liability | \$150,000 |
| Vehicle Physical Damage \$1,000 deductible per vehicle | \$15,000 per vehicle \$30,000 per occurrence |
| Property and Crime \$1,000 deductible per occurrence | 10% of the remaining up to \$100,000 of loss |

Limits of Coverage

(including member's self-insured retention per occurrence)

The County's limits of liability coverage range from \$2,000 to \$10,000,000 per occurrence depending on type of occurrence. The County's limits of property and crime coverage range from \$10,000 to \$85,926,504 per occurrence depending on type of occurrence. In addition to the County's coverage from MMRMA, the combined members' have an aggregate \$5,000,000 terrorism liability coverage, \$200,000,000 of aggregate property coverage, a \$100,000,000 earthquake aggregate loss limit, a \$100,000,000 flood aggregate loss limit, and a \$25,000,000 terrorism aggregate loss limit.

In the area of life insurance, the County is experienced rated and pays premiums to Hartford Insurance with whom the County has entered into a contractual agreement.

There have been no significant changes in insurance coverage in the past two years. There have been no claim settlements that have exceeded excess insurance limits.

General Liability – Road Commission Component Unit

The Road Commission joined together with other Road Commissions to form the Michigan County Road Commission Self-Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability insurance. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Michigan County Road

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Commission Self-Insurance Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for large claims. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Road Commission continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Changes in the estimated claims liabilities for workers' compensation claims (excluding the Medical Care Facility) for the years ended December 31, 2006 and 2007, are as follows:

| | <u>December 31, 2007</u> | <u>December 31, 2006</u> |
|--|------------------------------|------------------------------|
| Beginning of year liability | \$ 342,307 | \$ 516,056 |
| Estimated claims incurred, claim adjustment expense, and changes in estimates | | |
| Provision for current year events | 237,758 | 173,874 |
| Increase (decrease) in provision for prior year events | <u>51,942</u> | <u>(181,372)</u> |
| Total incurred claims, claim adjustment expense, and changes in estimates | <u>289,700</u> | <u>(7,498)</u> |
| Claim payments and claim adjustment expenses: | | |
| Related to current year events | (48,679) | (10,968) |
| Related to prior year events | <u>(139,309)</u> | <u>(155,283)</u> |
| Total claim payments and claim adjustment expenses | <u>(187,988)</u> | <u>(166,251)</u> |
| End of year liability | <u>\$ 444,019</u> | <u>\$ 342,307</u> |

Changes in the estimated claims liabilities for workers' compensation claims of the Medical Care Facility for the years ended December 31, 2006 and 2007, are as follows:

| | <u>December 31, 2007</u> | <u>December 31, 2006</u> |
|--|------------------------------|------------------------------|
| Beginning of year liability | \$ 96,526 | \$ 339,329 |
| Estimated claims incurred, claim adjustment expense, And changes in estimates | 49,725 | (9,995) |
| Claim payments and claim adjustment expenses | <u>(54,731)</u> | <u>(232,808)</u> |
| End of year liability | <u>\$ 91,520</u> | <u>\$ 96,526</u> |

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

Changes in the estimated claims liabilities for healthcare claims (excluding the Medical Care Facility) for the year ended December 31, 2006 and 2007, are as follows:

| | December 31, 2007 | December 31, 2006 |
|--|------------------------------|------------------------------|
| Beginning of year liability | \$ 235,954 | \$ 158,889 |
| Estimated claims incurred, claim adjustment expense, and changes in estimates | | |
| Provision for current year events | 3,914,982 | 3,670,611 |
| Increase (decrease) in provision for prior year events | (235,954) | (158,889) |
| Total incurred claims, claim adjustment expense, and changes in estimates | 3,679,028 | 3,511,722 |
| Claim payments and claim adjustment expenses: | | |
| Related to current year events | (3,092,998) | (2,981,370) |
| Related to prior year events | (599,897) | (453,287) |
| Total claim payments and claim adjustment expenses | (3,692,895) | (3,434,657) |
| End of year liability | \$ 222,087 | \$ 235,954 |

Beginning July 1, 2006, the Medical Care Facility is fully self-insured for healthcare claims. Prior to July 1, 2006, the Facility was partially self-insured for healthcare claims, but also paid a partial premium. The Facility is covered by a stop-loss policy that covers individual claims over \$35,000. Changes in the estimated claims liabilities for healthcare claims of the Medical Care Facility for the year ended December 31, 2006 and 2007, are as follows:

| | December 31, 2007 | December 31, 2006 |
|--|------------------------------|------------------------------|
| Beginning of year liability | \$ 550,000 | \$ - |
| Estimated claims incurred, claim adjustment expense, And changes in estimates | 2,803,581 | 3,614,290 |
| Claim payments and claim adjustment expenses | (2,953,581) | (3,064,290) |
| End of year liability | \$ 400,000 | \$ 550,000 |

The Department of Water and Sewer is self-insured for workers' compensation claims. This program is administered by an independent company which furnishes safety inspection, claims review, and claims processing services. The employers' liability

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

maximum limit of indemnity per occurrence is \$1,000,000 and the self insured retention per occurrence is \$400,000. Net cost for the year ended December 31, 2007, was \$5,254.

The Department of Water and Sewer is further insured for general, automobile, and errors or omissions claims as a member of the Michigan County Road Commission Self-Insurance Pool and is insured for liabilities up to a limit of \$10,500,000 per occurrence, subject to a \$1,000 deductible. Payments made for the year ended December 31, 2007, were \$56,767.

The Department of Water and Sewer is further insured as a member of the Michigan County Road Commission Self-Insurance Pool for building, contents, off-road equipment and licensed vehicles claims and is insured for the lessor of the scheduled value of property or the cost of repairs or replacement, subject to a \$500 deductible. Payments made for the year ended December 31, 2007, were \$62,743.

The Department of Water and Sewer became self-insured for healthcare claims effective February 1, 2006. Blue Cross Blue Shield of Michigan administers the claims and provides \$75,000 specific and \$1,500,000 aggregate stop loss coverage in a combined contract with DWS and Bay County Road Commission. Payments made for the year ended December 31, 2007, were \$583,757.

D. PROPERTY TAXES

The County property tax is levied each July 1st and December 1st through 2007 on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's 2007 ad valorem tax is levied and collectible by December 1, 2007, it is the County's policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to revenue sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy shifted over three years from winter to summer. The property tax shift was completed in 2006 and 100% of the general operating taxes were levied July 1 in 2007.

BAY COUNTY

NOTES TO FINANCIAL STATEMENTS

The taxable value of real and personal property for the December 1, 2006, levy totaled \$2,944,576,207. The taxable value of real and personal property for the July 1, 2007, levy totaled \$3,064,334,462. The tax levy for fiscal year 2007 operations was based on the following rates:

| | |
|----------------------|--------------|
| General Operating | 5.7257 mills |
| Mosquito Control | .4478 mills |
| 911 Central Disbatch | .7000 mills |
| County Library | .9953 mills |
| Senior Citizens | .5000 mills |
| Historical Society | .0952 mills |

The County annually reimburses to the local taxing authorities in Bay County the face value of the real property taxes, which are returned to the County Treasurer on March 1 as delinquent.

E. CONTINGENCIES AND PENDING LITIGATION

The County is a defendant in various lawsuits. It is the opinion of County management and its counsel that the outcome of these lawsuits now pending will not materially affect the operations or the financial position of the County.

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not representing appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. County management believes disallowances, if any, would be minimal.

**BAY COUNTY
REQUIRED SUPPLEMENTARY INFORMATION**

EMPLOYEES' RETIREMENT SYSTEM

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
SIX-YEAR HISTORICAL TREND INFORMATION - UNAUDITED**

SCHEDULE OF FUNDING PROGRESS

| ACTUARIAL VALUATION DATE DECEMBER 31, | ACTUARIAL VALUE OF ASSETS (IN THOUSANDS) | ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (IN THOUSANDS) | FUNDED RATIO | EXCESS OF ASSETS OVER AAL (IN THOUSANDS) | COVERED PAYROLL (IN THOUSANDS) | EXCESS AS A PERCENTAGE OF COVERED PAYROLL |
|--|---|---|-------------------------|---|---|--|
| 2001 | \$ 203,174 | \$ 140,670 | 144.4% | \$ 62,504 | \$ 39,762 | 157.2% |
| 2002 | 200,786 | 151,663 | 132.4% | 49,123 | 41,332 | 118.8% |
| 2003 | 225,029 | 156,242 | 144.0% | 68,787 | 43,054 | 159.8% |
| 2004 | 227,174 | 174,175 | 130.4% | 52,999 | 43,551 | 121.7% |
| 2005 | 230,242 | 181,305 | 127.0% | 48,937 | 43,104 | 113.5% |
| 2006 | 237,681 | 189,811 | 125.2% | 47,870 | 42,024 | 113.9% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS:

| YEAR ENDED DECEMBER 31, | ANNUAL REQUIRED CONTRIBUTION | PERCENTAGE CONTRIBUTED |
|------------------------------------|---|-----------------------------------|
| 2002 | \$ - | 100% |
| 2003 | - | 100% |
| 2004 | - | 100% |
| 2005 | 393,515 | 100% |
| 2006 | 581,067 | 100% |
| 2007 | 706,090 | 100% |

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional

| | |
|--|---|
| Actuarial cost method | Individual entry age normal cost |
| Amortization method | Level percent of payroll, opened periods |
| Remaining amortization method: | 30 years for groups that are underfunded and 10 years for groups that are overfunded. |
| Asset valuation method | Market value with 5 year smoothing of gains and losses. |
| Actuarial assumptions: | |
| Investment rating return* | 7.5 percent |
| Projected salary increases* | 5.0 percent to 12.0 percent, dependant on member's age |
| Addition merit and longevity increases | 0.16 percent to 14.3 percent, dependant on member's age |
| Cost-of-living adjustments | None |

*Includes pay inflation at 4.0 percent

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds account for the proceeds of specific revenue resources that are restricted to expenditures for specific programs or projects.

The Friend of the Court Fund is used to account for judgment fees and for the operation of this office of the Circuit Court.

The Health Department / District Health Fund is used to account for revenue received from the General Fund, State grants, and fees to provide health protection, maintenance, and improvement for the residents of Bay County.

The Gypsy Moth Control Fund is used to account for revenues received from property taxes and Federal and State grants for controlling gypsy moths.

The Public Improvement Fund is used to account for nontax revenues earmarked for statutory public improvements.

The Register of Deeds Automation Fund is used to account for the collection of \$5.00 of the total fee collected for each recording, which is used to fund the upgrading of technology in the Register of Deeds' Office.

The Local C.F.O. Training Fund is used to account for the County's share of the inmate booking fees to be utilized for local correctional officers training programs.

The Drug Law Enforcement Fund is used to account for revenue received from drug enforcement forfeitures that is earmarked for drug law enforcement.

The Law Library Fund is used to account for revenue received from penal fines and the General Fund that is earmarked for maintaining a law library.

The Community Corrections Fund is used to account for revenue received from State grants that is earmarked for programs designed to divert criminal offenders from the Bay County Law Enforcement Center (Jail) and the State prison system.

The Home Rehabilitation Fund is used to account for Michigan Community Development Block Grant (CDBG) funds and Michigan State Housing Development Authority (MSHDA) funds provided to the County for the rehabilitation of owner-occupied, single-family residential units in the out-county area.

Special Revenue Funds (concluded)

The Social Welfare Fund is used to account for revenues primarily received from the State by the County Social Services Department to administer various public assistance programs.

The Social Services Protective Services Fund is used to account for revenue received from donations to provide services for abused and neglected children.

The Child Care Fund is used to account for revenues received from the County's General Fund, Federal and State grants, private agencies, and individuals to provide care, guidance, and control of children coming under the jurisdiction of the Probate Court.

The Child Care / Social Services Fund is used to account for revenues received from the County's General Fund and the State to provide foster care to children under the jurisdiction of the Probate Court Juvenile Unit who do not qualify for the State Foster Care Program.

The Soldiers' Relief Fund is used to account for emergency assistance to eligible veterans.

The Veterans' Trust Fund is used to account for revenue received from the State to provide emergency assistance to Michigan veterans.

The Donald C. Pero Wildlife Restoration Fund is used to account for resources received from the General Fund of the County to plan, assist, promote, and influence natural resource programs, to improve, maintain, and restore wildlife and its habitat, and to develop, maintain, and improve physical facilities supportive of wildlife.

The Historical Preservation Fund is used to account for revenues received from property taxes to foster any activity or project which tends to advance the historical interests of the County.

**BAY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007**

| | SPECIAL REVENUE FUNDS | | | |
|--|--------------------------------|--|-------------------------------|-------------------------------|
| | FRIEND OF THE COURT | HEALTH DEPARTMENT / DISTRICT HEALTH | GYPSY MOTH CONTROL | PUBLIC IMPROVEMENT |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 105,235 | \$ 934,376 | \$ 142,417 | \$ 11,061 |
| Investments | 38,281 | - | 86,673 | 7,235 |
| Accounts receivable, net of allowance | 140 | 8,136 | - | - |
| Property taxes receivable, net of allowance | - | - | 282,325 | - |
| Accrued interest receivable | - | - | 2,438 | 183 |
| Due from component units | - | - | - | - |
| Due from other governmental units | 5 | 290,464 | - | - |
| TOTAL ASSETS | \$ 143,661 | \$ 1,232,976 | \$ 513,853 | \$ 18,479 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 254 | \$ 38,526 | \$ 215 | \$ - |
| Accrued items and other liabilities | 1,481 | 43,240 | 1,028 | - |
| Accrued vacation and sick pay | - | 544 | - | - |
| Due to other funds | 46 | 1,168 | 33 | - |
| Due to other governmental units | 188 | 14,243 | 112 | - |
| Interfund advances | - | 500,000 | - | - |
| Long term advances from other governmental units | - | - | - | - |
| Deferred revenue | - | 378,543 | 289,131 | - |
| TOTAL LIABILITIES | 1,969 | 976,264 | 290,519 | - |
| FUND BALANCES | | | | |
| Reserved: | | | | |
| Debt service | - | - | - | - |
| Noncurrent assets | - | - | - | - |
| Restricted contributions | - | - | - | 18,479 |
| Total reserved | - | - | - | 18,479 |
| Unreserved: | | | | |
| Designated for subsequent year's expenditures | 2,492 | 43,554 | - | - |
| Designated for other projects and activities | - | 112,247 | - | - |
| Undesignated | 139,200 | 100,911 | 223,334 | - |
| TOTAL FUND BALANCES | 141,692 | 256,712 | 223,334 | 18,479 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 143,661 | \$ 1,232,976 | \$ 513,853 | \$ 18,479 |

SPECIAL REVENUE FUNDS

| REGISTER OF | | | | | | | |
|--------------------|---------------------|--------------------|------------------|--------------------|-----------------------|--|--|
| DEEDS | LOCAL C.F.O. | DRUG LAW | LAW | COMMUNITY | HOME | | |
| AUTOMATION | TRAINING | ENFORCEMENT | LIBRARY | CORRECTIONS | REHABILITATION | | |
| \$ 166,094 | \$ 55,487 | \$ 58,684 | \$ 42,749 | \$ 20,749 | \$ 123,703 | | |
| 104,117 | - | - | - | - | - | | |
| - | 1,697 | - | - | - | 1,552,385 | | |
| - | - | - | - | - | - | | |
| 2,574 | - | - | - | - | - | | |
| - | - | - | - | - | - | | |
| - | - | - | - | 26,686 | - | | |
| \$ 272,785 | \$ 57,184 | \$ 58,684 | \$ 42,749 | \$ 47,435 | \$ 1,676,088 | | |
| <hr/> | | | | | | | |
| \$ 1,403 | \$ 13 | \$ - | \$ - | \$ 5,563 | \$ 5,010 | | |
| - | 339 | 5,566 | - | 912 | 134 | | |
| - | - | - | - | - | - | | |
| - | 11 | - | - | 29 | 4 | | |
| - | - | - | - | 88 | 14,071 | | |
| - | - | - | - | - | - | | |
| - | - | - | - | - | - | | |
| - | - | - | - | - | - | | |
| 1,403 | 363 | 5,566 | - | 6,592 | 19,219 | | |
| <hr/> | | | | | | | |
| - | - | - | - | - | - | | |
| - | - | - | - | - | 1,507,762 | | |
| - | - | - | - | 3,410 | - | | |
| - | - | - | - | 3,410 | 1,507,762 | | |
| <hr/> | | | | | | | |
| - | 3,000 | - | - | - | 2,686 | | |
| - | - | - | - | - | 113,233 | | |
| 271,382 | 53,821 | 53,118 | 42,749 | 37,433 | 33,188 | | |
| <hr/> | | | | | | | |
| 271,382 | 56,821 | 53,118 | 42,749 | 40,843 | 1,656,869 | | |
| <hr/> | | | | | | | |
| \$ 272,785 | \$ 57,184 | \$ 58,684 | \$ 42,749 | \$ 47,435 | \$ 1,676,088 | | |

(Continued)

**BAY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2007**

| | SPECIAL REVENUE FUNDS (CONTINUED) | | | |
|--|--|--|-----------------------|---|
| | SOCIAL WELFARE | SOCIAL SERVICES PROTECTIVE SERVICES | CHILD CARE | CHILD CARE / SOCIAL SERVICES |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 94,521 | \$ - | \$ 145,971 | \$ 1,985 |
| Investments | 54,642 | - | - | - |
| Accounts receivable, net of allowance | - | - | 1,273 | - |
| Property taxes receivable, net of allowance | - | - | - | - |
| Accrued interest receivable | - | - | - | - |
| Due from component units | - | - | - | - |
| Due from other governmental units | 20,524 | - | 269,400 | 570 |
| | | | | |
| TOTAL ASSETS | \$ 169,687 | \$ - | \$ 416,644 | \$ 2,555 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ 51,644 | \$ - |
| Accrued items and other liabilities | - | - | 34,488 | - |
| Accrued vacation and sick pay | - | - | 2,380 | - |
| Due to other funds | - | - | 5,410 | - |
| Due to other governmental units | - | - | 24,945 | - |
| Interfund advances | - | - | - | - |
| Long term advances from other governmental units | 29,000 | - | - | - |
| Deferred revenue | - | - | - | - |
| | | | | |
| TOTAL LIABILITIES | 29,000 | - | 118,867 | - |
| FUND BALANCES | | | | |
| Reserved: | | | | |
| Debt service | - | - | - | - |
| Noncurrent assets | - | - | - | - |
| Restricted contributions | 54,815 | - | - | 2,555 |
| Total reserved | 54,815 | - | - | 2,555 |
| Unreserved: | | | | |
| Designated for subsequent year's expenditures | - | - | 900 | - |
| Designated for other projects and activities | - | - | - | - |
| Undesignated | 85,872 | - | 296,877 | - |
| | | | | |
| TOTAL FUND BALANCES | 140,687 | - | 297,777 | 2,555 |
| | | | | |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 169,687 | \$ - | \$ 416,644 | \$ 2,555 |

| SPECIAL REVENUE FUNDS (CONTINUED) | | | | | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | |
|-----------------------------------|------------------|-------------------------------------|-------------------------|--------------------|--------------------|-----------------------------------|--|
| SOLDIERS' RELIEF | VETERANS' TRUST | DONALD C. PERO WILDLIFE RESTORATION | HISTORICAL PRESERVATION | BUILDING AUTHORITY | BUILDING AUTHORITY | TOTAL NONMAJOR GOVERNMENTAL FUNDS | |
| \$ 4,448 | \$ 8,241 | \$ - | \$ 6,512 | \$ 426,931 | \$ - | \$ 2,349,164 | |
| - | - | - | - | 274,137 | - | 565,085 | |
| - | - | - | - | - | - | 1,563,631 | |
| - | - | - | 274,268 | - | - | 556,593 | |
| - | - | - | - | 8,889 | - | 14,084 | |
| - | - | - | - | - | 10,178 | 10,178 | |
| - | 2,347 | - | - | - | - | 609,996 | |
| <u>\$ 4,448</u> | <u>\$ 10,588</u> | <u>\$ -</u> | <u>\$ 280,780</u> | <u>\$ 709,957</u> | <u>\$ 10,178</u> | <u>\$ 5,668,731</u> | |
| \$ 4,101 | \$ 6,116 | \$ - | \$ - | \$ - | \$ - | \$ 112,845 | |
| - | - | - | - | - | - | 87,188 | |
| - | - | - | - | - | - | 2,924 | |
| - | 40 | - | - | - | 10,178 | 16,919 | |
| - | - | - | 7 | - | - | 53,654 | |
| - | - | - | - | - | - | 500,000 | |
| - | - | - | - | - | - | 29,000 | |
| - | - | - | 280,773 | 6,800 | - | 955,247 | |
| <u>4,101</u> | <u>6,156</u> | <u>-</u> | <u>280,780</u> | <u>6,800</u> | <u>10,178</u> | <u>1,757,777</u> | |
| - | - | - | - | 703,157 | - | 703,157 | |
| - | - | - | - | - | - | 1,507,762 | |
| - | - | - | - | - | - | 79,259 | |
| - | - | - | - | 703,157 | - | 2,290,178 | |
| - | - | - | - | - | - | 52,632 | |
| - | - | - | - | - | - | 225,480 | |
| 347 | 4,432 | - | - | - | - | 1,342,664 | |
| <u>347</u> | <u>4,432</u> | <u>-</u> | <u>-</u> | <u>703,157</u> | <u>-</u> | <u>3,910,954</u> | |
| <u>\$ 4,448</u> | <u>\$ 10,588</u> | <u>\$ -</u> | <u>\$ 280,780</u> | <u>\$ 709,957</u> | <u>\$ 10,178</u> | <u>\$ 5,668,731</u> | |

**BAY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | SPECIAL REVENUE FUNDS | | | |
|---|--------------------------------|---|-------------------------------|-------------------------------|
| | HEALTH | | | |
| | FRIEND OF THE COURT | DEPARTMENT / DISTRICT HEALTH | GYPSY MOTH CONTROL | PUBLIC IMPROVEMENT |
| REVENUES | | | | |
| Property and other taxes | \$ - | \$ - | \$ (104) | \$ - |
| Licenses and permits | - | 191,554 | - | - |
| Federal grants | 52,195 | 874,386 | - | - |
| State grants | - | 1,086,107 | - | - |
| Interest, rents and royalties | - | 1,400 | 14,521 | 967 |
| Charges for services | 38,949 | 96,517 | - | - |
| Fines and forfeitures | - | - | - | - |
| Reimbursements, refunds, and other revenues | - | 554,188 | - | - |
| TOTAL REVENUES | 91,144 | 2,804,152 | 14,417 | 967 |
| EXPENDITURES | | | | |
| Current | | | | |
| Judicial | 81,186 | - | - | - |
| General government | - | - | 85,651 | - |
| Public safety | - | - | - | - |
| Health and welfare | - | 3,417,984 | - | - |
| Community and economic development | - | - | - | - |
| Recreation and culture | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other fees | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 81,186 | 3,417,984 | 85,651 | - |
| REVENUES OVER (UNDER) EXPENDITURES | 9,958 | (613,832) | (71,234) | 967 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 791,295 | - | - |
| Transfers (out) | - | (75,876) | (14,529) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | 715,419 | (14,529) | - |
| NET CHANGE IN FUND BALANCES | 9,958 | 101,587 | (85,763) | 967 |
| FUND BALANCES, BEGINNING OF YEAR | 131,734 | 155,125 | 309,097 | 17,512 |
| FUND BALANCES, END OF YEAR | \$ 141,692 | \$ 256,712 | \$ 223,334 | \$ 18,479 |

SPECIAL REVENUE FUNDS

| REGISTER OF | | | | | | |
|--------------------|---------------------|--------------------|-----------------|--------------------|-----------------------|-----------------|
| DEEDS | LOCAL C.F.O. | DRUG LAW | LAW | COMMUNITY | HOME | |
| AUTOMATION | TRAINING | ENFORCEMENT | LIBRARY | CORRECTIONS | REHABILITATION | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 228,859 |
| 13,181 | - | - | - | 280,942 | - | 4,901 |
| - | 22,737 | - | - | 12,195 | - | 240 |
| - | - | 6,071 | 9,750 | - | - | - |
| - | - | - | - | - | - | - |
| <hr/> 13,181 | <hr/> 22,737 | <hr/> 6,071 | <hr/> 9,750 | <hr/> 293,137 | <hr/> | <hr/> 234,000 |
| - | - | - | - | - | - | - |
| 40,978 | - | - | 20,413 | - | - | 10 |
| - | 19,447 | 7,969 | - | 292,005 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 59,578 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <hr/> 40,978 | <hr/> 19,447 | <hr/> 7,969 | <hr/> 20,413 | <hr/> 292,005 | <hr/> | <hr/> 59,588 |
| <hr/> (27,797) | <hr/> 3,290 | <hr/> (1,898) | <hr/> (10,663) | <hr/> 1,132 | <hr/> | <hr/> 174,412 |
| 97,800 | - | - | 15,350 | 15,542 | - | - |
| (32,509) | - | - | - | - | - | - |
| <hr/> 65,291 | <hr/> - | <hr/> - | <hr/> 15,350 | <hr/> 15,542 | <hr/> | <hr/> - |
| 37,494 | 3,290 | (1,898) | 4,687 | 16,674 | - | 174,412 |
| <hr/> 233,888 | <hr/> 53,531 | <hr/> 55,016 | <hr/> 38,062 | <hr/> 24,169 | <hr/> | <hr/> 1,482,457 |
| <hr/> \$ 271,382 | <hr/> \$ 56,821 | <hr/> \$ 53,118 | <hr/> \$ 42,749 | <hr/> \$ 40,843 | <hr/> \$ | <hr/> 1,656,869 |

(Continued)

**BAY COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | SPECIAL REVENUE FUNDS (CONTINUED) | | | |
|---|--|--|-----------------------|---|
| | SOCIAL WELFARE | SOCIAL SERVICES PROTECTIVE SERVICES | CHILD CARE | CHILD CARE / SOCIAL SERVICES |
| REVENUES | | | | |
| Property and other taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Federal grants | - | - | 22,021 | - |
| State grants | - | - | 16,031 | - |
| Interest, rents and royalties | - | - | 300 | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Reimbursements, refunds, and other revenues | 277,456 | - | 1,142,886 | 1,740 |
| TOTAL REVENUES | 277,456 | - | 1,181,238 | 1,740 |
| EXPENDITURES | | | | |
| Current | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | 286,969 | - | 1,844,959 | 3,480 |
| Community and economic development | - | - | - | - |
| Recreation and culture | - | - | 252,877 | - |
| Debt service | | | | |
| Principal | - | - | 22,397 | - |
| Interest and other fees | - | - | 376 | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | 286,969 | - | 2,120,609 | 3,480 |
| REVENUES OVER (UNDER) EXPENDITURES | (9,513) | - | (939,371) | (1,740) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 37,400 | - | 1,347,476 | - |
| Transfers (out) | - | - | (131,492) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 37,400 | - | 1,215,984 | - |
| NET CHANGE IN FUND BALANCES | 27,887 | - | 276,613 | (1,740) |
| FUND BALANCES, BEGINNING OF YEAR | 112,800 | - | 21,164 | 4,295 |
| FUND BALANCES, END OF YEAR | \$ 140,687 | \$ - | \$ 297,777 | \$ 2,555 |

| SPECIAL REVENUE FUNDS (CONTINUED) | | | | | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|------------------------|--|--------------------------------|---------------------------|---------------------------|------------------------------|--|
| SOLDIERS' RELIEF | VETERANS' TRUST | DONALD C. PERO WILDLIFE RESTORATION | HISTORICAL PRESERVATION | BUILDING AUTHORITY | BUILDING AUTHORITY | | |
| \$ - | \$ - | \$ - | \$ 271,819 | \$ - | \$ - | \$ 271,715 | |
| - | - | - | - | - | - | 191,554 | |
| - | - | - | - | - | - | 1,177,461 | |
| - | - | - | - | - | - | 1,383,080 | |
| - | - | - | 121 | 331,555 | - | 366,946 | |
| - | - | - | - | - | - | 170,638 | |
| - | - | - | - | - | - | 15,821 | |
| - | 52,913 | - | - | 1,328,470 | 30,796 | 3,388,449 | |
| - | 52,913 | - | 271,940 | 1,660,025 | 30,796 | 6,965,664 | |
| - | - | - | - | - | - | 81,186 | |
| - | - | - | - | - | - | 147,052 | |
| - | - | - | - | - | - | 319,421 | |
| 34,866 | 51,094 | - | - | - | - | 5,639,352 | |
| - | - | - | - | - | - | 59,578 | |
| - | - | - | 271,940 | - | - | 524,817 | |
| - | - | - | - | 2,120,000 | - | 2,142,397 | |
| - | - | - | - | 1,151,972 | - | 1,152,348 | |
| - | - | - | - | - | 20,618 | 20,618 | |
| 34,866 | 51,094 | - | 271,940 | 3,271,972 | 20,618 | 10,086,769 | |
| (34,866) | 1,819 | - | - | (1,611,947) | 10,178 | (3,121,105) | |
| 32,660 | - | - | - | 1,689,794 | - | 4,027,317 | |
| - | - | (508) | - | - | (10,178) | (265,092) | |
| 32,660 | - | (508) | - | 1,689,794 | (10,178) | 3,762,225 | |
| (2,206) | 1,819 | (508) | - | 77,847 | - | 641,120 | |
| 2,553 | 2,613 | 508 | - | 625,310 | - | 3,269,834 | |
| \$ 347 | \$ 4,432 | \$ - | \$ - | \$ 703,157 | \$ - | \$ 3,910,954 | |

BAY COUNTY
FRIEND OF THE COURT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | BUDGETED AMOUNTS | | | VARIANCE |
|------------------------------------|-------------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | ACTUAL | WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Federal grants | \$ 57,500 | \$ 57,500 | \$ 52,195 | \$ (5,305) |
| Charges for services | 38,590 | 38,590 | 38,949 | 359 |
| TOTAL REVENUES | 96,090 | 96,090 | 91,144 | (4,946) |
| EXPENDITURES | | | | |
| Judicial | 97,141 | 97,141 | 81,186 | 15,955 |
| NET CHANGE IN FUND BALANCES | (1,051) | (1,051) | 9,958 | 11,009 |
| FUND BALANCES, BEGINNING OF YEAR | 131,734 | 131,734 | 131,734 | - |
| FUND BALANCES, END OF YEAR | \$ 130,683 | \$ 130,683 | \$ 141,692 | \$ 11,009 |

BAY COUNTY
HEALTH DEPARTMENT / DISTRICT HEALTH SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Licenses and permits | \$ 193,300 | \$ 193,300 | \$ 191,554 | \$ (1,746) |
| Federal grants | 468,035 | 461,535 | 874,386 | 412,851 |
| State grants | 1,180,967 | 1,237,527 | 1,086,107 | (151,420) |
| Interest, rents and royalties | 1,100 | 1,100 | 1,400 | 300 |
| Charges for services | 115,524 | 115,524 | 96,517 | (19,007) |
| Reimbursements, refunds, and other revenues | 428,440 | 443,250 | 554,188 | 110,938 |
| TOTAL REVENUES | 2,387,366 | 2,452,236 | 2,804,152 | 351,916 |
| EXPENDITURES | | | | |
| Health and welfare | 3,343,188 | 3,435,292 | 3,417,984 | 17,308 |
| REVENUES OVER (UNDER) EXPENDITURES | (955,822) | (983,056) | (613,832) | 369,224 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,004,869 | 1,021,869 | 791,295 | (230,574) |
| Transfers (out) | (61,847) | (61,847) | (75,876) | (14,029) |
| TOTAL OTHER FINANCING SOURCES (USES) | 943,022 | 960,022 | 715,419 | (244,603) |
| NET CHANGE IN FUND BALANCES | (12,800) | (23,034) | 101,587 | 124,621 |
| FUND BALANCES, BEGINNING OF YEAR | 155,125 | 155,125 | 155,125 | - |
| FUND BALANCES, END OF YEAR | \$ 142,325 | \$ 132,091 | \$ 256,712 | \$ 124,621 |

**BAY COUNTY
GYPSY MOTH CONTROL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Property and other taxes | \$ - | \$ - | \$ (104) | \$ (104) |
| Interest, rents and royalties | 18,000 | 18,000 | 14,521 | (3,479) |
| TOTAL REVENUES | 18,000 | 18,000 | 14,417 | (3,583) |
| EXPENDITURES | | | | |
| General government | 131,887 | 131,887 | 85,651 | 46,236 |
| REVENUES OVER (UNDER) EXPENDITURES | (113,887) | (113,887) | (71,234) | 42,653 |
| OTHER FINANCING (USES) | | | | |
| Transfers (out) | (14,529) | (14,529) | (14,529) | - |
| NET CHANGE IN FUND BALANCES | (128,416) | (128,416) | (85,763) | 42,653 |
| FUND BALANCES, BEGINNING OF YEAR | 309,097 | 309,097 | 309,097 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 180,681</u> | <u>\$ 180,681</u> | <u>\$ 223,334</u> | <u>\$ 42,653</u> |

BAY COUNTY
PUBLIC IMPROVEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|---|-------------------------|------------------|------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Interest, rents and royalties | \$ 700 | \$ 700 | \$ 967 | \$ 267 |
| FUND BALANCES, BEGINNING OF YEAR | 17,512 | 17,512 | 17,512 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 18,212</u> | <u>\$ 18,212</u> | <u>\$ 18,479</u> | <u>\$ 267</u> |

**BAY COUNTY
REGISTER OF DEEDS AUTOMATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Interest, rents and royalties | \$ - | \$ - | \$ 13,181 | \$ 13,181 |
| EXPENDITURES | | | | |
| General government | 48,850 | 68,850 | 40,978 | 27,872 |
| REVENUES OVER (UNDER) EXPENDITURES | (48,850) | (68,850) | (27,797) | 41,053 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 115,000 | 105,000 | 97,800 | (7,200) |
| Transfers (out) | (32,509) | (32,509) | (32,509) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 82,491 | 72,491 | 65,291 | (7,200) |
| NET CHANGE IN FUND BALANCES | 33,641 | 3,641 | 37,494 | 33,853 |
| FUND BALANCES, BEGINNING OF YEAR | 233,888 | 233,888 | 233,888 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 267,529</u> | <u>\$ 237,529</u> | <u>\$ 271,382</u> | <u>\$ 33,853</u> |

**BAY COUNTY
 LOCAL C.F.O. TRAINING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|------------------------------------|-------------------------|------------------|------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Charges for services | \$ 25,000 | \$ 25,000 | \$ 22,737 | \$ (2,263) |
| EXPENDITURES | | | | |
| Public safety | 29,350 | 29,350 | 19,447 | 9,903 |
| NET CHANGE IN FUND BALANCES | (4,350) | (4,350) | 3,290 | 7,640 |
| FUND BALANCES, BEGINNING OF YEAR | 53,531 | 53,531 | 53,531 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 49,181</u> | <u>\$ 49,181</u> | <u>\$ 56,821</u> | <u>\$ 7,640</u> |

**BAY COUNTY
 DRUG LAW ENFORCEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|--------------|---------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 1,500 | \$ 1,500 | \$ 6,071 | \$ 4,571 |
| EXPENDITURES | | | | |
| Public safety | 1,500 | 9,515 | 7,969 | 1,546 |
| NET CHANGE IN FUND BALANCES | - | (8,015) | (1,898) | 6,117 |
| FUND BALANCES, BEGINNING OF YEAR | 55,016 | 55,016 | 55,016 | - |
| FUND BALANCES, END OF YEAR | \$ 55,016 | \$ 47,001 | \$ 53,118 | \$ 6,117 |

**BAY COUNTY
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|---|-------------------------|--------------|---------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 6,500 | \$ 9,750 | \$ 9,750 | \$ - |
| EXPENDITURES | | | | |
| Judicial | 21,850 | 21,850 | 20,413 | 1,437 |
| REVENUES OVER (UNDER) EXPENDITURES | (15,350) | (12,100) | (10,663) | 1,437 |
| OTHER FINANCING SOURCES | | | | |
| Transfer in | 15,350 | 15,350 | 15,350 | - |
| NET CHANGE IN FUND BALANCES | - | 3,250 | 4,687 | 1,437 |
| FUND BALANCES, BEGINNING OF YEAR | 38,062 | 38,062 | 38,062 | - |
| FUND BALANCES, END OF YEAR | \$ 38,062 | \$ 41,312 | \$ 42,749 | \$ 1,437 |

**BAY COUNTY
COMMUNITY CORRECTIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | ACTUAL | VARIANCE |
|---|-------------------------|------------------|------------------|--|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| State grants | \$ 396,158 | \$ 336,083 | \$ 280,942 | \$ (55,141) |
| Charges for services | 13,500 | 13,500 | 12,195 | (1,305) |
| TOTAL REVENUES | 409,658 | 349,583 | 293,137 | (56,446) |
| EXPENDITURES | | | | |
| Public safety | 429,768 | 374,333 | 292,005 | 82,328 |
| REVENUES OVER (UNDER) EXPENDITURES | (20,110) | (24,750) | 1,132 | 25,882 |
| OTHER FINANCING SOURCES | | | | |
| Transfer in | 15,542 | 15,542 | 15,542 | - |
| NET CHANGE IN FUND BALANCES | (4,568) | (9,208) | 16,674 | 25,882 |
| FUND BALANCES, BEGINNING OF YEAR | 24,169 | 24,169 | 24,169 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 19,601</u> | <u>\$ 14,961</u> | <u>\$ 40,843</u> | <u>\$ 25,882</u> |

BAY COUNTY
HOME REHABILITATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|------------------------------------|-------------------------|---------------------|---------------------|--|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Federal grants | \$ 150,000 | \$ 232,445 | \$ 228,859 | \$ (3,586) |
| Interest, rents and royalties | 1,700 | 1,700 | 4,901 | 3,201 |
| Charges for services | 315 | 315 | 240 | (75) |
| TOTAL REVENUES | <u>152,015</u> | <u>234,460</u> | <u>234,000</u> | <u>(460)</u> |
| EXPENDITURES | | | | |
| General government | - | - | 10 | (10) |
| Community and economic development | 204,807 | 332,252 | 59,578 | 272,674 |
| TOTAL EXPENDITURES | <u>204,807</u> | <u>332,252</u> | <u>59,588</u> | <u>272,664</u> |
| NET CHANGE IN FUND BALANCES | <u>(52,792)</u> | <u>(97,792)</u> | <u>174,412</u> | <u>272,204</u> |
| FUND BALANCES, BEGINNING OF YEAR | <u>1,482,457</u> | <u>1,482,457</u> | <u>1,482,457</u> | <u>-</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 1,429,665</u> | <u>\$ 1,384,665</u> | <u>\$ 1,656,869</u> | <u>\$ 272,204</u> |

**BAY COUNTY
SOCIAL WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Reimbursements, refunds, and other revenues | \$ 634,353 | \$ 634,353 | \$ 277,456 | \$ (356,897) |
| EXPENDITURES | | | | |
| Health and welfare | 671,753 | 671,753 | 286,969 | 384,784 |
| REVENUES OVER (UNDER) EXPENDITURES | (37,400) | (37,400) | (9,513) | 27,887 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 37,400 | 37,400 | 37,400 | - |
| NET CHANGE IN FUND BALANCES | - | - | 27,887 | 27,887 |
| FUND BALANCES, BEGINNING OF YEAR | 112,800 | 112,800 | 112,800 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 112,800</u> | <u>\$ 112,800</u> | <u>\$ 140,687</u> | <u>\$ 27,887</u> |

BAY COUNTY
SOCIAL SERVICES PROTECTIVE SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|---|-------------------------|--------------|---------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Reimbursements, refunds, and other revenues | \$ 500 | \$ 500 | \$ - | \$ (500) |
| EXPENDITURES | | | | |
| Health and welfare | 500 | 500 | - | 500 |
| NET CHANGE IN FUND BALANCES | - | - | - | - |
| FUND BALANCES, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES, END OF YEAR | \$ - | \$ - | \$ - | \$ - |

BAY COUNTY
CHILD CARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|---|-------------------------|--------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Federal grants | \$ 17,000 | \$ 17,000 | \$ 22,021 | \$ 5,021 |
| State grants | 39,000 | 39,000 | 16,031 | (22,969) |
| Interest, rents and royalties | 3,000 | 3,000 | 300 | (2,700) |
| Reimbursements, refunds, and other revenues | 1,253,339 | 1,255,624 | 1,142,886 | (112,738) |
| TOTAL REVENUES | 1,312,339 | 1,314,624 | 1,181,238 | (133,386) |
| EXPENDITURES | | | | |
| Health and welfare | 2,246,576 | 2,251,621 | 1,844,959 | 406,662 |
| Recreation and culture | 271,589 | 273,589 | 252,877 | 20,712 |
| Debt service | | | | |
| Principal | 25,660 | 25,660 | 22,397 | 3,263 |
| Interest and other fees | 543 | 543 | 376 | 167 |
| TOTAL EXPENDITURES | 2,544,368 | 2,551,413 | 2,120,609 | 430,804 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,232,029) | (1,236,789) | (939,371) | 297,418 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,363,521 | 1,350,521 | 1,347,476 | (3,045) |
| Transfers (out) | (131,492) | (131,492) | (131,492) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,232,029 | 1,219,029 | 1,215,984 | (3,045) |
| NET CHANGE IN FUND BALANCES | - | (17,760) | 276,613 | 294,373 |
| FUND BALANCES, BEGINNING OF YEAR | 21,164 | 21,164 | 21,164 | - |
| FUND BALANCES, END OF YEAR | \$ 21,164 | \$ 3,404 | \$ 297,777 | \$ 294,373 |

BAY COUNTY
CHILD CARE / SOCIAL SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | ACTUAL | VARIANCE |
|------------------------------------|-------------------------|---------------|-----------------|--|
| | ORIGINAL | FINAL | | WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Reimbursements | \$ 3,750 | \$ 3,750 | \$ 1,740 | \$ (2,010) |
| EXPENDITURES | | | | |
| Health and welfare | 7,500 | 7,500 | 3,480 | 4,020 |
| NET CHANGE IN FUND BALANCES | (3,750) | (3,750) | (1,740) | 2,010 |
| FUND BALANCES, BEGINNING OF YEAR | 4,295 | 4,295 | 4,295 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 545</u> | <u>\$ 545</u> | <u>\$ 2,555</u> | <u>\$ 2,010</u> |

**BAY COUNTY
SOLDIERS' RELIEF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|------------------------------------|-------------------------|-----------------|---------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| EXPENDITURES | | | | |
| Health and welfare | \$ 32,660 | \$ 32,660 | \$ 34,866 | \$ (2,206) |
| OTHER FINANCING SOURCES | | | | |
| Transfer in | 32,660 | 32,660 | 32,660 | - |
| NET CHANGE IN FUND BALANCES | - | - | (2,206) | (2,206) |
| FUND BALANCES, BEGINNING OF YEAR | 2,553 | 2,553 | 2,553 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 2,553</u> | <u>\$ 2,553</u> | <u>\$ 347</u> | <u>\$ (2,206)</u> |

**BAY COUNTY
VETERANS' TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|-----------------|-----------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | |
| REVENUES | | | | |
| Reimbursements, refunds and other revenues | \$ 40,000 | \$ 40,000 | \$ 52,913 | \$ 12,913 |
| EXPENDITURES | | | | |
| Health and welfare | 40,000 | 40,000 | 51,094 | (11,094) |
| NET CHANGE IN FUND BALANCES | - | - | 1,819 | 1,819 |
| FUND BALANCES, BEGINNING OF YEAR | 2,613 | 2,613 | 2,613 | - |
| FUND BALANCES, END OF YEAR | <u>\$ 2,613</u> | <u>\$ 2,613</u> | <u>\$ 4,432</u> | <u>\$ 1,819</u> |

BAY COUNTY
DONALD C. PERO WILDLIFE RESTORATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | | VARIANCE |
|---|-------------------------|--------------|---------------|--|
| | <u>ORIGINAL</u> | <u>FINAL</u> | <u>ACTUAL</u> | WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| OTHER FINANCING (USES) | | | | |
| Transfers out | \$ - | \$ (509) | \$ (508) | \$ 1 |
| FUND BALANCES, BEGINNING OF YEAR | 508 | 508 | 508 | - |
| FUND BALANCES, END OF YEAR | \$ 508 | \$ (1) | \$ - | \$ 1 |

BAY COUNTY
HISTORICAL PRESERVATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | VARIANCE |
|------------------------------------|-------------------------|--------------|---------------|-------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | WITH FINAL |
| | | | | POSITIVE |
| | | | | (NEGATIVE) |
| REVENUES | | | | |
| Property and other taxes | \$ 269,907 | \$ 269,907 | \$ 271,819 | \$ 1,912 |
| Interest, rents and royalties | 25 | 25 | 121 | 96 |
| TOTAL REVENUES | 269,932 | 269,932 | 271,940 | 2,008 |
| EXPENDITURES | | | | |
| Recreation and culture | 269,932 | 269,932 | 271,940 | (2,008) |
| NET CHANGE IN FUND BALANCES | - | - | - | - |
| FUND BALANCES, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Debt Service Funds

The *Debt Service fund* accounts the payment of principal and interest on long-term general obligation debt other than that payable from special assessments and debt issued for and serviced primarily by an enterprise fund.

The Building Authority Debt Fund was established to accumulate resources to meet the annual debt service requirements of bonds issued for the construction of and improvements to the Bay County Law Enforcement Center.

Capital Projects Funds

Capital Projects funds account for the purchase or construction of major capital facilities which are not financed by Proprietary funds.

The Building Authority Construction Fund was established to account for the proceeds of bonds issued for the construction of and improvements to the various projects within the County.

**BAY COUNTY
BUILDING AUTHORITY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|---|-------------------------|--------------------|--------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Interest, rents and royalties | \$ 304,030 | \$ 304,030 | \$ 331,555 | \$ 27,525 |
| Reimbursements, refunds, and other revenues | 1,328,471 | 1,328,471 | 1,328,470 | (1) |
| TOTAL REVENUES | 1,632,501 | 1,632,501 | 1,660,025 | 27,524 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | 1,740,000 | 2,120,000 | 2,120,000 | - |
| Interest and other fees | 1,143,044 | 1,152,275 | 1,151,972 | 303 |
| TOTAL EXPENDITURES | 2,883,044 | 3,272,275 | 3,271,972 | 303 |
| REVENUES (UNDER) EXPENDITURES | (1,250,543) | (1,639,774) | (1,611,947) | 27,827 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 1,300,563 | 1,689,794 | 1,689,794 | - |
| NET CHANGE IN FUND BALANCES | 50,020 | 50,020 | 77,847 | 27,827 |
| FUND BALANCES, BEGINNING OF YEAR | 625,310 | 625,310 | 625,310 | - |
| FUND BALANCES, END OF YEAR | \$ 675,330 | \$ 675,330 | \$ 703,157 | \$ 27,827 |

Nonmajor Enterprise Funds

Enterprise funds account for the operations and services provided for County residents which are financed primarily through user charges.

The Golf Course Fund was established to account for the operations of the County golf course. Revenues are primarily generated from user fees.

The Delinquent Property Tax Foreclosure Fund was established to account for various fees and costs related to the new delinquent tax reversion process.

The Commissary Fund was established to record the operations of commissary sales to inmates at the Bay County Law Enforcement Center. Costs are recovered through charges for items sold.

**BAY COUNTY
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

| | GOLF COURSE | DELINQUENT PROPERTY TAX FORECLOSURE | COMMISSARY | TOTAL |
|---|------------------------|--|-------------------|---------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 71,468 | \$ 190,325 | \$ 52,958 | \$ 314,751 |
| Investments | 46,602 | 88,897 | 42,937 | 178,436 |
| Accounts receivable, net of allowance | 751 | - | 5,072 | 5,823 |
| Due from other governmental units | 254 | - | - | 254 |
| Accrued interest receivable | 1,562 | 1,778 | 958 | 4,298 |
| Inventories | 8,204 | - | - | 8,204 |
| Due from other funds | 22,441 | 19,235 | - | 41,676 |
| Interfund advances | 22,792 | - | - | 22,792 |
| TOTAL CURRENT ASSETS | 174,074 | 300,235 | 101,925 | 576,234 |
| CAPITAL ASSETS | | | | |
| Land | 167,021 | - | - | 167,021 |
| Land improvements | 776,062 | - | - | 776,062 |
| Buildings and improvements | 406,224 | - | - | 406,224 |
| Machinery and equipment | 459,903 | - | - | 459,903 |
| Office furniture and fixtures | 16,669 | - | - | 16,669 |
| Vehicles and other | 8,458 | 118,145 | - | 126,603 |
| | 1,834,337 | 118,145 | - | 1,952,482 |
| Less accumulated depreciation | (1,127,727) | (9,842) | - | (1,137,569) |
| TOTAL CAPITAL ASSETS | 706,610 | 108,303 | - | 814,913 |
| TOTAL ASSETS | 880,684 | 408,538 | 101,925 | 1,391,147 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 7,722 | 1,733 | - | 9,455 |
| Accrued items and other liabilities | 3,086 | - | 3,601 | 6,687 |
| Accrued vacation and sick pay | 2,858 | - | - | 2,858 |
| Due to other funds | 189 | - | - | 189 |
| Due to other governmental units | 331 | - | 150 | 481 |
| Unearned revenue | 3,399 | - | - | 3,399 |
| Notes payable, current portion | - | 39,381 | - | 39,381 |
| TOTAL CURRENT LIABILITIES | 17,585 | 41,114 | 3,751 | 62,450 |
| LONG-TERM LIABILITIES | | | | |
| Notes payable, net of current portion | - | 39,382 | - | 39,382 |
| Accrued vacation and sick pay | 16,391 | - | - | 16,391 |
| TOTAL LONG-TERM LIABILITIES | 16,391 | 39,382 | - | 55,773 |
| TOTAL LIABILITIES | 33,976 | 80,496 | 3,751 | 118,223 |
| NET ASSETS | | | | |
| Investment in capital assets, net of related debt | 706,610 | 29,540 | - | 736,150 |
| Unrestricted | 140,098 | 298,502 | 98,174 | 536,774 |
| TOTAL NET ASSETS | \$ 846,708 | \$ 328,042 | \$ 98,174 | \$ 1,272,924 |

**BAY COUNTY
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | DELINQUENT GOLF PROPERTY TAX COURSE FORECLOSURE COMMISSARY | | | TOTAL |
|---|---|-------------------|------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 598,045 | \$ 207,071 | \$ 151,821 | \$ 956,937 |
| Reimbursements, refunds, and other revenue | 6,388 | 4,977 | 9 | 11,374 |
| TOTAL OPERATING REVENUES | 604,433 | 212,048 | 151,830 | 968,311 |
| OPERATING EXPENSES | | | | |
| Personal services | 285,517 | - | - | 285,517 |
| Supplies | 72,107 | 4,798 | - | 76,905 |
| Other services | 170,627 | 58,207 | 108,994 | 337,828 |
| Depreciation | 57,964 | 9,842 | - | 67,806 |
| TOTAL OPERATING EXPENSES | 586,215 | 72,847 | 108,994 | 768,056 |
| OPERATING INCOME | 18,218 | 139,201 | 42,836 | 200,255 |
| NONOPERATING REVENUE | | | | |
| Interest income | 7,315 | 10,492 | 4,666 | 22,473 |
| INCOME BEFORE TRANSFERS | 25,533 | 149,693 | 47,502 | 222,728 |
| TRANSFERS | | | | |
| Transfers (out) | (76,250) | - | (14,824) | (91,074) |
| CHANGE IN NET ASSETS | (50,717) | 149,693 | 32,678 | 131,654 |
| NET ASSETS, BEGINNING OF YEAR | 897,425 | 178,349 | 65,496 | 1,141,270 |
| NET ASSETS, END OF YEAR | \$ 846,708 | \$ 328,042 | \$ 98,174 | \$ 1,272,924 |

**BAY COUNTY
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | PUBLIC GOLF COURSE | DELINQUENT PROPERTY TAX FORECLOSURE | COMMISSARY | TOTAL |
|--|-----------------------------------|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 599,613 | \$ 205,293 | \$ 153,506 | \$ 958,412 |
| Cash received from interfund services provided | - | 11,669 | - | 11,669 |
| Interfund reimbursements | (8,526) | - | - | (8,526) |
| Cash payments to suppliers for goods and services | (235,998) | (65,070) | (110,564) | (411,632) |
| Cash payments to employees and related taxes and insurance | (287,854) | - | (33) | (287,887) |
| Other operating revenues | 6,388 | 4,977 | 9 | 11,374 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 73,623 | 156,869 | 42,918 | 273,410 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Proceeds from interfund advances | (8,500) | - | - | (8,500) |
| Transfers (out) | (76,250) | - | (14,824) | (91,074) |
| NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES | (84,750) | - | (14,824) | (99,574) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (33,934) | (118,145) | - | (152,079) |
| Issuance of long-term debt | - | 118,145 | - | 118,145 |
| Principal paid on long-term debt | - | (39,382) | - | (39,382) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | (33,934) | (39,382) | - | (73,316) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from sale of investments | 42,961 | - | - | 42,961 |
| Purchases of investments | - | (88,897) | (536) | (89,433) |
| Interest on investments | 7,315 | 10,492 | 4,666 | 22,473 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 50,276 | (78,405) | 4,130 | (23,999) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 5,215 | 39,082 | 32,224 | 76,521 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 66,253 | 151,243 | 20,734 | 238,230 |
| CASH AND CASH EQUIVALENTS END OF YEAR | \$ 71,468 | \$ 190,325 | \$ 52,958 | \$ 314,751 |

**BAY COUNTY
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | | PUBLIC | | DELINQUENT | | |
|--|------------------|---------------|---------------------|---------------------------|-------------------|-------------------|
| | | GOLF | PROPERTY TAX | COURSE FORECLOSURE | COMMISSARY | TOTAL |
| | | | | | | |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | | |
| Operating income | \$ 18,218 | \$ | 139,201 | \$ | 42,836 | \$ 200,255 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | | | |
| Depreciation | 57,964 | | 9,842 | | - | 67,806 |
| Changes in assets and liabilities: | | | | | | |
| Accounts receivable | (622) | | - | | 2,004 | 1,382 |
| Due from other governmental units | (254) | | - | | - | (254) |
| Accrued interest receivable | 909 | | (1,778) | | (319) | (1,188) |
| Inventories | 5,140 | | - | | - | 5,140 |
| Due from other funds | (8,500) | | 11,669 | | - | 3,169 |
| Accounts payable | 1,596 | | (2,065) | | - | (469) |
| Accrued items and other liabilities | (2,411) | | - | | (1,570) | (3,981) |
| Accrued vacation and sick pay, current | 1,102 | | - | | - | 1,102 |
| Due to other funds | (26) | | - | | - | (26) |
| Due to other governmental units | (1,028) | | - | | (33) | (1,061) |
| Unearned revenue | 1,535 | | - | | - | 1,535 |
| | | | | | | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 73,623 | \$ | 156,869 | \$ | 42,918 | \$ 273,410 |

Internal Service Funds

Internal Service funds account for the financing of goods or services provided to other funds, departments or agencies of the primary government and its component units or to other governmental units on a cost-reimbursement basis.

The Self-Insurance Fund was established by the County to provide its own insurance coverage to its departments or funds for workers' compensation, sickness and accident, and unemployment compensation. It is funded by charges to the various funds covered under the program, with all claims being paid from the fund.

The Self-Insurance Healthcare Fund was established by the County to provide its own insurance coverage to its departments or funds for employee health care.

**BAY COUNTY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

| | SELF INSURANCE | HEALTHCARE SELF INSURANCE | TOTAL |
|--|---------------------------|--|---------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 1,178,309 | \$ 1,568,395 | \$ 2,746,704 |
| Investments | 506,208 | - | 506,208 |
| Accounts receivable, net of allowance | 29 | 7,274 | 7,303 |
| Accrued interest receivable | 12,791 | - | 12,791 |
| Due from other funds | 20,923 | - | 20,923 |
| Due from component units | 1,466 | - | 1,466 |
| Prepaid items and other current assets | 7,598 | 59,700 | 67,298 |
| TOTAL ASSETS | 1,727,324 | 1,635,369 | 3,362,693 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 604 | - | 604 |
| Accrued items and other liabilities | 77,094 | - | 77,094 |
| Due to other funds | 8 | - | 8 |
| Due to other governmental units | 200 | - | 200 |
| Claims, settlements, and judgments | 331,897 | 222,087 | 553,984 |
| TOTAL CURRENT LIABILITIES | 409,803 | 222,087 | 631,890 |
| LONG-TERM LIABILITIES | | | |
| Claims, settlements, and judgments | 112,122 | - | 112,122 |
| Accrued vacation and sick pay | 945 | - | 945 |
| TOTAL LONG-TERM LIABILITIES | 113,067 | - | 113,067 |
| TOTAL LIABILITIES | 522,870 | 222,087 | 744,957 |
| NET ASSETS | | | |
| Reserved: | | | |
| Insurance claims | 1,204,454 | 1,088,617 | 2,293,071 |
| Advances from General Fund | - | 324,665 | 324,665 |
| Total net assets | \$ 1,204,454 | \$ 1,413,282 | \$ 2,617,736 |

**BAY COUNTY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | HEALTHCARE | | |
|---|---------------------|---------------------|---------------------|
| | SELF | SELF | |
| | INSURANCE | INSURANCE | TOTAL |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 648,762 | \$ 4,686,651 | \$ 5,335,413 |
| Reimbursements, refunds, and other revenues | 11,414 | 78,980 | 90,394 |
| TOTAL OPERATING REVENUES | 660,176 | 4,765,631 | 5,425,807 |
| OPERATING EXPENSES | | | |
| Personal services | 393,704 | 3,679,028 | 4,072,732 |
| Supplies | 76 | - | 76 |
| Other services | 64,927 | 780,299 | 845,226 |
| TOTAL OPERATING EXPENSES | 458,707 | 4,459,327 | 4,918,034 |
| OPERATING INCOME | 201,469 | 306,304 | 507,773 |
| NONOPERATING REVENUE | | | |
| Interest income | 67,655 | - | 67,655 |
| CHANGE IN NET ASSETS | 269,124 | 306,304 | 575,428 |
| NET ASSETS, BEGINNING OF YEAR | 935,330 | 1,106,978 | 2,042,308 |
| NET ASSETS, END OF YEAR | \$ 1,204,454 | \$ 1,413,282 | \$ 2,617,736 |

**BAY COUNTY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | HEALTHCARE | | |
|---|---------------------|---------------------|---------------------|
| | SELF | SELF | |
| | INSURANCE | INSURANCE | TOTAL |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from interfund services provided | \$ 649,266 | \$ 4,691,451 | \$ 5,340,717 |
| Interfund reimbursements | 4,062 | - | 4,062 |
| Cash payments to suppliers for goods and services | (39,782) | (290,360) | (330,142) |
| Cash payments to employees and related taxes and insurance | (383,922) | (3,692,895) | (4,076,817) |
| Other operating revenues | 11,414 | 78,980 | 90,394 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 241,038 | 787,176 | 1,028,214 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Claims, settlements and judgments - long term | 77,242 | - | 77,242 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of investments | 200,376 | - | 200,376 |
| Interest on investments | 67,655 | - | 67,655 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 268,031 | - | 268,031 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 586,311 | 787,176 | 1,373,487 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 591,998 | 781,219 | 1,373,217 |
| CASH AND CASH EQUIVALENTS END OF YEAR | \$ 1,178,309 | \$ 1,568,395 | \$ 2,746,704 |

**BAY COUNTY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | SELF INSURANCE | HEALTHCARE SELF INSURANCE | TOTAL |
|--|---------------------------|--|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income | \$ 201,469 | \$ 306,304 | \$ 507,773 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 634 | 841 | 1,475 |
| Accrued interest receivable | 446 | - | 446 |
| Due from other funds | 4,067 | - | 4,067 |
| Due from component units | (576) | 3,959 | 3,383 |
| Prepaid items and other current assets | 24,681 | 489,939 | 514,620 |
| Accounts payable | 540 | - | 540 |
| Accrued items and other liabilities | (13,137) | - | (13,137) |
| Due to other funds | (5) | - | (5) |
| Due to other governmental units | (1,373) | - | (1,373) |
| Claims, settlements, and judgments | 24,470 | (13,867) | 10,603 |
| Accrued vacation and sick pay | (178) | - | (178) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 241,038 | \$ 787,176 | \$ 1,028,214 |

Fiduciary Funds

Fiduciary funds account for assets held by the County in a trustee or agent capacity. Disbursements from these funds are contingent upon the trust agreement or applicable legislative enactment for each particular fund. The Bay County Fiduciary funds encompass three broad categories: Private-Purpose Trust, Pension and Other Benefits Trust, and Agency funds. Private-Purpose Trust funds result from the County's agreement to accept resources and spend them in ways specified by the donor. Pension and Other Benefits Trust funds account for contributions from the County. They also invest fund resources, and calculate and pay pensions and other benefits to retirees and beneficiaries. Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and other funds.

The Probate Court Trust Fund is used to account for individual donations made to the court and their subsequent disbursement to assist youths.

The Inmate Trust Fund is used to account for deposits from inmates at the Bay County Law Enforcement Center and related expenses to maintain the fund.

The Employees' Retirement System Fund is used to account for the financial transactions of the Bay County Employees' Retirement System. The system is administered by the Retirement Board of Trustees, while the County acts as custodian for the System.

The Public Employee Health Care Fund is used to accumulate financial resources in order to provide medical benefits for retirees', their spouses and dependents.

The General Agency Fund is used to account for resources held by the County, which were received from various sources, and their subsequent disbursement to other parties.

The Current Tax Collection Fund is used to account for the collection of current property taxes and special assessments held by the County in a trustee capacity and the subsequent distribution to the appropriate local governmental unit or County fund.

The Library Penal Fine Fund is used to account for penal fines received by the District and Circuit courts and distributed to public libraries, as directed by the State Library Board and the County's Law Library Fund per State Act 286 of 1961.

The Flexible Spending Plan Fund is used to account for a portion of employee wages voluntarily set aside on a pre-tax basis to cover unreimbursed medical expenses and/or dependent day care expenses. The County holds these funds in a trustee capacity and reimburses the participating employees for eligible expenses.

**BAY COUNTY
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

| | PROBATE COURT TRUST | INMATE TRUST | TOTAL |
|-------------------------------------|------------------------------------|-------------------------|--------------|
| | | | |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 44,806 | \$ 9,782 | \$ 54,588 |
| LIABILITIES | | | |
| Accrued items and other liabilities | 44,806 | 9,151 | 53,957 |
| NET ASSETS | | | |
| Held in trust for specific programs | \$ - | \$ 631 | \$ 631 |
| | | | |

**BAY COUNTY
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | PROBATE COURT TRUST | INMATE TRUST | TOTAL |
|--------------------------------------|------------------------------------|-------------------------|--------------|
| | | | |
| ADDITIONS | | | |
| Interest | \$ - | \$ 105 | \$ 105 |
| DEDUCTIONS | | | |
| Other services | - | 69 | 69 |
| CHANGE IN NET ASSETS | - | 36 | 36 |
| NET ASSETS, BEGINNING OF YEAR | - | 595 | 595 |
| NET ASSETS, END OF YEAR | \$ - | \$ 631 | \$ 631 |

BAY COUNTY
EMPLOYEE PENSION AND OTHER BENEFITS TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
DECEMBER 31, 2007

| | EMPLOYEES' RETIREMENT SYSTEM | PUBLIC EMPLOYEE HEALTH CARE | TOTAL |
|---|---|--|--------------------|
| ASSETS | | | |
| Investments at fair value: | | | |
| Common stock | \$ 170,946,995 | \$ 22,090,741 | \$ 193,037,736 |
| Corporate bonds | 22,626,115 | - | 22,626,115 |
| Governmental securities | 27,403,094 | - | 27,403,094 |
| Short-term investment funds | 11,310,701 | 123,523 | 11,434,224 |
| Convertible bonds | 20,395,205 | - | 20,395,205 |
| Other | 1,084,892 | - | 1,084,892 |
| Total investments | 253,767,002 | 22,214,264 | 275,981,266 |
| Receivables: | | | |
| Interest and dividends | 783,419 | 148,720 | 932,139 |
| Accounts | 906,244 | 110,065 | 1,016,309 |
| Total receivables | 1,689,663 | 258,785 | 1,948,448 |
| Other current assets: | | | |
| Due from component units | 42,242 | - | 42,242 |
| TOTAL ASSETS | 255,498,907 | 22,473,049 | 277,971,956 |
| LIABILITIES | | | |
| Accounts payable | 382,100 | 22,896 | 404,996 |
| Accrued items and other liabilities | 884,210 | 148,368 | 1,032,578 |
| Accrued vacation and sick pay | 3,778 | - | 3,778 |
| Due to other governmental units | 220 | - | 220 |
| TOTAL LIABILITIES | 1,270,308 | 171,264 | 1,441,572 |
| NET ASSETS | | | |
| Held in trust for pension and healthcare benefits | \$ 254,228,599 | \$ 22,301,785 | \$ 276,530,384 |

A schedule of funding progress for the Employees' Retirement System is presented on page 104.

**BAY COUNTY
EMPLOYEE PENSION AND OTHER BENEFITS TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | EMPLOYEES' RETIREMENT SYSTEM | PUBLIC EMPLOYEE HEALTH CARE | TOTAL |
|--|---|--|-----------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Employer | \$ 706,090 | \$ 2,079,379 | \$ 2,785,469 |
| Plan members | 1,123,376 | - | 1,123,376 |
| Total contributions | 1,829,466 | 2,079,379 | 3,908,845 |
| Investment income: | | | |
| Net appreciation in fair value of investments | 14,034,991 | (256,946) | 13,778,045 |
| Interest and dividends | 5,698,831 | 588,383 | 6,287,214 |
| Less investment expense | (1,869,322) | (37,579) | (1,906,901) |
| Net investment income | 17,864,500 | 293,858 | 18,158,358 |
| Other revenue | 170,284 | - | 170,284 |
| TOTAL ADDITIONS | 19,864,250 | 2,373,237 | 22,237,487 |
| DEDUCTIONS | | | |
| Benefits | 8,723,428 | - | 8,723,428 |
| Administrative expenses | 143,182 | 11,077 | 154,259 |
| Refunds of contributions | 346,143 | - | 346,143 |
| Capital outlay | 6,610 | - | 6,610 |
| TOTAL DEDUCTIONS | 9,219,363 | 11,077 | 9,230,440 |
| CHANGE IN NET ASSETS | 10,644,887 | 2,362,160 | 13,007,047 |
| NET ASSETS HELD IN TRUST FOR PENSION AND HEALTHCARE BENEFITS: | | | |
| BEGINNING OF YEAR | 243,583,712 | 19,939,625 | 263,523,337 |
| END OF YEAR | \$ 254,228,599 | \$ 22,301,785 | \$ 276,530,384 |

**BAY COUNTY
AGENCY FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

| | GENERAL AGENCY | CURRENT TAX COLLECTION | LIBRARY PENAL FINE | FLEXIBLE SPENDING PLAN | TOTAL |
|-------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---------------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 7,135,723 | \$ 145,688 | \$ 51,500 | \$ 31,406 | \$ 7,364,317 |
| Investments | 4,299,224 | - | - | - | 4,299,224 |
| Accounts receivable | 4,665 | - | - | - | 4,665 |
| Due from other funds | - | - | 34,313 | - | 34,313 |
| TOTAL ASSETS | \$ 11,439,612 | \$ 145,688 | \$ 85,813 | \$ 31,406 | \$ 11,702,519 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 855 | - | - | - | \$ 855 |
| Accrued items and other liabilities | 114,250 | - | - | 20,009 | 134,259 |
| Due to other funds | 34,313 | - | - | - | 34,313 |
| Due to component units | 10,871,352 | 145,688 | 85,813 | - | 11,102,853 |
| Due to other governmental units | 271,397 | - | - | - | 271,397 |
| Deposits | 135,969 | - | - | - | 135,969 |
| Undistributed taxes | 11,476 | - | - | - | 11,476 |
| Advances | - | - | - | 11,397 | 11,397 |
| TOTAL LIABILITIES | \$ 11,439,612 | \$ 145,688 | \$ 85,813 | \$ 31,406 | \$ 11,702,519 |

BAY COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

| | BALANCE | | | BALANCE | | |
|---|---------------------|----------------------|----------------------|----------------------|--|--|
| | JANUARY 1, | | | DECEMBER 31, | | |
| | 2007 | ADDITIONS | DEDUCTIONS | 2007 | | |
| <u>GENERAL AGENCY FUND</u> | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,546,655 | \$ 46,791,116 | \$ 41,202,048 | \$ 7,135,723 | | |
| Investments | 7,741,929 | 4,299,224 | 7,741,929 | 4,299,224 | | |
| Accounts receivable | 6,374 | 13,545 | 15,254 | 4,665 | | |
| Due from other governmental units | 1,000 | - | 1,000 | - | | |
| TOTAL ASSETS | \$ 9,295,958 | \$ 51,103,885 | \$ 48,960,231 | \$ 11,439,612 | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 700 | \$ 81,643 | \$ 81,488 | \$ 855 | | |
| Accrued items and other liabilities | 271,420 | 130,929 | 288,099 | 114,250 | | |
| Due to other funds | - | 43,147 | 8,834 | 34,313 | | |
| Due to component units | 8,587,828 | 10,899,540 | 8,616,016 | 10,871,352 | | |
| Due to other governmental units | 272,484 | 20,187,031 | 20,188,118 | 271,397 | | |
| Deposits | 148,271 | 35,271 | 47,573 | 135,969 | | |
| Undistributed taxes | 15,255 | 259,274 | 263,053 | 11,476 | | |
| TOTAL LIABILITIES | \$ 9,295,958 | \$ 31,636,835 | \$ 29,493,181 | \$ 11,439,612 | | |
| <u>CURRENT TAX COLLECTION FUND</u> | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 124,891 | \$ 32,035,136 | \$ 32,014,339 | \$ 145,688 | | |
| Due from other funds | - | 10,254,476 | 10,254,476 | - | | |
| TOTAL ASSETS | \$ 124,891 | \$ 42,289,612 | \$ 42,268,815 | \$ 145,688 | | |
| LIABILITIES | | | | | | |
| Due to other funds | \$ - | \$ 8,503,271 | \$ 8,503,271 | \$ - | | |
| Due to component units | 124,891 | 2,322,518 | 2,301,721 | 145,688 | | |
| Undistributed taxes | - | 32,678,793 | 32,678,793 | - | | |
| TOTAL LIABILITIES | \$ 124,891 | \$ 43,504,582 | \$ 43,483,785 | \$ 145,688 | | |
| <u>LIBRARY PENAL FINE</u> | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 33,083 | \$ 459,766 | \$ 441,349 | \$ 51,500 | | |
| Accounts receivable | 26,294 | - | 26,294 | - | | |
| Due from other funds | - | 34,313 | - | 34,313 | | |
| TOTAL ASSETS | \$ 59,377 | \$ 494,079 | \$ 467,643 | \$ 85,813 | | |
| LIABILITIES | | | | | | |
| Due to component units | \$ 59,377 | \$ 467,785 | \$ 441,349 | \$ 85,813 | | |

(Continued)

BAY COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

| | BALANCE | | | BALANCE | | |
|---|---------------------|----------------------|----------------------|----------------------|--|--|
| | JANUARY 1, | | | DECEMBER 31, | | |
| | 2007 | ADDITIONS | DEDUCTIONS | 2007 | | |
| <u>FLEXIBLE SPENDING PLAN FUND</u> | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 28,799 | \$ 23,780 | \$ 21,173 | \$ 31,406 | | |
| LIABILITIES | | | | | | |
| Accrued items and other liabilities | \$ 17,402 | \$ 23,780 | \$ 21,173 | \$ 20,009 | | |
| Advances | 11,397 | - | - | 11,397 | | |
| TOTAL LIABILITIES | \$ 28,799 | \$ 23,780 | \$ 21,173 | \$ 31,406 | | |
| <u>TOTAL - ALL AGENCY FUNDS</u> | | | | | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,733,428 | \$ 79,309,798 | \$ 73,678,909 | \$ 7,364,317 | | |
| Investments | 7,741,929 | 4,299,224 | 7,741,929 | 4,299,224 | | |
| Accounts receivable | 32,668 | 13,545 | 41,548 | 4,665 | | |
| Due from other funds | - | 34,313 | - | 34,313 | | |
| Due from other governmental units | 1,000 | - | 1,000 | - | | |
| TOTAL ASSETS | \$ 9,509,025 | \$ 83,656,880 | \$ 81,463,386 | \$ 11,702,519 | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 700 | \$ 81,643 | \$ 81,488 | \$ 855 | | |
| Accrued items and other liabilities | 288,822 | 154,709 | 309,272 | 134,259 | | |
| Due to other funds | - | 8,546,418 | 8,512,105 | 34,313 | | |
| Due to component units | 8,772,096 | 13,689,843 | 11,359,086 | 11,102,853 | | |
| Due to other governmental units | 272,484 | 20,187,031 | 20,188,118 | 271,397 | | |
| Deposits | 148,271 | 35,271 | 47,573 | 135,969 | | |
| Undistributed taxes | 15,255 | 32,938,067 | 32,941,846 | 11,476 | | |
| Advances | 11,397 | - | - | 11,397 | | |
| TOTAL LIABILITIES | \$ 9,509,025 | \$ 75,632,982 | \$ 73,439,488 | \$ 11,702,519 | | |

Library System

The Library System was established to account for the operations of the Bay County Library System, a component unit of Bay County, which provides services and materials in a variety of formats to satisfy the educational, personal and professional interests of the community with funds primarily raised through local property taxes.

BAY COUNTY
LIBRARY SYSTEM COMPONENT UNIT
STATEMENT OF NET ASSETS AND BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2007

| | LIBRARY SYSTEM | ADJUSTMENTS | STATEMENT OF ACTIVITIES |
|---|---------------------------|---------------------|------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 4,547,343 | \$ - | \$ 4,547,343 |
| Property taxes receivable, net of allowance | 5,750,500 | - | 5,750,500 |
| Accrued interest receivable | 36,840 | - | 36,840 |
| Due from primary government | 111,809 | - | 111,809 |
| Prepaid items and other current assets | 104,015 | - | 104,015 |
| TOTAL CURRENT ASSETS | 10,550,507 | - | 10,550,507 |
| CAPITAL ASSETS | | | |
| Land | - | 107,487 | 107,487 |
| Land improvements | - | 85,949 | 85,949 |
| Buildings and improvements | - | 1,115,464 | 1,115,464 |
| Machinery and equipment | - | 121,040 | 121,040 |
| Office furniture and fixtures | - | 1,229,147 | 1,229,147 |
| Books and audio/visual materials | - | 2,121,110 | 2,121,110 |
| Vehicles and other | - | 182,770 | 182,770 |
| Less accumulated depreciation | - | (2,523,813) | (2,523,813) |
| TOTAL CAPITAL ASSETS | - | 2,439,154 | 2,439,154 |
| TOTAL ASSETS | \$ 10,550,507 | \$ 2,439,154 | 12,989,661 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 88,569 | \$ - | 88,569 |
| Accrued items and other liabilities | 26,820 | - | 26,820 |
| Deferred / unearned revenue | 5,750,500 | - | 5,750,500 |
| TOTAL CURRENT LIABILITIES | 5,865,889 | - | 5,865,889 |
| NONCURRENT LIABILITIES | | | |
| Accrued vacation and sick pay, long term | - | 121,749 | 121,749 |
| TOTAL LIABILITIES | 5,865,889 | 121,749 | 5,987,638 |
| FUND BALANCES | | | |
| Unreserved: | | | |
| Designated for projects and activities | 3,244,944 | (3,244,944) | - |
| Undesignated | 1,439,674 | (1,439,674) | - |
| TOTAL FUND BALANCES | 4,684,618 | (4,684,618) | - |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 10,550,507 | | |
| NET ASSETS | | | |
| Invested in capital assets | | 2,439,154 | 2,439,154 |
| Unrestricted | | 4,562,869 | 4,562,869 |
| TOTAL NET ASSETS | | \$ 7,002,023 | \$ 7,002,023 |

BAY COUNTY
LIBRARY SYSTEM COMPONENT UNIT
STATEMENT OF ACTIVITIES AND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

| | LIBRARY SYSTEM | ADJUSTMENTS | STATEMENT OF ACTIVITIES |
|---|---------------------------|---------------------|------------------------------------|
| REVENUES | | | |
| Property and other taxes | \$ 2,829,209 | \$ - | \$ 2,829,209 |
| Federal grants | 4,007 | - | 4,007 |
| State grants | 86,898 | - | 86,898 |
| Interest income | 253,341 | - | 253,341 |
| Charges for services | 536,158 | - | 536,158 |
| Donations | 80,145 | - | 80,145 |
| TOTAL REVENUES | 3,789,758 | - | 3,789,758 |
| EXPENDITURES / EXPENSES | | | |
| Current | | | |
| Recreation and culture | 3,755,831 | (184,202) | 3,571,629 |
| Depreciation | - | 591,620 | 591,620 |
| Capital outlay | 10,880 | - | 10,880 |
| TOTAL EXPENDITURES / EXPENSES | 3,766,711 | 407,418 | 4,174,129 |
| NET CHANGE IN FUND BALANCES / NET ASSETS | 23,047 | (407,418) | (384,371) |
| FUND BALANCE / NET ASSETS, BEGINNING OF YEAR | 4,661,571 | 2,724,823 | 7,386,394 |
| FUND BALANCE / NET ASSETS, END OF YEAR | \$ 4,684,618 | \$ 2,317,405 | \$ 7,002,023 |

III. STATISTICAL SECTION

The Statistical Section contains comprehensive data, frequently covering the last ten years, relating to the financial, economic, demographic, and operational characteristics of Bay County.

STATISTICAL SECTION

This part of the County of Bay's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

| Contents | Page |
|--|-------------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | 145-148 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | 149-153 |
| Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | 154-158 |
| Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government 's financial activities take place.</i> | 159-160 |
| Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | 161-163 |

BAY COUNTY
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|------------------|------------------|------------------|------------------|------------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,658 | \$ 17,565 | \$ 26,080 | \$ 27,330 | \$ 28,501 |
| Restricted | - | - | - | - | - | 11,990 | 9,713 | 8,761 | 12,594 | 10,806 |
| Unrestricted | - | - | - | - | - | 6,015 | 6,277 | 7,469 | 9,259 | 11,991 |
| Total governmental activities net assets | <u>\$ -</u> | <u>\$ 29,663</u> | <u>\$ 33,555</u> | <u>\$ 42,310</u> | <u>\$ 49,183</u> | <u>\$ 51,298</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,888 | \$ 10,431 | \$ 10,753 | \$ 10,248 | \$ 9,682 |
| Restricted | - | - | - | - | - | - | - | 525 | - | - |
| Unrestricted | - | - | - | - | - | 13,954 | 10,681 | 9,362 | 10,787 | 11,731 |
| Total business-type activities net assets | <u>\$ -</u> | <u>\$ 20,842</u> | <u>\$ 21,112</u> | <u>\$ 20,640</u> | <u>\$ 21,035</u> | <u>\$ 21,413</u> |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 18,546 | \$ 27,996 | \$ 36,833 | \$ 37,578 | \$ 38,183 |
| Restricted | - | - | - | - | - | 11,990 | 9,713 | 9,286 | 12,594 | 10,806 |
| Unrestricted | - | - | - | - | - | 19,969 | 16,958 | 16,831 | 20,046 | 23,722 |
| Total primary activities net assets | <u>\$ -</u> | <u>\$ 50,505</u> | <u>\$ 54,667</u> | <u>\$ 62,950</u> | <u>\$ 70,218</u> | <u>\$ 72,711</u> |

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

BAY COUNTY
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Public safety | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,790 | \$ 9,857 | \$ 9,328 | \$ 10,152 | \$ 10,064 |
| Community and economic development | - | - | - | - | - | 253 | 235 | 146 | 99 | 161 |
| Health and welfare | - | - | - | - | - | 10,593 | 10,998 | 10,292 | 10,256 | 10,229 |
| Public works | - | - | - | - | - | 5 | 7 | 6 | 5 | 7 |
| General government | - | - | - | - | - | 9,369 | 10,296 | 8,835 | 11,104 | 9,675 |
| Judicial | - | - | - | - | - | 5,459 | 5,636 | 5,691 | 5,986 | 6,200 |
| Legislative | - | - | - | - | - | 455 | 470 | 451 | 461 | 476 |
| Recreation and culture | - | - | - | - | - | 2,397 | 1,981 | 1,865 | 1,860 | 1,886 |
| Other functions | - | - | - | - | - | 1,226 | 971 | 1,158 | 1,293 | 1,296 |
| Interest on long-term debt | - | - | - | - | - | 1,859 | 1,447 | 1,382 | 1,239 | 1,141 |
| Total governmental activities expenses | - | - | - | - | - | 40,406 | 41,898 | 39,154 | 42,455 | 41,135 |
| Business-type activities: | | | | | | | | | | |
| Medical Care Facility | - | - | - | - | - | 14,623 | 15,490 | 15,935 | 18,627 | 18,572 |
| 100% Tax Payment | - | - | - | - | - | 119 | 115 | 122 | 123 | 119 |
| Golf Course | - | - | - | - | - | 498 | 530 | 545 | 637 | 586 |
| Delinquent Property Tax Foreclosure | - | - | - | - | - | - | - | 65 | 69 | 73 |
| Commissary | - | - | - | - | - | 97 | 113 | 115 | 118 | 109 |
| Housing | - | - | - | - | - | 482 | 491 | 574 | 577 | 619 |
| Total business-type activities expenses | - | - | - | - | - | 15,819 | 16,739 | 17,356 | 20,151 | 20,078 |
| Total primary government expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 56,225 | \$ 58,637 | \$ 56,510 | \$ 62,606 | \$ 61,213 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Public safety | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,494 | \$ 1,572 | \$ 1,698 | \$ 1,569 | \$ 1,649 |
| Health and welfare | - | - | - | - | - | 3,229 | 3,081 | 1,980 | 2,193 | 2,266 |
| General government | - | - | - | - | - | 3,119 | 3,385 | 3,151 | 3,071 | 3,000 |
| Community and economic development | - | - | - | - | - | - | - | - | 6 | 21 |
| Public works | - | - | - | - | - | - | - | - | 23 | 6 |
| Judicial | - | - | - | - | - | 2,334 | 2,368 | 2,273 | 2,392 | 2,460 |
| Legislative | - | - | - | - | - | - | - | - | - | 3 |
| Recreation and culture | - | - | - | - | - | 1,251 | 1,289 | 1,344 | 1,739 | 1,254 |
| Other | - | - | - | - | - | 63 | 63 | 33 | 54 | 83 |
| Operating grants and contributions | - | - | - | - | - | 7,215 | 7,856 | 7,946 | 8,129 | 7,891 |
| Capital grants and contributions | - | - | - | - | - | 158 | 67 | - | 195 | - |
| Total governmental activities program revenues | - | - | - | - | - | 18,863 | 19,681 | 18,425 | 19,371 | 18,633 |

| | Fiscal Year | | | | | | | | | |
|---|-------------|------|------|------|------|-------------|-------------|-------------|-------------|-------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Medical Care Facility | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,649 | \$ 13,983 | \$ 13,746 | \$ 16,942 | \$ 17,219 |
| 100 % Tax Payment | - | - | - | - | - | 786 | 741 | 833 | 862 | 822 |
| Golf Course | - | - | - | - | - | 601 | 570 | 555 | 548 | 598 |
| Delinquent Property Tax Foreclosure | - | - | - | - | - | - | - | 99 | 202 | 207 |
| Commissary | - | - | - | - | - | 118 | 132 | 142 | 158 | 152 |
| Housing | - | - | - | - | - | 173 | 205 | 228 | 238 | 251 |
| Operating grants and contributions | - | - | - | - | - | 343 | 226 | 304 | 170 | 195 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | 44 | 35 |
| Total business-type activities program revenues | - | - | - | - | - | 15,670 | 15,857 | 15,907 | 19,164 | 19,479 |
| Total primary government program revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 34,533 | \$ 35,538 | \$ 34,332 | \$ 38,535 | \$ 38,112 |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (21,543) | \$ (22,217) | \$ (20,729) | \$ (23,084) | \$ (22,502) |
| Business-type activities | - | - | - | - | - | (149) | (882) | (1,449) | (987) | (599) |
| Total primary government net expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (21,692) | \$ (23,099) | \$ (22,178) | \$ (24,071) | \$ (23,101) |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 18,444 | \$ 23,900 | \$ 24,905 | \$ 26,710 | \$ 22,059 |
| Unrestricted grants and contributions | - | - | - | - | - | 2,179 | 654 | - | - | - |
| Unrestricted investment earnings | - | - | - | - | - | 462 | 377 | 677 | 1,013 | 1,239 |
| Other revenue | - | - | - | - | - | 1,633 | 409 | 2,949 | 1,525 | 347 |
| Transfers - internal activities | - | - | - | - | - | 531 | 768 | 1,009 | 724 | 972 |
| Total governmental activities | - | - | - | - | - | 23,249 | 26,108 | 29,540 | 29,972 | 24,617 |
| Business-type activities: | | | | | | | | | | |
| Property taxes | - | - | - | - | - | 1,224 | 1,252 | 1,317 | 1,323 | 1,419 |
| Unrestricted investment earnings | - | - | - | - | - | 154 | 149 | 231 | 352 | 418 |
| Other revenue | - | - | - | - | - | 431 | 506 | 438 | 431 | 102 |
| Transfers - internal activities | - | - | - | - | - | (531) | (768) | (1,009) | (724) | (972) |
| Total business-type activities | - | - | - | - | - | 1,278 | 1,139 | 977 | 1,382 | 967 |
| Total primary government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24,527 | \$ 27,247 | \$ 30,517 | \$ 31,354 | \$ 25,584 |
| Change in Net Assets | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,706 | \$ 3,891 | \$ 8,811 | \$ 6,888 | \$ 2,115 |
| Business-type activities | - | - | - | - | - | 1,129 | 257 | (472) | 395 | 368 |
| Total primary government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,835 | \$ 4,148 | \$ 8,339 | \$ 7,283 | \$ 2,483 |

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

BAY COUNTY
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)

| <u>Fiscal Year</u> | <u>Property Tax</u> |
|------------------------|-------------------------|
| 1998 | \$ - |
| 1999 | - |
| 2000 | - |
| 2001 | - |
| 2002 | - |
| 2003 | 18,443,783 |
| 2004 | 23,900,464 |
| 2005 | 24,905,105 |
| 2006 | 26,709,969 |
| 2007 | 22,058,685 |

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

BAY COUNTY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|------------------|------------------|------------------|------------------|------------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| General fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,711 | \$ 2,820 | \$ 3,376 | \$ 3,161 | \$ 2,564 |
| Unreserved | - | - | - | - | - | 1,153 | 1,497 | 1,664 | 2,296 | 3,806 |
| Total general fund | <u>\$ -</u> | <u>\$ 3,864</u> | <u>\$ 4,317</u> | <u>\$ 5,040</u> | <u>\$ 5,457</u> | <u>\$ 6,370</u> |
| | | | | | | | | | | |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 12,054 | \$ 9,705 | \$ 8,290 | \$ 12,267 | \$ 10,637 |
| Unreserved | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | 2,879 | 3,310 | 3,637 | 3,845 | 4,774 |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ 14,933</u> | <u>\$ 13,015</u> | <u>\$ 11,927</u> | <u>\$ 16,112</u> | <u>\$ 15,411</u> |

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

BAY COUNTY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Revenues | | | | | | | | | | |
| Property taxes and other taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 18,342 | \$ 23,959 | \$ 24,889 | \$ 26,253 | \$ 21,789 |
| Licenses and permits | - | - | - | - | - | 352 | 352 | 368 | 373 | 377 |
| Federal grants | - | - | - | - | - | 3,222 | 3,531 | 3,395 | 3,593 | 4,064 |
| State grants | - | - | - | - | - | 5,418 | 4,125 | 3,347 | 3,820 | 2,972 |
| Interest, rents and royalties | - | - | - | - | - | 1,501 | 1,451 | 1,739 | 2,003 | 2,265 |
| Charges for services | - | - | - | - | - | 4,267 | 3,389 | 3,363 | 3,288 | 3,272 |
| Fines and forfeits | - | - | - | - | - | 1,031 | 971 | 900 | 945 | 928 |
| Reimbursements, refunds and other revenue | - | - | - | - | - | 7,317 | 7,406 | 9,064 | 8,013 | 6,376 |
| Insurance recoveries/proceeds | - | - | - | - | - | 11 | - | 1 | - | - |
| Total revenues | - | - | - | - | - | 41,461 | 45,184 | 47,066 | 48,288 | 42,043 |
| Expenditures | | | | | | | | | | |
| Legislative | - | - | - | - | - | 454 | 480 | 463 | 478 | 485 |
| Judicial | - | - | - | - | - | 5,281 | 5,311 | 5,483 | 5,829 | 5,975 |
| General government | - | - | - | - | - | 9,217 | 8,987 | 8,938 | 9,035 | 9,066 |
| Public safety | - | - | - | - | - | 8,681 | 9,478 | 9,621 | 10,258 | 10,289 |
| Public works | - | - | - | - | - | 5 | 7 | 6 | 6 | 7 |
| Health and welfare | - | - | - | - | - | 11,320 | 10,600 | 9,937 | 10,356 | 10,206 |
| Community and economic development | - | - | - | - | - | 256 | 233 | 157 | 129 | 195 |
| Recreation and culture | - | - | - | - | - | 2,262 | 1,867 | 1,839 | 1,851 | 1,908 |
| Other functions | - | - | - | - | - | 1,244 | 995 | 1,164 | 1,293 | 1,296 |
| Capital outlay | - | - | - | - | - | 8,639 | 5,597 | 7,159 | 1,185 | 21 |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | - | - | 1,468 | 2,421 | 2,248 | 2,817 | 2,217 |
| Interest and other fees | - | - | - | - | - | 1,606 | 1,468 | 1,393 | 1,296 | 1,155 |
| Total expenditures | - | - | - | - | - | 50,433 | 47,444 | 48,408 | 44,533 | 42,820 |
| Excess of revenues over (under) expenditures | - | - | - | - | - | (8,972) | (2,260) | (1,342) | 3,755 | (777) |

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from capital leases | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 53 | \$ 2,035 | \$ - | \$ - | \$ - |
| Transfers in | - | - | - | - | - | 6,768 | (2,022) | 10,068 | 9,390 | 7,675 |
| Payment to escrow agents to refund debt | - | - | - | - | - | - | 8,170 | - | (7,394) | - |
| Insurance recoveries/proceeds | - | - | - | - | - | - | - | - | 26 | 18 |
| Proceeds of refunding bonds | - | - | - | - | - | - | - | - | 7,205 | - |
| Bond premium | - | - | - | - | - | - | - | - | 300 | - |
| Transfers (out) | - | - | - | - | - | (6,224) | (7,388) | (9,059) | (8,666) | (6,703) |
| Total other financing sources (uses) | - | - | - | - | - | 597 | 795 | 1,009 | 861 | 990 |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (8,375) | \$ (1,465) | \$ (333) | \$ 4,616 | \$ 213 |
| Debt service as a percentage of noncapital expenditures | | | | | | 7.65% | 9.41% | 9.03% | 9.60% | 8.06% |

BAY COUNTY
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| Fiscal Year | Property Tax |
|-------------|--------------|
| 1998 | \$ - |
| 1999 | - |
| 2000 | - |
| 2001 | - |
| 2002 | - |
| 2003 | 18,342 |
| 2004 | 23,959 |
| 2005 | 24,889 |
| 2006 | 26,253 |
| 2007 | 21,788 |

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

BAY COUNTY
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

| Fiscal Year Ended December 31, | Real Property | | Personal Property | Total Assessed Value | Total Direct Tax Rate | Estimated Actual Assessed Value | Assessed Value as a Percentage of Actual Value |
|---|----------------------|-------------------|------------------------------|-------------------------------------|--------------------------------------|--|---|
| | Residential | Commercial | | | | | |
| 1998 | \$ 1,290,792 | \$ 274,566 | \$ 220,183 | \$ 1,785,541 | 9.9499 | \$ 3,571,082 | 50.00% |
| 1999 | 1,395,294 | 291,450 | 235,085 | 1,921,829 | 9.9476 | 3,843,658 | 50.00% |
| 2000 | 1,516,962 | 319,927 | 227,801 | 2,064,690 | 10.9469 | 4,129,380 | 50.00% |
| 2001 | 1,637,046 | 330,136 | 252,895 | 2,220,077 | 10.9471 | 4,440,154 | 50.00% |
| 2002 | 1,756,819 | 343,859 | 255,154 | 2,355,832 | 10.9486 | 4,711,664 | 50.00% |
| 2003 | 1,892,485 | 362,139 | 250,125 | 2,504,749 | 10.9486 | 5,009,498 | 50.00% |
| 2004 | 1,994,489 | 374,267 | 249,474 | 2,618,230 | 11.0326 | 5,236,460 | 50.00% |
| 2005 | 2,095,440 | 385,772 | 256,049 | 2,737,261 | 10.9338 | 5,474,522 | 50.00% |
| 2006 | 2,174,998 | 407,663 | 254,809 | 2,837,470 | 9.7100 | 5,674,940 | 50.00% |
| 2007 | 2,217,444 | 424,455 | 263,508 | 2,905,407 | 10.8096 | 5,810,814 | 50.00% |

Source: Bay County Equalization Department

Note: Property in the county is reassessed annually. The county assesses property at approximately 50 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of taxable value.

**BAY COUNTY
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

| <u>Fiscal Year (1) (2)</u> | <u>Bay County</u> | | | | <u>Overlapping Rates</u> | | | | | <u>Cities</u> | | | | | <u>Total Direct & Overlapping Rates</u> |
|----------------------------|--------------------------|------------------------|---------------------|-----------------------------|--------------------------|------------------------------|--------------------------|------------------|---------------|-----------------|-------------------|-------------------|----------------|----------|---|
| | <u>Operating Millage</u> | <u>Special Millage</u> | <u>Debt Millage</u> | <u>Total County Millage</u> | <u>SET Schools (3)</u> | <u>Inter-mediate Schools</u> | <u>Community College</u> | <u>Townships</u> | <u>Auburn</u> | <u>Bay City</u> | <u>Essexville</u> | <u>Pinconning</u> | <u>Midland</u> | | |
| 1998 | 5.7540 | 4.1959 | 0.0000 | 9.9499 | 6.0000 | 0.1910 | 2.0427 | 1.3500 | 14.0000 | 23.9600 | 11.4000 | 15.0000 | 11.6000 | 95.4936 | |
| 1999 | 5.7528 | 4.1948 | 0.0000 | 9.9476 | 6.0000 | 0.1908 | 2.0427 | 1.3500 | 14.0000 | 23.8700 | 10.4170 | 15.0000 | 12.1200 | 94.9381 | |
| 2000 | 5.7528 | 5.1941 | 0.0000 | 10.9469 | 6.0000 | 0.1907 | 2.0427 | 1.3500 | 16.0000 | 21.7500 | 15.2130 | 15.0000 | 12.4800 | 100.9733 | |
| 2001 | 5.7528 | 5.1943 | 0.0000 | 10.9471 | 6.0000 | 0.1907 | 2.5427 | 1.3500 | 16.0000 | 21.4000 | 15.3775 | 15.0000 | 12.0000 | 100.8080 | |
| 2002 | 5.7528 | 5.1958 | 0.0000 | 10.9486 | 6.0000 | 0.1907 | 2.5427 | 1.3500 | 16.0000 | 21.4000 | 14.9538 | 15.0000 | 11.6700 | 100.0558 | |
| 2003 | 5.7528 | 5.1958 | 0.0000 | 10.9486 | 5.0000 | 0.1906 | 2.5427 | 1.3500 | 16.0000 | 21.2027 | 15.2728 | 14.8530 | 12.9000 | 100.2604 | |
| 2004 | 5.7441 | 5.2885 | 0.0000 | 11.0326 | 6.0000 | 0.1901 | 2.5427 | 1.3500 | 16.0000 | 21.2027 | 15.2700 | 14.8530 | 12.9000 | 101.3411 | |
| 2005 | 5.7441 | 5.1897 | 0.0000 | 10.9338 | 6.0000 | 0.1899 | 2.0427 | 1.3500 | 16.0000 | 20.0505 | 15.3481 | 14.7965 | 9.7900 | 96.5015 | |
| 2006 | 5.7257 | 3.9843 | 0.0000 | 9.7100 | 6.0000 | 0.1891 | 2.0427 | 1.3500 | 16.0000 | 19.4532 | 15.3967 | 14.7965 | 12.1000 | 97.0382 | |
| 2007 | 5.7257 | 5.0839 | 0.0000 | 10.8096 | 6.0000 | 0.1891 | 2.0427 | 1.3500 | 16.0000 | 19.5503 | 15.6436 | 14.7965 | 12.2400 | 98.6218 | |

Source: Bay County Equalization Department

(1) Rates reduced to comply with the Headlee Amendment.

(2) This is the year in which the tax is levied. 2002 refers to the 2003 tax collection, 2003 refers to the 2004 tax collection, and so on.

(3) Proposal A voted in on March 15, 1994 implemented a 6 mill state education tax with the exception of 2003 which was reduced to 5 mills.

BAY COUNTY
Principal Property Taxpayers

Table 8

| <u>Taxpayer</u> | <u>2007</u> | | | <u>1998</u> | | |
|----------------------------|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> |
| Consumers Energy | \$ 260,897,786 | 1 | 8.66% | \$ 255,223,954 | 1 | 12.07% |
| General Motors/CPC | 132,849,800 | 2 | 4.41% | 111,196,850 | 2 | 5.26% |
| Dow Corning Corporation | 58,100,961 | 3 | 1.93% | 42,433,469 | 3 | 2.01% |
| S C Johnson | 45,675,830 | 4 | 1.52% | 18,731,900 | 6 | 0.89% |
| Monitor Sugar | 25,542,868 | 5 | 0.85% | 20,684,964 | 4 | 0.98% |
| Bay City Mall Associates | 11,187,163 | 6 | 0.37% | 11,307,650 | 7 | 0.53% |
| Meijer/Good Will Co. Inc | 10,595,723 | 7 | 0.35% | - | - | - |
| Wal-Mart Real Estate | 6,632,850 | 8 | 0.22% | - | - | - |
| Charter Communications | 5,967,956 | 9 | 0.20% | - | - | - |
| Enbridge Energy | 5,620,277 | 10 | 0.19% | - | - | - |
| Dow Chemical Corporation | - | - | - | 18,769,431 | 5 | 0.89% |
| Thompson Bay Company, Inc. | - | - | - | 10,310,700 | 8 | 0.49% |
| United Technologies | - | - | - | 5,851,500 | 10 | 0.28% |
| Euclid Industries | - | - | - | 5,955,502 | 9 | 0.28% |
| Totals | \$ 563,071,214 | | 18.70% | \$ 500,465,920 | | 23.68% |

Source: Bay County Equalization Department

BAY COUNTY
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

| Fiscal Year Ended December 31, | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Delinquents Purchased by Treasurer | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------------------|--------------------------------------|---|-----------------------|--|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | | Amount | Percentage of Levy |
| 1998 | \$ 11,872 | \$ 11,087 | 93.39% | 750 | 35 | \$ 11,872 | 100.00% |
| 1999 | 12,351 | 11,506 | 93.16% | 807 | 30 | 12,343 | 99.94% |
| 2000 | 12,648 | 11,705 | 92.54% | 804 | 27 | 12,536 | 99.11% |
| 2001 | 13,369 | 12,422 | 92.92% | 794 | 39 | 13,253 | 99.13% |
| 2002 | 14,121 | 13,274 | 94.00% | 766 | 32 | 14,071 | 99.65% |
| 2003 | 14,601 | 13,725 | 94.00% | 793 | 41 | 14,549 | 99.64% |
| 2004 | 15,107 | 14,205 | 94.03% | 836 | 54 | 15,071 | 99.76% |
| 2005 | 15,472 | 14,652 | 94.70% | 789 | 35 | 15,466 | 99.96% |
| 2006 | 16,177 | 15,392 | 95.15% | 753 | 26 | 16,145 | 99.80% |
| 2007 | 16,960 | 16,186 | 95.44% | 747 | (1) | 16,933 | 99.84% |

Source: Bay County Treasurer

(1) This information is not yet available.

BAY COUNTY
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|--------------------------------|----------------|--------------------------|--------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Installment Purchase Contracts | Capital Leases | Miscellaneous Payables | | | | |
| 1998 | \$ - | \$ - | \$ - | \$ - | \$ - | - | 0.00% | \$ - |
| 1999 | - | - | - | - | - | - | 0.00% | - |
| 2000 | - | - | - | - | - | - | 0.00% | - |
| 2001 | - | - | - | - | - | - | 0.00% | - |
| 2002 | - | - | - | - | - | - | 0.00% | - |
| 2003 | 33,160,000 | 1,051,880 | 42,400 | - | - | 34,254,280 | 11.58% | 314 |
| 2004 | 31,270,000 | 722,985 | 26,551 | - | - | 32,019,536 | 10.69% | 294 |
| 2005 | 29,385,000 | 376,568 | 32,630 | - | - | 29,794,198 | 9.78% | 274 |
| 2006 | 26,815,000 | 82,390 | 14,401 | - | - | 26,911,791 | 8.50% | 249 |
| 2007 | 24,695,000 | - | - | - | 78,763 | 24,773,763 | (2) | 230 |

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.
There are currently no outstanding debt issues in the Business-Type Activities of the Primary Government.

(1) See Statistical Table Number 15 for personal income and population data.

(2) This information is not yet available.

Data prior to 2003 is not available.

BAY COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property | Per Capita (1) |
|----------------|--------------------------------|--|------------|--|-------------------|
| 1998 | \$ | - | \$ | 0.00% | \$ |
| 1999 | | - | | 0.00% | - |
| 2000 | | - | | 0.00% | - |
| 2001 | | - | | 0.00% | - |
| 2002 | | - | | 0.00% | - |
| 2003 | 33,160,000 | - | 33,160,000 | 1.31% | 304 |
| 2004 | 31,270,000 | - | 31,270,000 | 1.18% | 287 |
| 2005 | 29,385,000 | - | 29,385,000 | 1.06% | 271 |
| 2006 | 26,815,000 | - | 26,815,000 | 0.93% | 248 |
| 2007 | 24,695,000 | - | 24,695,000 | 0.82% | 230 |

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.
Taxable value provided by the Bay County Equalization Department.

(1) See Statistical Table Number 15 for population data.

Data prior to 2003 is not available.

BAY COUNTY
Direct and Overlapping Governmental Activities Debt
As of December 31, 2007

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable (1)</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes: County | \$ 271,202,810 | 75.45% | \$ 204,628,586 |
| Subtotal, overlapping debt | | | <u>204,628,586</u> |
| Bay County direct debt | | | <u>37,966,951</u> |
| Total direct and overlapping debt | | | <u><u>\$ 242,595,537</u></u> |

Sources: Debt outstanding and estimated share of overlapping debt provided by Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Bay County. This process recognizes that, when considering the government's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Applicable percentages were estimated by determining the portion of the county's taxable value that is within the government's boundaries and dividing it by the county's total taxable value.

**BAY COUNTY
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)**

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Debt limit | \$ 223,414 | \$ 238,049 | \$ 252,075 | \$ 268,116 | \$ 284,773 | \$ 301,109 | \$ 313,567 | \$ 326,220 | \$ 337,863 | \$ 347,582 |
| Total net debt applicable to limit | 40,205 | 44,902 | 43,808 | 40,800 | 56,039 | 53,475 | 50,220 | 45,581 | 40,615 | 36,029 |
| Legal debt margin | \$ 183,209 | \$ 193,147 | \$ 208,267 | \$ 227,316 | \$ 228,734 | \$ 247,634 | \$ 263,347 | \$ 280,639 | \$ 297,248 | \$ 311,553 |
| Total net debt applicable to the limit as a percentage of debt limit | 18.00% | 18.86% | 17.38% | 15.22% | 19.68% | 17.76% | 16.02% | 13.97% | 12.02% | 10.37% |

Legal Debt Margin Calculation for Fiscal Year 2007

| | |
|--|-------------------|
| State equalized value of real property | \$ 3,212,309 |
| State equalized value of personal property | 263,509 |
| Total state equalized value | <u>3,475,818</u> |
| Debt limit (10% of total state equalized value) | 347,582 |
| Debt applicable to limit: (1) | \$ 41,696 |
| Less: | |
| Assets in Debt Service funds available for pymnt of principal | \$ 703 |
| Debt not subject to legal debt limit: | |
| Special assessment debt | <u>4,964</u> |
| Total deductions | <u>5,667</u> |
| Total amount of debt applicable to debt limit | <u>36,029</u> |
| Legal debt margin | <u>\$ 311,553</u> |

Note: Under state finance law Bay County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

(1) Includes primary government and component units.

BAY COUNTY
Pledged-Revenue Coverage
Last Ten Fiscal Years

Water Supply System No. 1 Revenue Bonds (1)

| <u>Fiscal Year</u> | <u>Operating Revenue (2)</u> | <u>Operating Expenses (3)</u> | <u>Net Available Revenue</u> | <u>Debt Service (4) (5)</u> | | <u>Total</u> | <u>Coverage</u> |
|--------------------|------------------------------|-------------------------------|------------------------------|-----------------------------|-----------------|--------------|-----------------|
| | | | | <u>Principal</u> | <u>Interest</u> | | |
| 1998 | \$ 827,257 | \$ 612,796 | \$ 214,461 | \$ 48,689 | \$ 36,091 | \$ 84,780 | 2.53 |
| 1999 | 804,320 | 652,689 | 151,631 | 48,690 | 32,363 | 81,053 | 1.87 |
| 2000 | 1,180,660 | 933,679 | 246,981 | 54,520 | 28,597 | 83,117 | 2.97 |
| 2001 | 1,429,956 | 930,147 | 499,809 | 50,053 | 24,634 | 74,687 | 6.69 |
| 2002 | 1,047,283 | 669,257 | 378,026 | 50,051 | 20,633 | 70,684 | 5.35 |
| 2003 | 1,266,089 | 924,846 | 341,243 | 50,443 | 16,592 | 67,035 | 5.09 |
| 2004 | 1,162,003 | 902,321 | 259,682 | 50,443 | 12,552 | 62,995 | 4.12 |
| 2005 | 1,099,600 | 810,258 | 289,342 | 48,115 | 8,512 | 56,627 | 5.11 |
| 2006 | 972,636 | 824,923 | 147,713 | 56,223 | 4,643 | 60,866 | 2.43 |
| 2007 (6) | - | - | - | - | - | - | - |

Note: Details regarding Bay County's outstanding debt can be found in the notes to the financial statements.

(1) Component unit - Department of Water and Sewer

(2) Excludes all non-operating revenue except interest earned.

(3) Excludes depreciation and interest expense on bonded debt.

(4) Includes the Water Supply System No. 1 Portsmouth Extension bonds through 2004 and Bay County Water Supply System 1987 Series bonds.

(5) Debt service requirements are met with net revenue available for debt service and net assets.

(6) Applicable bonds fully serviced in 2006.

BAY COUNTY
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | Population (1) | Personal Income (2) (amounts expressed in thousands) | Per Capita Personal Income | School Enrollment (3) | Unemployment Rate (4) |
|------------------------|-----------------------|---|---|----------------------------------|----------------------------------|
| 1998 | 109,980 | \$ 2,616,290 | \$ 23,789 | 16,786 | 4.50% |
| 1999 | 109,514 | 2,718,432 | 24,823 | 16,385 | 4.30% |
| 2000 | 110,157 | 2,857,805 | 25,943 | 16,309 | 4.00% |
| 2001 | 109,664 | 2,859,582 | 26,076 | 16,209 | 5.20% |
| 2002 | 109,611 | 2,841,552 | 25,924 | 16,136 | 6.70% |
| 2003 | 109,167 | 2,958,817 | 27,104 | 16,140 | 7.70% |
| 2004 | 108,990 | 2,996,080 | 27,489 | 15,989 | 8.40% |
| 2005 | 108,608 | 3,047,312 | 28,058 | 14,952 | 6.90% |
| 2006 | 108,053 | 3,167,808 | 29,317 | 15,552 | 6.90% |
| 2007 | 107,517 | (5) | (5) | 15,298 | 6.70% |

Data Sources:

(1) Population Division, U.S. Census Bureau - Population is an estimate as of July 1, of fiscal year with the exception of 2000 which reflects the actual census.

(2) Bureau of Economic Analysis, U.S. Department of Commerce

(3) Local school districts

(4) U.S. Department of Labor Bureau of Labor Statistics Data - Unemployment rate information is a yearly average not seasonally adjusted.

(5) Personal income not available at this time for 2007.

**BAY COUNTY
Principal Employers
2007 and 1998**

| <u>Employer</u> | <u>2007</u> | | | <u>1998 (4)</u> | | |
|---------------------------------|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> |
| Bay Regional Medical Center (3) | 1,958 | 1 | 3.80% | 2,447 | 1 | 4.66% |
| Dow Corning Corporation | 1,200 | 2 | 2.33% | 1,622 | 2 | 3.09% |
| Michigan Sugar Company (2) | 1,148 | 3 | 2.23% | - | - | - |
| Bay City Public Schools (1) | 1,054 | 4 | 2.05% | 1,278 | 4 | 2.43% |
| Delta College | 930 | 5 | 1.81% | 571 | 8 | 1.09% |
| General Motors Powertrain | 614 | 6 | 1.19% | 1,409 | 3 | 2.68% |
| Meijer Inc. | 586 | 7 | 1.14% | 711 | 6 | 1.35% |
| Bay County | 533 | 8 | 1.04% | 578 | 7 | 1.10% |
| Consumers Energy | 516 | 9 | 1.00% | 532 | 9 | 1.01% |
| SC Johnson | 444 | 10 | 0.86% | - | - | - |
| Monitor Sugar Company (2) | - | - | - | 800 | 5 | 1.52% |
| City of Bay City | - | - | - | 429 | 10 | 0.82% |
| Totals | <u>\$ 8,983</u> | | <u>17.46%</u> | <u>\$ 10,377</u> | | <u>19.75%</u> |

Source:

Bay City Times and U.S. Department of Labor Bureau of Labor Statistics

- (1) Excludes substitute teachers.
- (2) Figure represents peak manufacturing/industry seasons.
- (3) Previously Bay Health Systems
- (4) 1998 is the most historical year for which information is available.

BAY COUNTY
Full-time Equivalent Bay County Employees by Function
Last Ten Fiscal Years

| Function | Full-time Equivalent Employees as of December 31, | | | | | | | | | |
|------------------------------------|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Public safety | 124 | 127 | 124 | 127 | 126 | 126 | 122 | 120 | 118 | 118 |
| Community and economic development | - | - | - | 1 | 1 | 1 | 7 | 6 | 6 | 6 |
| Health and welfare | 163 | 159 | 153 | 147 | 150 | 148 | 145 | 143 | 136 | 136 |
| General government | 129 | 126 | 126 | 135 | 133 | 131 | 120 | 110 | 109 | 109 |
| Judicial | 93 | 96 | 97 | 94 | 97 | 93 | 93 | 91 | 91 | 91 |
| Legislative | 11 | 12 | 12 | 12 | 12 | 12 | 12 | 11 | 11 | 12 |
| Recreation and culture | 20 | 21 | 31 | 45 | 40 | 40 | 29 | 25 | 24 | 24 |
| 100% tax payment | - | - | - | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Golf course | 10 | 10 | 10 | 11 | 11 | 11 | 6 | 6 | 6 | 6 |
| Total | 551 | 550 | 552 | 573 | 570 | 564 | 536 | 514 | 503 | 504 |

Source: Bay County Budget Department

Note: There are no full-time equivalent positions in the public works or commissary functions.

Full-time equivalent positions are not available for Medical Care Facility and Housing Department.

BAY COUNTY
Operating Indicators by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Public safety | | | | | | | | | | |
| Number of incarcerated offenders | - | - | - | - | - | - | 4,460 | 4,485 | 4,479 | 5,016 |
| Health and welfare | | | | | | | | | | |
| Division on aging | | | | | | | | | | |
| Meal site meals served | - | - | - | - | - | 57,051 | 57,213 | 55,279 | 48,886 | 48,724 |
| Home delivered meals served | - | - | - | - | - | 147,521 | 136,654 | 145,665 | 147,529 | 149,549 |
| Public works | | | | | | | | | | |
| Number of parking spaces leased | - | - | - | - | - | 2,721 | 2,772 | 1,947 | 793 | 275 |
| Judicial | | | | | | | | | | |
| Circuit court total caseload | - | - | - | - | - | - | 4,530 | 4,369 | 4,613 | 4,682 |
| District court total caseload | - | - | - | - | - | - | 28,556 | 27,387 | 31,281 | 29,768 |
| Probate court total caseload | - | - | - | - | - | - | 733 | 791 | 821 | 792 |
| Recreation and culture | | | | | | | | | | |
| Community center events | - | - | - | - | - | - | 45 | 54 | 52 | 50 |
| Community center total average event participants | - | - | - | - | - | - | 31,762 | 37,087 | 37,890 | 35,338 |
| Swimming pool admissions | - | - | - | - | - | - | 5,117 | 4,364 | 6,652 | 6,318 |
| Medical care facility | | | | | | | | | | |
| Patient days | 73,984 | 73,507 | 73,727 | 73,653 | 74,340 | 73,830 | 73,070 | 73,164 | 73,031 | 73,795 |
| Patient admits | 175 | 244 | 266 | 272 | 220 | 252 | 285 | 274 | 256 | 196 |
| Golf course | | | | | | | | | | |
| Memberships | - | - | - | - | - | 268 | 197 | 201 | 185 | 160 |
| Housing | | | | | | | | | | |
| Number of lease days | - | 36,341 | 34,219 | 36,416 | 36,405 | (1) | 36,263 | 36,232 | 36,281 | 36,361 |

Sources: Michigan Department of Corrections, State of Michigan Court Caseload Report, and county departments.

Note: Indicators are not available for the general government, legislative functions, community and economic development, 100% tax payment and commissary functions.

(1) This information is not available

Some data prior to 2003 is not available.

BAY COUNTY
Capital Asset Statistics by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| Public safety | | | | | | | | | | |
| Sheriff | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 27 | 27 | 25 | 25 | 25 | 25 | 26 | 28 | 27 | 31 |
| Boats | - | - | - | - | - | - | 3 | 4 | 4 | 3 |
| Animal control | | | | | | | | | | |
| Vehicles | - | - | - | - | - | - | 6 | 5 | 4 | 4 |
| Community and economic development | | | | | | | | | | |
| Streets (miles) | 1,337 | 1,337 | 1,337 | 1,337 | 1,337 | 1,337 | 1,403 | 1,565 | 1,566 | 1,565 |
| Traffic signals | 92 | 92 | 92 | 92 | 92 | 92 | 101 | 107 | 107 | 108 |
| Health and welfare | | | | | | | | | | |
| Division on aging | | | | | | | | | | |
| Meal sites | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 |
| Mosquito control | | | | | | | | | | |
| Vehicles | - | - | - | - | - | - | 28 | 30 | 30 | 31 |
| Public works | | | | | | | | | | |
| Pere marquette/madison avenue | | | | | | | | | | |
| Parking spaces available for lease | - | - | - | - | 432 | 432 | 432 | 432 | 432 | 432 |
| Recreation and culture | | | | | | | | | | |
| Parks | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 |
| Medical care facility | | | | | | | | | | |
| Beds | 206 | 206 | 206 | 206 | 206 | 206 | 206 | 206 | 206 | 206 |
| Golf course | | | | | | | | | | |
| Golf carts | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| Housing | | | | | | | | | | |
| Apartments | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Sources: County departments.

Note: No capital asset indicators are available for the general government, judicial, legislative, 100% tax payment or commissary functions. Not all historical information is available, this table will continue to be populated as more information becomes available.

Some data prior to 2003 is not available.

Bay County, Michigan



Comparison of Actual Operations with Budget Amounts for General, Special Revenue, and Debt Service Funds

Year Ended December 31, 2007

BAY COUNTY

**Comparison of Actual Operations with Budget Amounts for General,
Special Revenue and Debt Service Funds**

Table of Contents

| | Page |
|---|-------------|
| Letter from Management | 1 |
| <i>Schedule 1</i> – Excess of Expenditures Over Appropriations at the Legal Level of Control – General, Special Revenue and Debt Service Funds | 2 – 6 |
| <i>General Fund</i> | 7 – 27 |
| <i>Special Revenue Funds:</i> | |
| Mosquito Control Fund | 28 - 30 |
| 911 Central Dispatch Fund | 31 – 33 |
| Division on Aging Fund | 34 - 38 |
| Revenue Sharing Reserve Fund | 39 – 40 |
| Friend of the Court Fund | 41 – 42 |
| Health Department/District Health Fund | 43 – 48 |
| Gypsy Moth Fund | 49 – 51 |
| Public Improvement Fund | 52 |
| Register of Deeds Automation Fund | 53 – 55 |
| Local C.F.O. Training Fund | 56 – 57 |
| Drug Law Enforcement Fund | 58 – 59 |
| Law Library Fund | 60 – 62 |
| Community Corrections Fund | 63 – 65 |
| Home Rehabilitation Fund | 66 – 67 |
| Social Welfare Fund | 68 – 70 |
| Social Services Protective Services Fund | 71 – 72 |
| Child Care Fund | 73 – 76 |
| Child Care/Social Services Fund | 77 – 78 |
| Soldiers’ Relief Fund | 79 - 80 |
| Veterans Trust Fund | 81 – 82 |
| Donald C. Pero Wildlife Restoration Fund | 83 |
| Historical Preservation Fund | 84 – 85 |
| <i>Debt Service Fund:</i> | |
| Building Authority Debt Fund | 86 – 88 |

THOMAS L. HICKNER
Bay County Executive

Michael J. Regulski CGFM
Finance Officer

Finance Department
7th Floor
Bay County Building
515 Center Avenue, Suite 701
Bay City, MI 48708-5128



Accounting/Purchasing
Michael J. Regulski CGFM
regulskim@baycounty.net

Budget/Grants
Kim Priessnitz
priessnitzk@baycounty.net

Payroll/Benefits
Susan J. Gansser
ganssers@baycounty.net

TEL (989) 895-4030
TDD (989) 895-4049
FAX (989) 895-4039

June 25, 2008

Bay County Board of Commissioners and
Citizens of Bay County, Michigan:

Herein submitted is a budgetary report which presents a comparison of actual operations to the legally adopted budget and the schedule reflecting the amount of any excess of expenditures over appropriations, at the level of control, for Bay County, Michigan, for the year ended December 31, 2007. This report may best be utilized in conjunction with the Bay County's *Comprehensive Annual Financial Report*.

The level of budgetary control, that is the level at which expenditures cannot legally exceed the appropriated amount, is established on an object class (categorical) basis by activity within an individual fund with the exception of the Circuit, District, and Probate courts, whose level of budgetary control is established on a total basis (lump sum) encompassing all of its operations. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget adopted by the Board of Commissioners. Governmental fund types which include the General Fund, Special Revenue Funds, and Debt Service Funds are included in the annual appropriated budget. Capital Project Funds are budgeted by project. Bay County also maintains an encumbrance accounting system as one method of accomplishing budgetary control. Encumbrances that have lapsed are reappropriated as part of the following year's budget.

The intent of this report is to help you in evaluating the operations of Bay County for the year ended December 31, 2007. If additional information is necessary, please feel free to contact either one of us.

Sincerely,

Bay County Executive Office
Thomas L. Hickner, County Executive

Bay County Finance Department
Michael J. Regulski, Finance Officer

BAY COUNTY

Excess of Expenditures Over Appropriations at the Legal Level of Control
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

| <u>Fund / Activity / Category</u> | <u>Total Appropriations</u> | <u>Expenditures</u> | <u>Excess Expenditures</u> |
|-----------------------------------|---------------------------------|---------------------|--------------------------------|
| General Fund: | | | |
| General Government: | | | |
| Circuit Court: | | | |
| Supplies | \$ 21,025 | \$ 22,660 | \$ (1,635) |
| District Court: | | | |
| Personal services | 1,063,844 | 1,072,842 | (8,998) |
| Capital outlay | 13,421 | 31,581 | (18,160) |
| Friend of the Court: | | | |
| Personal services | 700,999 | 798,188 | (97,189) |
| Probate Court: | | | |
| Supplies | 17,060 | 18,151 | (1,091) |
| Other services and charges | 89,400 | 96,064 | (6,664) |
| Public Guardian: | | | |
| Other services and charges | 170,000 | 174,946 | (4,946) |
| Prosecuting Attorney: | | | |
| Personal services | 1,165,461 | 1,179,550 | (14,089) |
| Crime Victims Rights: | | | |
| Personal services | 105,626 | 117,211 | (11,585) |
| Indigent Attorney: | | | |
| Other services and charges | 521,000 | 618,737 | (97,737) |
| Department of Public Defender: | | | |
| Supplies | 2,700 | 2,808 | (108) |
| Retirement Board: | | | |
| Supplies | - | 1 | (1) |
| Building Authority: | | | |
| Personal services | 1,000 | 1,260 | (260) |
| Risograph Printing/Postage: | | | |
| Personal services | 19,967 | 20,421 | (454) |
| Public Safety: | | | |
| Circuit Court Warrant Officer: | | | |
| Personal services | 63,719 | 66,165 | (2,446) |

(continued)

BAY COUNTY

Excess of Expenditures Over Appropriations at the Legal Level of Control
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

| <u>Fund / Activity / Category</u> | <u>Total Appropriations</u> | <u>Expenditures</u> | <u>Excess Expenditures</u> |
|-----------------------------------|---------------------------------|---------------------|--------------------------------|
| General Fund, continued: | | | |
| Public Safety, continued: | | | |
| 2nd Rd Patr-Monitor Cops Fast: | | | |
| Personal services | \$ 61,003 | \$ 62,774 | \$ (1,771) |
| 2nd Rd Patr-Monitor twp: | | | |
| Personal services | 61,646 | 63,669 | (2,023) |
| Secondary Road Patrol Grant: | | | |
| Capital outlay | 37,867 | 39,118 | (1,251) |
| Drive MI Safely/Task Force: | | | |
| Personal services | 17,166 | 18,053 | (887) |
| Youth Alcohol Enforcement: | | | |
| Supplies | 845 | 1,132 | (287) |
| Marine Law Enforcement Grant: | | | |
| Supplies | 4,270 | 4,273 | (3) |
| Marine Safety: | | | |
| Supplies | - | 583 | (583) |
| Corrections Department / Jail: | | | |
| Other services and charges | 11,000 | 11,575 | (575) |
| SHSGP - First Responders: | | | |
| Personal services | 5,606 | 8,801 | (3,195) |
| Supplies | 60 | 1,828 | (1,768) |
| Other services and charges | 58,994 | 217,933 | (158,939) |
| LETTP - Terrorism Respon & Recov: | | | |
| Capital outlay | - | 15,924 | (15,924) |
| 2006-2008 SHSGP-Region 3: | | | |
| Supplies | 4,600 | 5,688 | (1,088) |
| Other services and charges | 156,200 | 164,969 | (8,769) |
| Animal Shelter/Dog Warden: | | | |
| Personal services | 281,835 | 304,069 | (22,234) |
| Public Works: | | | |
| Pere Marquette Parking: | | | |
| Other services and charges | 5,500 | 6,274 | (774) |

(continued)

BAY COUNTY

Excess of Expenditures Over Appropriations at the Legal Level of Control
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

| <u>Fund / Activity / Category</u> | <u>Total Appropriations</u> | <u>Expenditures</u> | <u>Excess Expenditures</u> |
|-----------------------------------|---------------------------------|---------------------|--------------------------------|
| General Fund, continued: | | | |
| Health and Welfare: | | | |
| Medical Examiner: | | | |
| Other services and charges | \$ 101,900 | \$ 105,987 | \$ (4,087) |
| Veterans' Burial: | | | |
| Other services and charges | 93,000 | 98,251 | (5,251) |
| Recreation and Culture: | | | |
| Parks/Recreation Maintenance: | | | |
| Personal services | 104,705 | 107,347 | (2,642) |
| Community Center: | | | |
| Other services and charges | 78,906 | 81,836 | (2,930) |
| County Market: | | | |
| Other services and charges | 11,000 | 12,106 | (1,106) |
| Civic/Ice Arena: | | | |
| Other services and charges | 276,765 | 278,912 | (2,147) |
| Pinconning Park: | | | |
| Personal services | 67,229 | 67,232 | (3) |
| Other services and charges | 23,742 | 25,689 | (1,947) |
| Other: | | | |
| Retirees Health/Life Insurance: | | | |
| Other services and charges | 15,000 | 31,779 | (16,779) |
| Special Revenue Funds: | | | |
| 911 Service Fund: | | | |
| Debt Service: | | | |
| Interest payment | 927 | 1,050 | (123) |
| Division on Aging Fund: | | | |
| Health and Welfare: | | | |
| Personal Care - Grants | | | |
| Other services and charges | 2,622 | 2,776 | (154) |
| Administration - Div. on Aging: | | | |
| Personal services | 293,024 | 294,270 | (1,246) |

(continued)

BAY COUNTY

Excess of Expenditures Over Appropriations at the Legal Level of Control
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

| <u>Fund / Activity / Category</u> | <u>Total Appropriations</u> | <u>Expenditures</u> | <u>Excess Expenditures</u> |
|---|---------------------------------|---------------------|--------------------------------|
| Special Revenue Funds, continued: | | | |
| <i>Health Department/District Health Fund:</i> | | | |
| Health and Welfare: | | | |
| CSHC-Child Special Health Care: | | | |
| Personal services | \$ 29,583 | \$ 32,932 | \$ (3,349) |
| Contagious Disease: | | | |
| Supplies | 4,125 | 4,133 | (8) |
| Bioterrorism Preparedness: | | | |
| Supplies | 453 | 894 | (441) |
| Bioterrorism Pandemic Flu: | | | |
| Supplies | 10,950 | 11,594 | (644) |
| Immunizations: | | | |
| Supplies | 446,550 | 878,922 | (432,372) |
| Hearing and Vision Screening: | | | |
| Supplies | 21,300 | 21,383 | (83) |
| Family Planning: | | | |
| Personal services | 119,601 | 120,865 | (1,264) |
| Medicaid Outreach/Advocacy: | | | |
| Supplies | 550 | 585 | (35) |
| Other services and charges | 2,200 | 2,220 | (20) |
| Other Financing Uses: | | | |
| Transfers out to other funds | - | 14,029 | (14,029) |
| <i>Gypsy Moth Control Fund:</i> | | | |
| General Government: | | | |
| Gypsy Moth Suppression: | | | |
| Personal services | 59,747 | 61,234 | (1,487) |
| <i>Law Library Fund:</i> | | | |
| General Government: | | | |
| Law Library: | | | |
| Supplies | 300 | 962 | (662) |
| <i>Community Corrections Fund:</i> | | | |
| Public Safety: | | | |
| Drug Law Enforce.-Oct/Dec: | | | |
| Other services and charges | (60,074) | - | (60,074) |

(continued)

Schedule 1

BAY COUNTY

Excess of Expenditures Over Appropriations at the Legal Level of Control
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

| <u>Fund / Activity / Category</u> | <u>Total Appropriations</u> | <u>Expenditures</u> | <u>Excess Expenditures</u> |
|--|---------------------------------|---------------------|--------------------------------|
| Special Revenue Funds, continued: | | | |
| <i>Home Rehabilitation Fund:</i> | | | |
| General Government: | | | |
| Geographic Information Systems: | | | |
| Supplies | \$ - | \$ 10 | \$ (10) |
| <i>Child Care Fund:</i> | | | |
| Recreation and Culture: | | | |
| Juv. Gender Specific Services: | | | |
| Supplies | 1,975 | 2,435 | (460) |
| Other services and charges | 9,790 | 9,937 | (147) |
| <i>Soldiers' Relief Fund:</i> | | | |
| Health and Welfare: | | | |
| Soldiers and Sailors Relief: | | | |
| Other services and charges | 31,485 | 33,738 | (2,253) |
| <i>Veterans' Trust Fund:</i> | | | |
| Health and Welfare: | | | |
| Veterans' Trust Board: | | | |
| Supplies | 5,790 | 7,683 | (1,893) |
| Other services and charges | 19,666 | 29,575 | (9,909) |
| <i>Historical Preservation Fund:</i> | | | |
| Recreation and Culture: | | | |
| Historical Preservation: | | | |
| Other services and charges | 269,932 | 271,940 | (2,008) |

BAY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|--------------------------|-------------------------|--|
| FINES AND FORFEITS | | | |
| DISTRICT COURT | 910,000 | 897,888 | 12,112- |
| ANIMAL SHELTER/DOG WARDEN | <u>6,000</u> | <u>14,376</u> | <u>8,376</u> |
| TOTAL FINES AND FORFEITS | <u>916,000</u> | <u>912,264</u> | <u>3,736-</u> |
| CHARGES FOR SERVICES | | | |
| CIRCUIT COURT | 54,200 | 51,112 | 3,088- |
| CIRCUIT COURT ADULT PROBATION | 83,000 | 97,948 | 14,948 |
| DISTRICT COURT | 910,600 | 942,500 | 31,900 |
| FRIEND OF THE COURT | 112,000 | 106,735 | 5,265- |
| JURY/JUDICIAL COUNCIL | 64,000 | 75,480 | 11,480 |
| PROBATE COURT | 109,100 | 112,694 | 3,594 |
| PUBLIC GUARDIAN | 35,000 | 38,513 | 3,513 |
| PAYROLL, RETIREMENT, INSURANCE CLERK | 75 | 61 | 14- |
| TREASURER | 160,000 | 170,635 | 10,635 |
| EQUALIZATION DEPARTMENT | 14,000 | 10,498 | 3,502- |
| PROSECUTING ATTORNEY | 53,500 | 54,512 | 1,012 |
| REGISTER OF DEEDS | 7,000 | 11,980 | 4,980 |
| DEPARTMENT OF CRIMINAL DEFENSE | 737,200 | 693,976 | 43,224- |
| DRAIN COMMISSIONER | 0 | 56 | 56 |
| COUNTY SURVEY/REMONUMENTATION | 5,000 | 3,500 | 1,500- |
| SOIL CONSERVATION | 48,083 | 40,068 | 8,015- |
| GEOGRAPHIC INFORMATION SYSTEMS | 650 | 0 | 650- |
| SHERIFF DEPARTMENT | 750 | 1,130 | 380 |
| SECONDARY ROAD PATROL | 272,820 | 202,899 | 69,921- |
| ANIMAL SHELTER/DOG WARDEN | 3,166 | 0 | 3,166- |
| MEDICAL EXAMINER | 40,300 | 35,001 | 5,299- |
| PLANNING DEPARTMENT | 2,300 | 852 | 1,448- |
| RECREATION/PARKS DEPARTMENT | 12,785 | 12,690 | 95- |
| VETERANS PARK SOFTBALL | 26,000 | 18,508 | 7,492- |
| COMMUNITY CENTER | 27,726 | 13,214 | 14,512- |
| SWIMMING POOL | 38,000 | 29,490 | 8,510- |
| CIVIC/ICE ARENA-ICE/DRY SURFAC | 17,000 | 17,393 | 393 |
| CIVIC/ICE ARENA-CONCESSION | 113,500 | 114,449 | 949 |
| CIVIC/ICE ARENA-PRO SHOP | 107,000 | 78,444 | 28,556- |
| PINCONNING PARK | 90,000 | 64,690 | 25,310- |
| FRIEND OF BAY CNTY 150TH BIRTH | 56,432 | 73,361 | 16,929 |
| | <u>2,976</u> | <u>3,752</u> | <u>776</u> |
| TOTAL CHARGES FOR SERVICES | <u>3,204,163</u> | <u>3,076,141</u> | <u>128,022-</u> |
| FEDERAL GRANTS | | | |
| FRIEND OF THE COURT | 173,525 | 161,197 | 12,328- |
| F.O.C.-MICHIGAN WORKS PROGRAM | 55,273 | 43,429 | 11,844- |
| FRND OF CRT-COOP REIMBURSEMENT | 850,000 | 871,340 | 21,340 |
| PROBATE COURT | 0 | 8,258 | 8,258 |
| JUV. COMPREHENSIVE STRATEGY | 59,655 | 33,105 | 26,550- |
| PROSECUTING ATTORNEY | 17,113 | 16,986 | 127- |
| CRIME VICTIMS RIGHTS-VOCA GRNT | 63,111 | 61,545 | 1,566- |
| COOP REIMBURSEMENT-PROSECUTOR | 131,271 | 99,294 | 31,977- |

BAY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|-------------------|------------------|--|
| PERSONNEL & EMPLOYEE RELATIONS | 3,900 | 4,343 | 443 |
| SHERIFF DEPARTMENT | 11,208 | 21,032 | 9,824 |
| B.A.Y.A.N.E.T. | 32,944 | 32,281 | 663- |
| SECONDARY ROAD PATROL | 2,525 | 439 | 2,086- |
| DRIVE MI SAFELY/TASK FORCE | 39,047 | 34,536 | 4,511- |
| YOUTH ALCOHOL ENFORCEMENT | 4,353 | 3,161 | 1,192- |
| OFF OF EMERG SERV-CIVIL DEFENS | 20,351 | 15,103 | 5,248- |
| LOCAL EMERGENCY PLANNING COMM. | 500 | 0 | 500- |
| DOMESTIC PREPAREDNESS EQUIP. | 0 | 1,312- | 1,312- |
| SHSGP - FIRST RESPONDERS | 73,000 | 287,251 | 214,251 |
| LETPP-TERRORISM RESPON & RECOV | 50,000 | 50,212 | 212 |
| 2006-2008 SHSGP-REGION 3 | 283,115 | 217,724 | 65,391- |
| 2006-2008 REGION 3 LETPP | 124,200 | 25,217 | 98,983- |
| REGION 3 CITIZEN CORP.COUNCIL | 25,100 | 3,069 | 22,031- |
| MSS/ISS 0-3 SECONDARY PREVENT | 117,944 | 111,006 | 6,938- |
| TRANSPORTATION PLANNING | 160,000 | 139,601 | 20,399- |
| COUNTY MARKET | 11,000 | 12,114 | 1,114 |
| PINCONNING PARK | 30,000 | 29,108 | 892- |
| TOTAL FEDERAL GRANTS | 2,339,135 | 2,280,039 | 59,096- |
| INTERESTS, RENTS AND ROYALTIES | | | |
| DISTRICT COURT | 12,000 | 20,493 | 8,493 |
| TREASURER | 526,500 | 545,762 | 19,262 |
| BUILDINGS AND GROUNDS | 10,570 | 16,072 | 5,502 |
| SHERIFF DEPARTMENT | 82,000 | 79,441 | 2,559- |
| SECONDARY ROAD PATROL | 7,500 | 5,505 | 1,995- |
| PERE MARQUETTE PARKING | 7,480 | 5,755 | 1,725- |
| COMMUNITY CENTER | 22,000 | 19,876 | 2,124- |
| COUNTY MARKET | 17,648 | 17,033 | 615- |
| FAIRGROUNDS | 25,000 | 22,110 | 2,890- |
| CIVIC/ICE ARENA-ICE/DRY SURFAC | 673,000 | 651,393 | 21,607- |
| TOTAL INTERESTS, RENTS AND ROYALTIES | 1,383,698 | 1,383,440 | 258- |
| LICENSES AND PERMITS | | | |
| CIRCUIT COURT | 11,000 | 10,860 | 140- |
| CLERK | 10,050 | 10,208 | 158 |
| TREASURER | 148,000 | 119,171 | 28,829- |
| SOIL CONSERVATION | 35,000 | 28,073 | 6,927- |
| SHERIFF DEPARTMENT | 5,000 | 4,541 | 459- |
| MEDICAL EXAMINER | 9,050 | 12,740 | 3,690 |
| TOTAL LICENSES AND PERMITS | 218,100 | 185,593 | 32,507- |
| STATE GRANTS | | | |
| CIRCUIT COURT | 1,000 | 848 | 152- |
| DISTRICT COURT | 28,300 | 48,885 | 20,585 |
| DIST.COURT OWI TREATMENT GRANT | 139,810 | 127,288 | 12,522- |
| FRND OF CRT-COOP REIMBURSEMENT | 14,000 | 58,283- | 72,283- |
| PROBATE COURT | 52,776 | 52,776 | 0 |

BAY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|--------------------------|-------------------------|--|
| TREASURER | 1,107,471 | 664,579 | 442,892- |
| CRIME VICTIMS RIGHTS | 100,400 | 116,168 | 15,768 |
| COOP REIMBURSEMENT-PROSECUTOR | 0 | 7,998- | 7,998- |
| COUNTY SURVEY/REMONUMENTATION | 140,000 | 119,727 | 20,273- |
| CHILD SUPRT BENCH WARRANT ENFO | 13,066 | 18,263 | 5,197 |
| SECONDARY ROAD PATROL GRANT | 261,175 | 214,465 | 46,710- |
| MICHIGAN JUSTICE TRAINING PROG | 15,983 | 12,348 | 3,635- |
| MARINE LAW ENFORCEMENT GRANT | 28,313 | 25,705 | 2,608- |
| MSS/ISS 0-3 SECONDARY PREVENT | 19,016 | 11,958 | 7,058- |
| TOTAL STATE GRANTS | <u>1,921,310</u> | <u>1,346,729</u> | <u>574,581-</u> |
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| BOARD OF COMMISSIONERS | 3,000 | 3,007 | 7 |
| CIRCUIT COURT | 139,672 | 139,597 | 75- |
| CIRCUIT COURT ADULT PROBATION | 0 | 50 | 50 |
| DISTRICT COURT | 137,172 | 137,735 | 563 |
| FRIEND OF THE COURT | 0 | 317 | 317 |
| FRND OF CRT-COOP REIMBURSEMENT | 0 | 27,719 | 27,719 |
| JURY/JUDICIAL COUNCIL | 40,200 | 47,918 | 7,718 |
| PROBATE COURT | 147,770 | 149,015 | 1,245 |
| COUNTY EXECUTIVE | 0 | 473 | 473 |
| ACCOUNTING DEPARTMENT | 0 | 172 | 172 |
| CLERK | 500 | 828 | 328 |
| INFORMATION SYSTEMS DIVISION | 0 | 297 | 297 |
| TREASURER | 2,000 | 1,189 | 811- |
| EQUALIZATION DEPARTMENT | 21,500 | 23,527 | 2,027 |
| ELECTIONS | 85,442 | 46,430 | 39,012- |
| BUILDINGS AND GROUNDS | 710 | 7,644 | 6,934 |
| CORPORATION COUNSEL | 400 | 466 | 66 |
| PROSECUTING ATTORNEY | 4,500 | 5,019 | 519 |
| CRIME VICTIMS RIGHTS | 0 | 360 | 360 |
| COOP REIMBURSEMENT-PROSECUTOR | 6,160 | 8,013 | 1,853 |
| PERSONNEL & EMPLOYEE RELATIONS | 0 | 19 | 19 |
| RETIREMENT BOARD | 45,748 | 45,748 | 0 |
| DRAIN COMMISSIONER | 172,749 | 163,229 | 9,520- |
| BUILDING AUTHORITY | 0 | 155 | 155 |
| BLDG AUTH-MH GRP HOME, FISHER | 1,888 | 1,888 | 0 |
| M.S.U. EXTENSION | 0 | 39 | 39 |
| FAMILY NUTITION PROGRAM | 4,700 | 1,866 | 2,834- |
| ENVIRONMENTAL AFFAIRS | 24,000 | 46 | 23,954- |
| GEOGRAPHIC INFORMATION SYSTEMS | 0 | 135 | 135 |
| SHERIFF DEPARTMENT | 617,500 | 630,810 | 13,310 |
| CIRCUIT COURT WARRANT OFFICER | 1,000 | 788 | 212- |
| B.A.Y.A.N.E.T. | 1,876 | 1,876 | 0 |
| SECONDARY ROAD PATROL | 7,000 | 7,262 | 262 |
| 2ND RD PATR-MONITOR COPS FAST | 73,357 | 67,881 | 5,476- |
| 2ND RD PATROL-BANGOR TWP | 303,643 | 282,729 | 20,914- |
| 2ND RD PATR-PORTSMOUTH | 79,974 | 75,726 | 4,248- |
| 2ND RD PTRL-WILLIAMS TWP | 163,570 | 156,853 | 6,717- |
| 2ND RD PATROL-MONITOR TWP | 70,956 | 74,327 | 3,371 |

BAY COUNTY
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|--------------------------|--------------------------|--|
| 2ND RD.PAT-BAY CITY SCHOOLS | 85,063 | 78,685 | 6,378- |
| SECONDARY ROAD PATROL GRANT | 0 | 30 | 30 |
| TOWNSHIP ROAD PATROL | 34,194 | 33,722 | 472- |
| MARINE SAFETY | 1,200 | 1,200 | 0 |
| D.A.R.E. | 250 | 0 | 250- |
| CORRECTIONS DEPARTMENT / JAIL | 4,500 | 3,752 | 748- |
| INMATE TETHERING | 12,000 | 2,120 | 9,880- |
| OFF OF EMERG SERV-CIVIL DEFENS | 0 | 215 | 215 |
| ANIMAL SHELTER/DOG WARDEN | 1,500 | 2,856 | 1,356 |
| MSS/ISS 0-3 SECONDARY PREVENT | 6,000 | 5,000 | 1,000- |
| MEDICAL EXAMINER | 150 | 0 | 150- |
| SOCIAL SERVICES-MED CARE FACIL | 5,476 | 5,476 | 0 |
| CENTER RIDGE ARMS | 28,612 | 28,612 | 0 |
| TRANSPORTATION PLANNING | 5,000 | 7,578 | 2,578 |
| RECREATION/PARKS DEPARTMENT | 13,485 | 12,235 | 1,250- |
| PARKS/RECREATION MAINTENANCE | 120 | 2,101 | 1,981 |
| PUBLIC GOLF COURSE | 80,130 | 80,130 | 0 |
| COMMUNITY CENTER | 4,050 | 3,533 | 517- |
| SWIMMING POOL | 0 | 171 | 171 |
| FAIRGROUNDS | 5,000 | 5,000 | 0 |
| CIVIC/ICE ARENA | 11,850 | 5,404 | 6,446- |
| CIVIC/ICE ARENA-ICE/DRY SURFAC | 0 | 1,274 | 1,274 |
| CIVIC/ICE ARENA-CONCESSION | 4,600 | 5,431 | 831 |
| CIVIC/ICE ARENA-PRO SHOP | 0 | 118- | 118- |
| PINCONNING PARK | 1,100 | 11,016 | 9,916 |
| LIBRARY | 4,769 | 4,769 | 0 |
| RISK MANAGEMENT | 0 | 35,045 | 35,045 |
| SELF INSURANCE CLAIMS | 92 | 92 | 0 |
| SELF INSURANCE ADMINISTRATION | 10,564 | 10,564 | 0 |
| RETIREEES HEALTH/LIFE INSURANCE | 37,500 | 83,000 | 45,500 |
| FRIEND OF BAY CNTY 150TH BIRTH | <u>7,001</u> | <u>7,001</u> | <u>0</u> |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | <u>2,521,193</u> | <u>2,547,047</u> | <u>25,854</u> |
| PROPERTY AND OTHER TAXES | | | |
| TREASURER | <u>16,970,274</u> | <u>16,929,350</u> | <u>40,924-</u> |
| TOTAL PROPERTY AND OTHER TAXES | <u>16,970,274</u> | <u>16,929,350</u> | <u>40,924-</u> |
| TOTAL REVENUES | <u>29,473,873</u> | <u>28,660,603</u> | <u>813,270-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--------------------------------------|---------------------------|------------------|---|
| GENERAL GOVERNMENT | | | |
| BOARD OF COMMISSIONERS | | | |
| PERSONAL SERVICES | 349,705 | 335,555 | 14,150 |
| SUPPLIES | 4,000 | 2,504 | 1,496 |
| OTHER SERVICES AND CHARGES | <u>160,050</u> | <u>147,432</u> | <u>12,618</u> |
| TOTAL BOARD OF COMMISSIONERS | <u>513,755</u> | <u>485,491</u> | <u>28,264</u> |
| CIRCUIT COURT | | | |
| PERSONAL SERVICES | 1,039,240 | 982,432 | 56,808 |
| SUPPLIES | 21,025 | 22,660 | 1,635- |
| OTHER SERVICES AND CHARGES | <u>85,941</u> | <u>66,798</u> | <u>19,143</u> |
| TOTAL CIRCUIT COURT | <u>1,146,206</u> | <u>1,071,890</u> | <u>74,316</u> |
| CIRCUIT COURT ADULT PROBATION | | | |
| SUPPLIES | 6,575 | 5,486 | 1,089 |
| OTHER SERVICES AND CHARGES | <u>12,276</u> | <u>10,984</u> | <u>1,292</u> |
| TOTAL CIRCUIT COURT ADULT PROBATION | <u>18,851</u> | <u>16,470</u> | <u>2,381</u> |
| DISTRICT COURT | | | |
| PERSONAL SERVICES | 1,063,844 | 1,072,842 | 8,998- |
| SUPPLIES | 52,526 | 46,074 | 6,452 |
| OTHER SERVICES AND CHARGES | 120,593 | 86,668 | 33,925 |
| CAPITAL OUTLAY | <u>13,421</u> | <u>31,581</u> | <u>18,160-</u> |
| TOTAL DISTRICT COURT | <u>1,250,384</u> | <u>1,237,165</u> | <u>13,219</u> |
| DISTRICT COURT ADULT PROBATION | | | |
| PERSONAL SERVICES | 377,278 | 321,408 | 55,870 |
| SUPPLIES | 4,850 | 4,741 | 109 |
| OTHER SERVICES AND CHARGES | <u>16,440</u> | <u>14,025</u> | <u>2,415</u> |
| TOTAL DISTRICT COURT ADULT PROBATION | <u>398,568</u> | <u>340,174</u> | <u>58,394</u> |
| DIST.COURT OWI TREATMENT GRANT | | | |
| PERSONAL SERVICES | 140,762 | 105,213 | 35,549 |
| SUPPLIES | 3,968 | 1,292 | 2,676 |
| OTHER SERVICES AND CHARGES | <u>112,872</u> | <u>92,526</u> | <u>20,346</u> |
| TOTAL DIST.COURT OWI TREATMENT GRANT | <u>257,602</u> | <u>199,031</u> | <u>58,571</u> |
| FRIEND OF THE COURT | | | |
| PERSONAL SERVICES | 700,999 | 798,188 | 97,189- |
| SUPPLIES | 30,950 | 20,891 | 10,059 |
| OTHER SERVICES AND CHARGES | <u>28,705</u> | <u>25,564</u> | <u>3,141</u> |
| TOTAL FRIEND OF THE COURT | <u>760,654</u> | <u>844,643</u> | <u>83,989-</u> |
| F.O.C.-MICHIGAN WORKS PROGRAM | | | |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|------------------|--|
| PERSONAL SERVICES | 53,604 | 42,324 | 11,280 |
| SUPPLIES | 1,250 | 297 | 953 |
| OTHER SERVICES AND CHARGES | <u>465</u> | <u>315</u> | <u>150</u> |
| TOTAL F.O.C.-MICHIGAN WORKS PROGRAM | <u>55,319</u> | <u>42,936</u> | <u>12,383</u> |
| FRND OF CRT-COOP REIMBURSEMENT | | | |
| PERSONAL SERVICES | 605,613 | 515,618 | 89,995 |
| SUPPLIES | 15,100 | 11,981 | 3,119 |
| OTHER SERVICES AND CHARGES | <u>37,219</u> | <u>21,608</u> | <u>15,611</u> |
| TOTAL FRND OF CRT-COOP REIMBURSEMENT | <u>657,932</u> | <u>549,207</u> | <u>108,725</u> |
| JURY/JUDICIAL COUNCIL | | | |
| PERSONAL SERVICES | 151,138 | 142,820 | 8,318 |
| SUPPLIES | 17,700 | 16,820 | 880 |
| OTHER SERVICES AND CHARGES | <u>159,171</u> | <u>150,662</u> | <u>8,509</u> |
| TOTAL JURY/JUDICIAL COUNCIL | <u>328,009</u> | <u>310,302</u> | <u>17,707</u> |
| PROBATE COURT | | | |
| PERSONAL SERVICES | 999,516 | 969,522 | 29,994 |
| SUPPLIES | 17,060 | 18,151 | 1,091- |
| OTHER SERVICES AND CHARGES | <u>89,400</u> | <u>96,064</u> | <u>6,664-</u> |
| TOTAL PROBATE COURT | <u>1,105,976</u> | <u>1,083,737</u> | <u>22,239</u> |
| JUV. COMPREHENSIVE STRATEGY | | | |
| SUPPLIES | 2,850 | 50 | 2,800 |
| OTHER SERVICES AND CHARGES | <u>56,805</u> | <u>23,572</u> | <u>33,233</u> |
| TOTAL JUV. COMPREHENSIVE STRATEGY | <u>59,655</u> | <u>23,622</u> | <u>36,033</u> |
| PUBLIC GUARDIAN | | | |
| OTHER SERVICES AND CHARGES | <u>170,000</u> | <u>174,946</u> | <u>4,946-</u> |
| TOTAL PUBLIC GUARDIAN | <u>170,000</u> | <u>174,946</u> | <u>4,946-</u> |
| COUNTY EXECUTIVE | | | |
| PERSONAL SERVICES | 155,665 | 148,908 | 6,757 |
| SUPPLIES | 4,875 | 3,589 | 1,286 |
| OTHER SERVICES AND CHARGES | <u>12,516</u> | <u>11,479</u> | <u>1,037</u> |
| TOTAL COUNTY EXECUTIVE | <u>173,056</u> | <u>163,976</u> | <u>9,080</u> |
| ACCOUNTING DEPARTMENT | | | |
| PERSONAL SERVICES | 322,433 | 300,744 | 21,689 |
| SUPPLIES | 8,963 | 7,547 | 1,416 |
| OTHER SERVICES AND CHARGES | <u>28,030</u> | <u>27,674</u> | <u>356</u> |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|----------------|--|
| TOTAL ACCOUNTING DEPARTMENT | <u>359,426</u> | <u>335,965</u> | <u>23,461</u> |
| PAYROLL, RETIREMENT, INSURANCE | | | |
| PERSONAL SERVICES | 142,894 | 139,868 | 3,026 |
| SUPPLIES | 4,742 | 2,690 | 2,052 |
| OTHER SERVICES AND CHARGES | <u>3,910</u> | <u>2,953</u> | <u>957</u> |
| TOTAL PAYROLL, RETIREMENT, INSURANCE | <u>151,546</u> | <u>145,511</u> | <u>6,035</u> |
| BUDGET DEPARTMENT | | | |
| PERSONAL SERVICES | 135,344 | 131,310 | 4,034 |
| SUPPLIES | 6,670 | 5,109 | 1,561 |
| OTHER SERVICES AND CHARGES | <u>2,870</u> | <u>2,152</u> | <u>718</u> |
| TOTAL BUDGET DEPARTMENT | <u>144,884</u> | <u>138,571</u> | <u>6,313</u> |
| CLERK | | | |
| PERSONAL SERVICES | 297,301 | 290,222 | 7,079 |
| SUPPLIES | 40,169 | 30,534 | 9,635 |
| OTHER SERVICES AND CHARGES | <u>18,269</u> | <u>14,803</u> | <u>3,466</u> |
| TOTAL CLERK | <u>355,739</u> | <u>335,559</u> | <u>20,180</u> |
| INFORMATION SYSTEMS DIVISION | | | |
| PERSONAL SERVICES | 503,524 | 482,991 | 20,533 |
| SUPPLIES | 11,292 | 7,221 | 4,071 |
| OTHER SERVICES AND CHARGES | 284,955 | 174,150 | 110,805 |
| CAPITAL OUTLAY | <u>805,858</u> | <u>44,362</u> | <u>761,496</u> |
| TOTAL INFORMATION SYSTEMS DIVISION | <u>1,605,629</u> | <u>708,724</u> | <u>896,905</u> |
| PURCHASING DEPARTMENT | | | |
| PERSONAL SERVICES | 55,311 | 51,791 | 3,520 |
| SUPPLIES | 1,605 | 1,586 | 19 |
| OTHER SERVICES AND CHARGES | <u>6,244</u> | <u>6,213</u> | <u>31</u> |
| TOTAL PURCHASING DEPARTMENT | <u>63,160</u> | <u>59,590</u> | <u>3,570</u> |
| TREASURER | | | |
| PERSONAL SERVICES | 300,441 | 295,060 | 5,381 |
| SUPPLIES | 18,900 | 17,461 | 1,439 |
| OTHER SERVICES AND CHARGES | <u>35,084</u> | <u>24,062</u> | <u>11,022</u> |
| TOTAL TREASURER | <u>354,425</u> | <u>336,583</u> | <u>17,842</u> |
| EQUALIZATION DEPARTMENT | | | |
| PERSONAL SERVICES | 208,801 | 206,875 | 1,926 |
| SUPPLIES | 32,144 | 29,951 | 2,193 |
| OTHER SERVICES AND CHARGES | <u>31,160</u> | <u>22,292</u> | <u>8,868</u> |
| TOTAL EQUALIZATION DEPARTMENT | <u>272,105</u> | <u>259,118</u> | <u>12,987</u> |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|--------------------------|------------------|--|
| ELECTIONS | | | |
| PERSONAL SERVICES | 2,200 | 1,300 | 900 |
| SUPPLIES | 104,475 | 36,203 | 68,272 |
| OTHER SERVICES AND CHARGES | <u>40,025</u> | <u>16,628</u> | <u>23,397</u> |
| TOTAL ELECTIONS | <u>146,700</u> | <u>54,131</u> | <u>92,569</u> |
| BOARD OF CANVASSERS | | | |
| PERSONAL SERVICES | 5,000 | 2,900 | 2,100 |
| OTHER SERVICES AND CHARGES | <u>1,000</u> | <u>164</u> | <u>836</u> |
| TOTAL BOARD OF CANVASSERS | <u>6,000</u> | <u>3,064</u> | <u>2,936</u> |
| BUILDINGS AND GROUNDS | | | |
| PERSONAL SERVICES | 970,600 | 949,557 | 21,043 |
| SUPPLIES | 54,950 | 54,596 | 354 |
| OTHER SERVICES AND CHARGES | 381,475 | 355,530 | 25,945 |
| CAPITAL OUTLAY | <u>234,430</u> | <u>181,736</u> | <u>52,694</u> |
| TOTAL BUILDINGS AND GROUNDS | <u>1,641,455</u> | <u>1,541,419</u> | <u>100,036</u> |
| CORPORATION COUNSEL | | | |
| PERSONAL SERVICES | 181,452 | 177,602 | 3,850 |
| SUPPLIES | 2,025 | 1,575 | 450 |
| OTHER SERVICES AND CHARGES | <u>27,475</u> | <u>16,367</u> | <u>11,108</u> |
| TOTAL CORPORATION COUNSEL | <u>210,952</u> | <u>195,544</u> | <u>15,408</u> |
| PROSECUTING ATTORNEY | | | |
| PERSONAL SERVICES | 1,165,461 | 1,179,550 | 14,089- |
| SUPPLIES | 23,225 | 21,222 | 2,003 |
| OTHER SERVICES AND CHARGES | <u>59,400</u> | <u>56,364</u> | <u>3,036</u> |
| TOTAL PROSECUTING ATTORNEY | <u>1,248,086</u> | <u>1,257,136</u> | <u>9,050-</u> |
| CRIME VICTIMS RIGHTS | | | |
| PERSONAL SERVICES | 105,626 | 117,211 | 11,585- |
| SUPPLIES | 2,280 | 1,073 | 1,207 |
| OTHER SERVICES AND CHARGES | <u>1,205</u> | <u>839</u> | <u>366</u> |
| TOTAL CRIME VICTIMS RIGHTS | <u>109,111</u> | <u>119,123</u> | <u>10,012-</u> |
| CRIME VICTIMS RIGHTS-VOCA GRNT | | | |
| PERSONAL SERVICES | 57,408 | 55,857 | 1,551 |
| SUPPLIES | 5,200 | 3,777 | 1,423 |
| OTHER SERVICES AND CHARGES | <u>4,200</u> | <u>2,033</u> | <u>2,167</u> |
| TOTAL CRIME VICTIMS RIGHTS-VOCA GRNT | <u>66,808</u> | <u>61,667</u> | <u>5,141</u> |
| COOP REIMBURSEMENT-PROSECUTOR | | | |
| PERSONAL SERVICES | 212,067 | 200,338 | 11,729 |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|----------------|--|
| SUPPLIES | 6,280 | 3,628 | 2,652 |
| OTHER SERVICES AND CHARGES | <u>15,575</u> | <u>11,515</u> | <u>4,060</u> |
| TOTAL COOP REIMBURSEMENT-PROSECUTOR | <u>233,922</u> | <u>215,481</u> | <u>18,441</u> |
| REGISTER OF DEEDS | | | |
| PERSONAL SERVICES | 276,091 | 253,356 | 22,735 |
| SUPPLIES | 11,476 | 7,831 | 3,645 |
| OTHER SERVICES AND CHARGES | <u>8,184</u> | <u>7,159</u> | <u>1,025</u> |
| TOTAL REGISTER OF DEEDS | <u>295,751</u> | <u>268,346</u> | <u>27,405</u> |
| PERSONNEL & EMPLOYEE RELATIONS | | | |
| PERSONAL SERVICES | 182,926 | 178,066 | 4,860 |
| SUPPLIES | 6,170 | 6,130 | 40 |
| OTHER SERVICES AND CHARGES | <u>78,487</u> | <u>74,902</u> | <u>3,585</u> |
| TOTAL PERSONNEL & EMPLOYEE RELATIONS | <u>267,583</u> | <u>259,098</u> | <u>8,485</u> |
| ADMINISTRATIVE SERVICES | | | |
| PERSONAL SERVICES | 154,462 | 148,985 | 5,477 |
| SUPPLIES | 5,470 | 3,212 | 2,258 |
| OTHER SERVICES AND CHARGES | <u>68,321</u> | <u>43,705</u> | <u>24,616</u> |
| TOTAL ADMINISTRATIVE SERVICES | <u>228,253</u> | <u>195,902</u> | <u>32,351</u> |
| DEPARTMENT OF CRIMINAL DEFENSE | | | |
| PERSONAL SERVICES | 243,872 | 240,800 | 3,072 |
| SUPPLIES | 2,530 | 2,509 | 21 |
| OTHER SERVICES AND CHARGES | <u>10,241</u> | <u>9,600</u> | <u>641</u> |
| TOTAL DEPARTMENT OF CRIMINAL DEFENSE | <u>256,643</u> | <u>252,909</u> | <u>3,734</u> |
| INDIGENT ATTORNEY | | | |
| OTHER SERVICES AND CHARGES | <u>521,000</u> | <u>618,737</u> | <u>97,737-</u> |
| TOTAL INDIGENT ATTORNEY | <u>521,000</u> | <u>618,737</u> | <u>97,737-</u> |
| DEPARTMENT OF PUBLIC DEFENDER | | | |
| PERSONAL SERVICES | 346,973 | 276,878 | 70,095 |
| SUPPLIES | 2,700 | 2,808 | 108- |
| OTHER SERVICES AND CHARGES | <u>9,800</u> | <u>9,053</u> | <u>747</u> |
| TOTAL DEPARTMENT OF PUBLIC DEFENDER | <u>359,473</u> | <u>288,739</u> | <u>70,734</u> |
| RETIREMENT BOARD | | | |
| SUPPLIES | <u>0</u> | <u>1</u> | <u>1-</u> |
| TOTAL RETIREMENT BOARD | <u>0</u> | <u>1</u> | <u>1-</u> |
| DRAIN COMMISSIONER | | | |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---------------------------------------|-------------------|----------------|--|
| PERSONAL SERVICES | 453,340 | 434,541 | 18,799 |
| SUPPLIES | 5,400 | 3,857 | 1,543 |
| OTHER SERVICES AND CHARGES | <u>28,275</u> | <u>20,151</u> | <u>8,124</u> |
| TOTAL DRAIN COMMISSIONER | <u>487,015</u> | <u>458,549</u> | <u>28,466</u> |
| DRAIN - COUNTY AT LARGE | | | |
| OTHER SERVICES AND CHARGES | <u>81,737</u> | <u>81,736</u> | <u>1</u> |
| TOTAL DRAIN - COUNTY AT LARGE | <u>81,737</u> | <u>81,736</u> | <u>1</u> |
| COUNTY SURVEY/REMONUMENTATION | | | |
| PERSONAL SERVICES | 13,618 | 13,356 | 262 |
| SUPPLIES | 11,954 | 2,856 | 9,098 |
| OTHER SERVICES AND CHARGES | <u>171,498</u> | <u>118,220</u> | <u>53,278</u> |
| TOTAL COUNTY SURVEY/REMONUMENTATION | <u>197,070</u> | <u>134,432</u> | <u>62,638</u> |
| BUILDING AUTHORITY | | | |
| PERSONAL SERVICES | 1,000 | 1,260 | 260- |
| SUPPLIES | 500 | 383 | 117 |
| OTHER SERVICES AND CHARGES | <u>2,660</u> | <u>619</u> | <u>2,041</u> |
| TOTAL BUILDING AUTHORITY | <u>4,160</u> | <u>2,262</u> | <u>1,898</u> |
| BLDG AUTH-MH GRP HOME, PARKER | | | |
| OTHER SERVICES AND CHARGES | <u>1,050</u> | <u>0</u> | <u>1,050</u> |
| TOTAL BLDG AUTH-MH GRP HOME, PARKER | <u>1,050</u> | <u>0</u> | <u>1,050</u> |
| BLDG AUTH-MH GRP HOME, ZIELINSK | | | |
| OTHER SERVICES AND CHARGES | <u>1,050</u> | <u>392</u> | <u>658</u> |
| TOTAL BLDG AUTH-MH GRP HOME, ZIELINSK | <u>1,050</u> | <u>392</u> | <u>658</u> |
| BLDG AUTH-MH GRP HOME, BANGOR | | | |
| OTHER SERVICES AND CHARGES | <u>1,050</u> | <u>0</u> | <u>1,050</u> |
| TOTAL BLDG AUTH-MH GRP HOME, BANGOR | <u>1,050</u> | <u>0</u> | <u>1,050</u> |
| BLDG AUTH-MH GRP HOME, FISHER | | | |
| OTHER SERVICES AND CHARGES | <u>4,826</u> | <u>3,776</u> | <u>1,050</u> |
| TOTAL BLDG AUTH-MH GRP HOME, FISHER | <u>4,826</u> | <u>3,776</u> | <u>1,050</u> |
| BLDG AUTH-MH GRP HOME, HICKORY | | | |
| OTHER SERVICES AND CHARGES | <u>1,050</u> | <u>285</u> | <u>765</u> |
| TOTAL BLDG AUTH-MH GRP HOME, HICKORY | <u>1,050</u> | <u>285</u> | <u>765</u> |
| BLDG AUTH-MH GRP HOME, MCNALLY | | | |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|-------------------|---------|--|
| OTHER SERVICES AND CHARGES | 1,050 | 159 | 891 |
| TOTAL BLDG AUTH-MH GRP HOME,MCNALLY | 1,050 | 159 | 891 |
| BLDG AUTH-MH GRP HOME,GROVE OTHER SERVICES AND CHARGES | 1,050 | 159 | 891 |
| TOTAL BLDG AUTH-MH GRP HOME,GROVE | 1,050 | 159 | 891 |
| BLDG AUTH-MH GRP HOME,ALMONT 1 OTHER SERVICES AND CHARGES | 1,050 | 586 | 464 |
| TOTAL BLDG AUTH-MH GRP HOME,ALMONT 1 | 1,050 | 586 | 464 |
| BLDG AUTH-MH GRP HOME,ALMONT 2 OTHER SERVICES AND CHARGES | 1,050 | 597 | 453 |
| TOTAL BLDG AUTH-MH GRP HOME,ALMONT 2 | 1,050 | 597 | 453 |
| SOIL CONSERVATION SUPPLIES | 835 | 2 | 833 |
| OTHER SERVICES AND CHARGES | 5,900 | 26 | 5,874 |
| TOTAL SOIL CONSERVATION | 6,735 | 28 | 6,707 |
| M.S.U. EXTENSION PERSONAL SERVICES | 148,782 | 148,733 | 49 |
| SUPPLIES | 6,376 | 6,330 | 46 |
| OTHER SERVICES AND CHARGES | 101,675 | 83,658 | 18,017 |
| TOTAL M.S.U. EXTENSION | 256,833 | 238,721 | 18,112 |
| FAMILY NUTITION PROGRAM SUPPLIES | 3,700 | 1,156 | 2,544 |
| OTHER SERVICES AND CHARGES | 900 | 710 | 190 |
| TOTAL FAMILY NUTITION PROGRAM | 4,600 | 1,866 | 2,734 |
| ENVIRONMENTAL AFFAIRS PERSONAL SERVICES | 76,456 | 74,630 | 1,826 |
| SUPPLIES | 2,325 | 1,096 | 1,229 |
| OTHER SERVICES AND CHARGES | 40,610 | 4,516 | 36,094 |
| TOTAL ENVIRONMENTAL AFFAIRS | 119,391 | 80,242 | 39,149 |
| EUCLID LINEAR PARK OTHER SERVICES AND CHARGES | 1,500 | 1,234 | 266 |
| TOTAL EUCLID LINEAR PARK | 1,500 | 1,234 | 266 |
| GEOGRAPHIC INFORMATION SYSTEMS | | | |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|-------------------|--|
| PERSONAL SERVICES | 43,900 | 42,314 | 1,586 |
| SUPPLIES | 1,025 | 560 | 465 |
| OTHER SERVICES AND CHARGES | <u>11,380</u> | <u>9,301</u> | <u>2,079</u> |
| TOTAL GEOGRAPHIC INFORMATION SYSTEMS | <u>56,305</u> | <u>52,175</u> | <u>4,130</u> |
| RISOGRAPH PRINTING/POSTAGE | | | |
| PERSONAL SERVICES | 19,967 | 20,421 | 454- |
| SUPPLIES | 16,350 | 7,654 | 8,696 |
| OTHER SERVICES AND CHARGES | 4,130 | 4,015 | 115 |
| CAPITAL OUTLAY | <u>16,429</u> | <u>14,989</u> | <u>1,440</u> |
| TOTAL RISOGRAPH PRINTING/POSTAGE | <u>56,876</u> | <u>47,079</u> | <u>9,797</u> |
| TOTAL GENERAL GOVERNMENT | <u>17,080,066</u> | <u>15,298,786</u> | <u>1,781,280</u> |
| PUBLIC SAFETY | | | |
| SHERIFF DEPARTMENT | | | |
| PERSONAL SERVICES | 3,147,169 | 3,146,547 | 622 |
| SUPPLIES | 366,745 | 362,685 | 4,060 |
| OTHER SERVICES AND CHARGES | 954,219 | 952,558 | 1,661 |
| CAPITAL OUTLAY | <u>25,935</u> | <u>20,486</u> | <u>5,449</u> |
| TOTAL SHERIFF DEPARTMENT | <u>4,494,068</u> | <u>4,482,276</u> | <u>11,792</u> |
| CIRCUIT COURT WARRANT OFFICER | | | |
| PERSONAL SERVICES | 63,719 | 66,165 | 2,446- |
| SUPPLIES | 3,120 | 2,506 | 614 |
| OTHER SERVICES AND CHARGES | <u>10,750</u> | <u>7,647</u> | <u>3,103</u> |
| TOTAL CIRCUIT COURT WARRANT OFFICER | <u>77,589</u> | <u>76,318</u> | <u>1,271</u> |
| CHILD SUPRT BENCH WARRANT ENFO | | | |
| PERSONAL SERVICES | 12,106 | 11,325 | 781 |
| OTHER SERVICES AND CHARGES | <u>960</u> | <u>251</u> | <u>709</u> |
| TOTAL CHILD SUPRT BENCH WARRANT ENFO | <u>13,066</u> | <u>11,576</u> | <u>1,490</u> |
| B.A.Y.A.N.E.T. | | | |
| PERSONAL SERVICES | <u>72,916</u> | <u>71,704</u> | <u>1,212</u> |
| TOTAL B.A.Y.A.N.E.T. | <u>72,916</u> | <u>71,704</u> | <u>1,212</u> |
| SECONDARY ROAD PATROL | | | |
| PERSONAL SERVICES | 1,205,456 | 1,137,618 | 67,838 |
| SUPPLIES | 55,750 | 50,808 | 4,942 |
| OTHER SERVICES AND CHARGES | 89,056 | 85,636 | 3,420 |
| CAPITAL OUTLAY | <u>147,466</u> | <u>132,265</u> | <u>15,201</u> |
| TOTAL SECONDARY ROAD PATROL | <u>1,497,728</u> | <u>1,406,327</u> | <u>91,401</u> |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|-------------------------------------|-------------------|----------------|--|
| 2ND RD PATR-MONITOR COPS FAST | | | |
| PERSONAL SERVICES | 61,003 | 62,774 | 1,771- |
| SUPPLIES | 4,310 | 3,448 | 862 |
| OTHER SERVICES AND CHARGES | 4,551 | 1,467 | 3,084 |
| TOTAL 2ND RD PATR-MONITOR COPS FAST | <u>69,864</u> | <u>67,689</u> | <u>2,175</u> |
| 2ND RD PATROL-BANGOR TWP | | | |
| PERSONAL SERVICES | 269,698 | 252,329 | 17,369 |
| SUPPLIES | 13,800 | 11,514 | 2,286 |
| OTHER SERVICES AND CHARGES | 7,500 | 4,391 | 3,109 |
| TOTAL 2ND RD PATROL-BANGOR TWP | <u>290,998</u> | <u>268,234</u> | <u>22,764</u> |
| 2ND RD PATR-PORTSMOUTH | | | |
| PERSONAL SERVICES | 69,588 | 69,345 | 243 |
| SUPPLIES | 2,978 | 1,945 | 1,033 |
| OTHER SERVICES AND CHARGES | 3,700 | 629 | 3,071 |
| TOTAL 2ND RD PATR-PORTSMOUTH | <u>76,266</u> | <u>71,919</u> | <u>4,347</u> |
| 2ND RD PTRL-WILLIAMS TWP | | | |
| PERSONAL SERVICES | 144,466 | 142,113 | 2,353 |
| SUPPLIES | 7,950 | 6,704 | 1,246 |
| OTHER SERVICES AND CHARGES | 3,650 | 233 | 3,417 |
| TOTAL 2ND RD PTRL-WILLIAMS TWP | <u>156,066</u> | <u>149,050</u> | <u>7,016</u> |
| 2ND RD PATROL-MONITOR TWP | | | |
| PERSONAL SERVICES | 61,646 | 63,669 | 2,023- |
| SUPPLIES | 4,250 | 3,662 | 588 |
| OTHER SERVICES AND CHARGES | 1,825 | 309 | 1,516 |
| TOTAL 2ND RD PATROL-MONITOR TWP | <u>67,721</u> | <u>67,640</u> | <u>81</u> |
| 2ND RD.PAT-BAY CITY SCHOOLS | | | |
| PERSONAL SERVICES | 72,624 | 72,025 | 599 |
| SUPPLIES | 4,010 | 2,094 | 1,916 |
| OTHER SERVICES AND CHARGES | 4,530 | 516 | 4,014 |
| TOTAL 2ND RD.PAT-BAY CITY SCHOOLS | <u>81,164</u> | <u>74,635</u> | <u>6,529</u> |
| SECONDARY ROAD PATROL GRANT | | | |
| PERSONAL SERVICES | 209,434 | 179,605 | 29,829 |
| SUPPLIES | 12,400 | 11,941 | 459 |
| OTHER SERVICES AND CHARGES | 9,522 | 6,988 | 2,534 |
| CAPITAL OUTLAY | 37,867 | 39,118 | 1,251- |
| TOTAL SECONDARY ROAD PATROL GRANT | <u>269,223</u> | <u>237,652</u> | <u>31,571</u> |
| TOWNSHIP ROAD PATROL | | | |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|--------|--|
| PERSONAL SERVICES | 33,846 | 28,485 | 5,361 |
| TOTAL TOWNSHIP ROAD PATROL | 33,846 | 28,485 | 5,361 |
| DRIVE MI SAFELY/TASK FORCE | | | |
| PERSONAL SERVICES | 17,166 | 18,053 | 887- |
| SUPPLIES | 240 | 0 | 240 |
| OTHER SERVICES AND CHARGES | 21,641 | 16,492 | 5,149 |
| TOTAL DRIVE MI SAFELY/TASK FORCE | 39,047 | 34,545 | 4,502 |
| YOUTH ALCOHOL ENFORCEMENT | | | |
| PERSONAL SERVICES | 1,425 | 360 | 1,065 |
| SUPPLIES | 845 | 1,132 | 287- |
| OTHER SERVICES AND CHARGES | 2,083 | 1,668 | 415 |
| TOTAL YOUTH ALCOHOL ENFORCEMENT | 4,353 | 3,160 | 1,193 |
| MICHIGAN JUSTICE TRAINING PROG | | | |
| SUPPLIES | 1,600 | 454 | 1,146 |
| OTHER SERVICES AND CHARGES | 14,383 | 11,894 | 2,489 |
| TOTAL MICHIGAN JUSTICE TRAINING PROG | 15,983 | 12,348 | 3,635 |
| MARINE LAW ENFORCEMENT GRANT | | | |
| PERSONAL SERVICES | 26,426 | 25,874 | 552 |
| SUPPLIES | 4,270 | 4,273 | 3- |
| OTHER SERVICES AND CHARGES | 7,055 | 6,571 | 484 |
| TOTAL MARINE LAW ENFORCEMENT GRANT | 37,751 | 36,718 | 1,033 |
| MARINE SAFETY | | | |
| SUPPLIES | 0 | 583 | 583- |
| OTHER SERVICES AND CHARGES | 12,500 | 12,125 | 375 |
| CAPITAL OUTLAY | 1,200 | 1,200 | 0 |
| TOTAL MARINE SAFETY | 13,700 | 13,908 | 208- |
| SNOWMOBILE LAW ENFORCEMENT | | | |
| PERSONAL SERVICES | 5,750 | 1,204 | 4,546 |
| SUPPLIES | 500 | 326 | 174 |
| OTHER SERVICES AND CHARGES | 510 | 64 | 446 |
| TOTAL SNOWMOBILE LAW ENFORCEMENT | 6,760 | 1,594 | 5,166 |
| D.A.R.E. | | | |
| OTHER SERVICES AND CHARGES | 441 | 441 | 0 |
| TOTAL D.A.R.E. | 441 | 441 | 0 |
| CORRECTIONS DEPARTMENT / JAIL | | | |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|----------------|--|
| SUPPLIES | 8,325 | 7,059 | 1,266 |
| OTHER SERVICES AND CHARGES | <u>11,000</u> | <u>11,575</u> | <u>575-</u> |
| TOTAL CORRECTIONS DEPARTMENT / JAIL | <u>19,325</u> | <u>18,634</u> | <u>691</u> |
| INMATE TETHERING | | | |
| OTHER SERVICES AND CHARGES | <u>12,000</u> | <u>2,116</u> | <u>9,884</u> |
| TOTAL INMATE TETHERING | <u>12,000</u> | <u>2,116</u> | <u>9,884</u> |
| OFF OF EMERG SERV-CIVIL DEFENS | | | |
| PERSONAL SERVICES | 60,340 | 42,971 | 17,369 |
| SUPPLIES | 3,007 | 2,605 | 402 |
| OTHER SERVICES AND CHARGES | <u>9,673</u> | <u>9,233</u> | <u>440</u> |
| TOTAL OFF OF EMERG SERV-CIVIL DEFENS | <u>73,020</u> | <u>54,809</u> | <u>18,211</u> |
| LOCAL EMERGENCY PLANNING COMM. | | | |
| SUPPLIES | 275 | 51 | 224 |
| OTHER SERVICES AND CHARGES | <u>496</u> | <u>350</u> | <u>146</u> |
| TOTAL LOCAL EMERGENCY PLANNING COMM. | <u>771</u> | <u>401</u> | <u>370</u> |
| SHSGP - FIRST RESPONDERS | | | |
| PERSONAL SERVICES | 5,606 | 8,801 | 3,195- |
| SUPPLIES | 60 | 1,828 | 1,768- |
| OTHER SERVICES AND CHARGES | 58,994 | 217,933 | 158,939- |
| CAPITAL OUTLAY | <u>85,500</u> | <u>60,500</u> | <u>25,000</u> |
| TOTAL SHSGP - FIRST RESPONDERS | <u>150,160</u> | <u>289,062</u> | <u>138,902-</u> |
| LETPP-TERRORISM RESPON & RECOV | | | |
| OTHER SERVICES AND CHARGES | 63,080 | 34,296 | 28,784 |
| CAPITAL OUTLAY | <u>0</u> | <u>15,924</u> | <u>15,924-</u> |
| TOTAL LETPP-TERRORISM RESPON & RECOV | <u>63,080</u> | <u>50,220</u> | <u>12,860</u> |
| 2006-2008 SHSGP-REGION 3 | | | |
| PERSONAL SERVICES | 52,315 | 42,230 | 10,085 |
| SUPPLIES | 4,600 | 5,688 | 1,088- |
| OTHER SERVICES AND CHARGES | 156,200 | 164,969 | 8,769- |
| CAPITAL OUTLAY | <u>70,000</u> | <u>0</u> | <u>70,000</u> |
| TOTAL 2006-2008 SHSGP-REGION 3 | <u>283,115</u> | <u>212,887</u> | <u>70,228</u> |
| 2006-2008 REGION 3 LETPP | | | |
| SUPPLIES | 10,000 | 0 | 10,000 |
| OTHER SERVICES AND CHARGES | 84,200 | 20,217 | 63,983 |
| CAPITAL OUTLAY | <u>30,000</u> | <u>5,000</u> | <u>25,000</u> |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|-------------------------------------|--------------------------|------------------|--|
| TOTAL 2006-2008 REGION 3 LETPP | <u>124,200</u> | <u>25,217</u> | <u>98,983</u> |
| REGION 3 CITIZEN CORP.COUNCIL | | | |
| SUPPLIES | 3,500 | 16 | 3,484 |
| OTHER SERVICES AND CHARGES | <u>21,600</u> | <u>3,053</u> | <u>18,547</u> |
| TOTAL REGION 3 CITIZEN CORP.COUNCIL | <u>25,100</u> | <u>3,069</u> | <u>22,031</u> |
| ANIMAL SHELTER/DOG WARDEN | | | |
| PERSONAL SERVICES | 281,835 | 304,069 | 22,234- |
| SUPPLIES | 27,100 | 25,276 | 1,824 |
| OTHER SERVICES AND CHARGES | <u>69,610</u> | <u>62,262</u> | <u>7,348</u> |
| TOTAL ANIMAL SHELTER/DOG WARDEN | <u>378,545</u> | <u>391,607</u> | <u>13,062-</u> |
| TOTAL PUBLIC SAFETY | <u>8,447,866</u> | <u>8,164,241</u> | <u>283,625</u> |
| PUBLIC WORKS | | | |
| PERE MARQUETTE PARKING | | | |
| SUPPLIES | 550 | 529 | 21 |
| OTHER SERVICES AND CHARGES | <u>5,500</u> | <u>6,274</u> | <u>774-</u> |
| TOTAL PERE MARQUETTE PARKING | <u>6,050</u> | <u>6,803</u> | <u>753-</u> |
| TOTAL PUBLIC WORKS | <u>6,050</u> | <u>6,803</u> | <u>753-</u> |
| HEALTH AND WELFARE | | | |
| MSS/ISS 0-3 SECONDARY PREVENT | | | |
| PERSONAL SERVICES | 91,655 | 89,068 | 2,587 |
| SUPPLIES | 6,000 | 4,408 | 1,592 |
| OTHER SERVICES AND CHARGES | <u>45,567</u> | <u>35,941</u> | <u>9,626</u> |
| TOTAL MSS/ISS 0-3 SECONDARY PREVENT | <u>143,222</u> | <u>129,417</u> | <u>13,805</u> |
| MEDICAL EXAMINER | | | |
| SUPPLIES | 250 | 175 | 75 |
| OTHER SERVICES AND CHARGES | <u>101,900</u> | <u>105,987</u> | <u>4,087-</u> |
| TOTAL MEDICAL EXAMINER | <u>102,150</u> | <u>106,162</u> | <u>4,012-</u> |
| MENTAL HEALTH | | | |
| OTHER SERVICES AND CHARGES | <u>682,242</u> | <u>682,242</u> | <u>0</u> |
| TOTAL MENTAL HEALTH | <u>682,242</u> | <u>682,242</u> | <u>0</u> |
| AMBULANCE | | | |
| OTHER SERVICES AND CHARGES | <u>5,674</u> | <u>4,174</u> | <u>1,500</u> |
| TOTAL AMBULANCE | <u>5,674</u> | <u>4,174</u> | <u>1,500</u> |
| SAG.MID.BAY-JOB TRAIN.CONSORT. | | | |
| PERSONAL SERVICES | <u>1,890</u> | <u>1,215</u> | <u>675</u> |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|-------------------|------------------|--|
| TOTAL SAG.MID.BAY-JOB TRAIN.CONSORT. | 1,890 | 1,215 | 675 |
| VETERANS' BURIAL | | | |
| SUPPLIES | 75 | 33 | 42 |
| OTHER SERVICES AND CHARGES | 93,000 | 98,251 | 5,251- |
| TOTAL VETERANS' BURIAL | 93,075 | 98,284 | 5,209- |
| VETERANS CONVENTIONS | | | |
| OTHER SERVICES AND CHARGES | 2,000 | 1,000 | 1,000 |
| TOTAL VETERANS CONVENTIONS | 2,000 | 1,000 | 1,000 |
| TOTAL HEALTH AND WELFARE | 1,030,253 | 1,022,494 | 7,759 |
| COMMUNITY/ECONOMIC DEVELOPMENT | | | |
| PLANNING DEPARTMENT | | | |
| SUPPLIES | 250 | 41 | 209 |
| OTHER SERVICES AND CHARGES | 13,045 | 12,761 | 284 |
| TOTAL PLANNING DEPARTMENT | 13,295 | 12,802 | 493 |
| TRANSPORTATION PLANNING | | | |
| PERSONAL SERVICES | 127,177 | 107,819 | 19,358 |
| SUPPLIES | 1,680 | 680 | 1,000 |
| OTHER SERVICES AND CHARGES | 20,803 | 14,074 | 6,729 |
| TOTAL TRANSPORTATION PLANNING | 149,660 | 122,573 | 27,087 |
| BOUNDARY COMMISSION | | | |
| PERSONAL SERVICES | 300 | 0 | 300 |
| OTHER SERVICES AND CHARGES | 450 | 0 | 450 |
| TOTAL BOUNDARY COMMISSION | 750 | 0 | 750 |
| TOTAL COMMUNITY/ECONOMIC DEVELOPMENT | 163,705 | 135,375 | 28,330 |
| RECREATION AND CULTURE | | | |
| RECREATION/PARKS DEPARTMENT | | | |
| PERSONAL SERVICES | 25,532 | 24,422 | 1,110 |
| SUPPLIES | 4,530 | 3,514 | 1,016 |
| OTHER SERVICES AND CHARGES | 60,936 | 42,373 | 18,563 |
| CAPITAL OUTLAY | 28,000 | 28,000 | 0 |
| TOTAL RECREATION/PARKS DEPARTMENT | 118,998 | 98,309 | 20,689 |
| VETERANS PARK SOFTBALL | | | |
| PERSONAL SERVICES | 16,815 | 8,124 | 8,691 |
| SUPPLIES | 3,000 | 1,065 | 1,935 |
| OTHER SERVICES AND CHARGES | 7,250 | 4,387 | 2,863 |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|---------|--|
| TOTAL VETERANS PARK SOFTBALL | 27,065 | 13,576 | 13,489 |
| PARKS/RECREATION MAINTENANCE | | | |
| PERSONAL SERVICES | 104,705 | 107,347 | 2,642- |
| SUPPLIES | 10,350 | 3,816 | 6,534 |
| OTHER SERVICES AND CHARGES | 16,700 | 11,174 | 5,526 |
| TOTAL PARKS/RECREATION MAINTENANCE | 131,755 | 122,337 | 9,418 |
| COMMUNITY CENTER | | | |
| PERSONAL SERVICES | 60,964 | 58,717 | 2,247 |
| SUPPLIES | 1,550 | 1,528 | 22 |
| OTHER SERVICES AND CHARGES | 78,906 | 81,836 | 2,930- |
| CAPITAL OUTLAY | 5,910 | 5,634 | 276 |
| TOTAL COMMUNITY CENTER | 147,330 | 147,715 | 385- |
| SWIMMING POOL | | | |
| PERSONAL SERVICES | 35,657 | 30,724 | 4,933 |
| SUPPLIES | 8,650 | 3,496 | 5,154 |
| OTHER SERVICES AND CHARGES | 9,075 | 7,428 | 1,647 |
| CAPITAL OUTLAY | 200 | 0 | 200 |
| TOTAL SWIMMING POOL | 53,582 | 41,648 | 11,934 |
| COUNTY MARKET | | | |
| OTHER SERVICES AND CHARGES | 11,000 | 12,106 | 1,106- |
| TOTAL COUNTY MARKET | 11,000 | 12,106 | 1,106- |
| FAIRGROUNDS | | | |
| PERSONAL SERVICES | 9,905 | 6,086 | 3,819 |
| SUPPLIES | 1,250 | 378 | 872 |
| OTHER SERVICES AND CHARGES | 34,950 | 24,888 | 10,062 |
| TOTAL FAIRGROUNDS | 46,105 | 31,352 | 14,753 |
| CIVIC/ICE ARENA | | | |
| PERSONAL SERVICES | 242,254 | 223,284 | 18,970 |
| SUPPLIES | 11,900 | 7,991 | 3,909 |
| OTHER SERVICES AND CHARGES | 276,765 | 278,912 | 2,147- |
| TOTAL CIVIC/ICE ARENA | 530,919 | 510,187 | 20,732 |
| CIVIC/ICE ARENA-ICE/DRY SURFAC | | | |
| PERSONAL SERVICES | 97,529 | 65,855 | 31,674 |
| SUPPLIES | 8,300 | 7,455 | 845 |
| OTHER SERVICES AND CHARGES | 96,350 | 94,776 | 1,574 |
| CAPITAL OUTLAY | 32,500 | 15,355 | 17,145 |
| TOTAL CIVIC/ICE ARENA-ICE/DRY SURFAC | 234,679 | 183,441 | 51,238 |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|--------------------------|-------------------------|--|
| CIVIC/ICE ARENA-CONCESSION | | | |
| PERSONAL SERVICES | 28,171 | 20,275 | 7,896 |
| SUPPLIES | 36,000 | 31,940 | 4,060 |
| OTHER SERVICES AND CHARGES | <u>1,250</u> | <u>614</u> | <u>636</u> |
| TOTAL CIVIC/ICE ARENA-CONCESSION | <u>65,421</u> | <u>52,829</u> | <u>12,592</u> |
| CIVIC/ICE ARENA-PRO SHOP | | | |
| PERSONAL SERVICES | 11,981 | 9,404 | 2,577 |
| SUPPLIES | 51,000 | 34,175 | 16,825 |
| OTHER SERVICES AND CHARGES | <u>1,250</u> | <u>263</u> | <u>987</u> |
| TOTAL CIVIC/ICE ARENA-PRO SHOP | <u>64,231</u> | <u>43,842</u> | <u>20,389</u> |
| PINCONNING PARK | | | |
| PERSONAL SERVICES | 67,229 | 67,232 | 3- |
| SUPPLIES | 6,875 | 6,085 | 790 |
| OTHER SERVICES AND CHARGES | 23,742 | 25,689 | 1,947- |
| CAPITAL OUTLAY | <u>30,000</u> | <u>27,358</u> | <u>2,642</u> |
| TOTAL PINCONNING PARK | <u>127,846</u> | <u>126,364</u> | <u>1,482</u> |
| WILDLIFE RESTORATION | | | |
| OTHER SERVICES AND CHARGES | <u>1,500</u> | <u>0</u> | <u>1,500</u> |
| TOTAL WILDLIFE RESTORATION | <u>1,500</u> | <u>0</u> | <u>1,500</u> |
| TOTAL RECREATION AND CULTURE | <u>1,560,431</u> | <u>1,383,706</u> | <u>176,725</u> |
| OTHER | | | |
| RISK MANAGEMENT | | | |
| OTHER SERVICES AND CHARGES | <u>733,068</u> | <u>549,458</u> | <u>183,610</u> |
| TOTAL RISK MANAGEMENT | <u>733,068</u> | <u>549,458</u> | <u>183,610</u> |
| 401(K) SAVINGS PLAN ADMIN COMM | | | |
| SUPPLIES | 435 | 100 | 335 |
| OTHER SERVICES AND CHARGES | <u>1,975</u> | <u>727</u> | <u>1,248</u> |
| TOTAL 401(K) SAVINGS PLAN ADMIN COMM | <u>2,410</u> | <u>827</u> | <u>1,583</u> |
| RETIREES HEALTH/LIFE INSURANCE | | | |
| PERSONAL SERVICES | 872,123 | 704,221 | 167,902 |
| OTHER SERVICES AND CHARGES | <u>15,000</u> | <u>31,779</u> | <u>16,779-</u> |
| TOTAL RETIREES HEALTH/LIFE INSURANCE | <u>887,123</u> | <u>736,000</u> | <u>151,123</u> |
| MIDLAND-BAY-SAGINAW AIRPORT | | | |
| PERSONAL SERVICES | <u>2,500</u> | <u>2,070</u> | <u>430</u> |

BAY COUNTY
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|-------------------|--|
| TOTAL MIDLAND-BAY-SAGINAW AIRPORT | <u>2,500</u> | <u>2,070</u> | <u>430</u> |
| FRIEND OF BAY CNTY 150TH BIRTH | | | |
| SUPPLIES | 3,139 | 3,139 | 0 |
| OTHER SERVICES AND CHARGES | <u>6,838</u> | <u>4,532</u> | <u>2,306</u> |
| TOTAL FRIEND OF BAY CNTY 150TH BIRTH | <u>9,977</u> | <u>7,671</u> | <u>2,306</u> |
| TOTAL OTHER | <u>1,635,078</u> | <u>1,296,026</u> | <u>339,052</u> |
| DEBT SERVICE | | | |
| PRINCIPAL PAYMENTS | 66,312 | 65,022 | 1,290 |
| INTEREST PAYMENT | <u>1,727</u> | <u>1,195</u> | <u>532</u> |
| TOTAL DEBT SERVICE | <u>68,039</u> | <u>66,217</u> | <u>1,822</u> |
| TOTAL EXPENDITURES | <u>29,991,488</u> | <u>27,373,648</u> | <u>2,617,840</u> |
| | ===== | ===== | ===== |

BAY COUNTY
GENERAL FUND
SCHEDULE OF OTHER FINANCING SOURCES AND USES
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED</u> <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u> |
|---|---------------------------------|-------------------------|---|
| OTHER FINANCING SOURCES | | | |
| INSURANCE RECOVERIES/PROCEEDS | 10,600 | 18,255 | 7,655 |
| TRANSFERS IN FROM OTHER FUNDS | 104,473 | 118,501 | 14,028 |
| TRANSFERS IN FROM 100% TX COLL | 880,783 | 880,783 | 0 |
| TRSF IN-OTHER FND-INDIRECT CST | 1,276,410 | 1,276,588 | 178 |
| TRF IN-REVENUE SHARING RES FND | 1,627,958 | 1,627,958 | 0 |
| TRF IN-REV SHARE RES FND-SBT | <u>298,048</u> | <u>298,048</u> | <u>0</u> |
| TOTAL OTHER FINANCING SOURCES | <u>4,198,272</u> | <u>4,220,133</u> | <u>21,861</u> |
| OTHER FINANCING USES | | | |
| TRANSFERS OUT TO OTHER FUNDS | 3,984,266 | 3,977,066 | 7,200 |
| TRF OUT-OTHER FND-CIGARETTE TX | 59,919 | 49,568 | 10,351 |
| TRF OUT-OTHER FUNDS-LIQUOR TAX | 230,151 | 6,884 | 223,267 |
| TRF OUT-GENERL FD-INDIRECT CST | <u>560,516</u> | <u>560,516</u> | <u>0</u> |
| TOTAL OTHER FINANCING USES | <u>4,834,852</u> | <u>4,594,034</u> | <u>240,818</u> |
| NET OTHER FINANCING SOURCES (USES) | <u>636,580-</u> | <u>373,901-</u> | <u>262,679</u> |
| | ===== | ===== | ===== |

BAY COUNTY
MOSQUITO CONTROL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|---------------------------|---------------------------|--|
| CHARGES FOR SERVICES | | | |
| MOSQUITO CONTROL | <u>0</u> | <u>389</u> | <u>389</u> |
| TOTAL CHARGES FOR SERVICES | <u>0</u> | <u>389</u> | <u>389</u> |
| INTERESTS, RENTS AND ROYALTIES | | | |
| MOSQUITO CONTROL | <u>7,500</u> | <u>23,251</u> | <u>15,751</u> |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>7,500</u> | <u>23,251</u> | <u>15,751</u> |
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| MOSQUITO CONTROL | <u>100</u> | <u>96</u> | <u>4-</u> |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | <u>100</u> | <u>96</u> | <u>4-</u> |
| PROPERTY AND OTHER TAXES | | | |
| MOSQUITO CONTROL | <u>1,320,782</u> | <u>1,273,632</u> | <u>47,150-</u> |
| TOTAL PROPERTY AND OTHER TAXES | <u>1,320,782</u> | <u>1,273,632</u> | <u>47,150-</u> |
| TOTAL REVENUES | <u>1,328,382</u> ===== | <u>1,297,368</u> ===== | <u>31,014-</u> ===== |

BAY COUNTY
 MOSQUITO CONTROL FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|----------------------------|-------------------------------|-------------------------------|--|
| HEALTH AND WELFARE | | | |
| MOSQUITO CONTROL | | | |
| PERSONAL SERVICES | 564,285 | 547,383 | 16,902 |
| SUPPLIES | 402,987 | 369,599 | 33,388 |
| OTHER SERVICES AND CHARGES | 272,740 | 212,582 | 60,158 |
| CAPITAL OUTLAY | <u>18,500</u> | <u>17,802</u> | <u>698</u> |
| TOTAL MOSQUITO CONTROL | <u>1,258,512</u> | <u>1,147,366</u> | <u>111,146</u> |
| TOTAL HEALTH AND WELFARE | <u>1,258,512</u> | <u>1,147,366</u> | <u>111,146</u> |
| TOTAL EXPENDITURES | <u>1,258,512</u> ===== | <u>1,147,366</u> ===== | <u>111,146</u> ===== |

BAY COUNTY
MOSQUITO CONTROL FUND
SCHEDULE OF OTHER FINANCING SOURCES AND USES
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|------------------------------------|---------------------------|---------------|---|
| OTHER FINANCING USES | | | |
| TRF OUT-GENERL FD-INDIRECT CST | 101,692 | 101,692 | 0 |
| TOTAL OTHER FINANCING USES | 101,692 | 101,692 | 0 |
| NET OTHER FINANCING SOURCES (USES) | 101,692- | 101,692- | 0 |

BAY COUNTY
 911 SERVICE FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|-------------------------|---|
| INTERESTS, RENTS AND ROYALTIES | | | |
| 911 CENTRAL DISPATCH | <u>105,400</u> | <u>136,868</u> | <u>31,468</u> |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>105,400</u> | <u>136,868</u> | <u>31,468</u> |
| STATE GRANTS | | | |
| 911 CENTRAL DISPATCH | <u>202,000</u> | <u>225,252</u> | <u>23,252</u> |
| TOTAL STATE GRANTS | <u>202,000</u> | <u>225,252</u> | <u>23,252</u> |
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| 911 CENTRAL DISPATCH | <u>3,300</u> | <u>9,261</u> | <u>5,961</u> |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | <u>3,300</u> | <u>9,261</u> | <u>5,961</u> |
| PROPERTY AND OTHER TAXES | | | |
| 911 CENTRAL DISPATCH | <u>1,982,222</u> | <u>1,991,156</u> | <u>8,934</u> |
| TOTAL PROPERTY AND OTHER TAXES | <u>1,982,222</u> | <u>1,991,156</u> | <u>8,934</u> |
| TOTAL REVENUES | <u>2,292,922</u> | <u>2,362,537</u> | <u>69,615</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 911 SERVICE FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED</u> <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|----------------------------|---------------------------------|-------------------------|--|
| PUBLIC SAFETY | | | |
| 911 CENTRAL DISPATCH | | | |
| PERSONAL SERVICES | 1,567,541 | 1,418,529 | 149,012 |
| SUPPLIES | 27,100 | 20,577 | 6,523 |
| OTHER SERVICES AND CHARGES | 452,044 | 243,486 | 208,558 |
| CAPITAL OUTLAY | <u>345,201</u> | <u>123,181</u> | <u>222,020</u> |
| TOTAL 911 CENTRAL DISPATCH | <u>2,391,886</u> | <u>1,805,773</u> | <u>586,113</u> |
| TOTAL PUBLIC SAFETY | <u>2,391,886</u> | <u>1,805,773</u> | <u>586,113</u> |
| DEBT SERVICE | | | |
| PRINCIPAL PAYMENTS | 9,672 | 9,372 | 300 |
| INTEREST PAYMENT | <u>927</u> | <u>1,050</u> | <u>123-</u> |
| TOTAL DEBT SERVICE | <u>10,599</u> | <u>10,422</u> | <u>177</u> |
| TOTAL EXPENDITURES | <u>2,402,485</u> | <u>1,816,195</u> | <u>586,290</u> |

BAY COUNTY
 911 SERVICE FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED</u> <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u> |
|--|---------------------------------|---------------|---|
| OTHER FINANCING USES | | | |
| TRANSFERS OUT TO OTHER FUNDS | 12,889 | 12,889 | 0 |
| TRF OUT-GENERL FD-INDIRECT CST | 21,021 | 21,021 | 0 |
| TOTAL OTHER FINANCING USES | 33,910 | 33,910 | 0 |
| NET OTHER FINANCING SOURCES (USES) | 33,910- | 33,910- | 0 |

BAY COUNTY
 DIVISION ON AGING FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|-----------------------|---|
| CHARGES FOR SERVICES | | | |
| ADMINISTRATION - DIV. ON AGING | 6,500 | 6,342 | 158- |
| HEALTH PROMOTION | 1,900 | 1,843 | 57- |
| FEDERAL C1-CONGREGATE | <u>10,600</u> | <u>16,326</u> | <u>5,726</u> |
| TOTAL CHARGES FOR SERVICES | <u>19,000</u> | <u>24,511</u> | <u>5,511</u> |
| FEDERAL GRANTS | | | |
| PERSONAL CARE - GRANTS | 12,000 | 10,590 | 1,410- |
| ADMINISTRATION - DIV. ON AGING | 4,000 | 9,199 | 5,199 |
| HOMEMAKING | 65,016 | 59,664 | 5,352- |
| HEALTH PROMOTION | 7,855 | 6,206 | 1,649- |
| CASE COORDINATION | 53,470 | 54,374 | 904 |
| CAREGIVING TRAINING | 15,932 | 14,889 | 1,043- |
| FEDERAL C1-CONGREGATE | 109,381 | 113,903 | 4,522 |
| MILLAGE MEAL SITES | 1,458 | 1,502 | 44 |
| HOME DELIVERED MEALS | <u>337,672</u> | <u>336,080</u> | <u>1,592-</u> |
| TOTAL FEDERAL GRANTS | <u>606,784</u> | <u>606,407</u> | <u>377-</u> |
| INTERESTS, RENTS AND ROYALTIES | | | |
| ADMINISTRATION - DIV. ON AGING | 8,000 | 43,527 | 35,527 |
| HOME DELIVERED MEALS | <u>0</u> | <u>1,314</u> | <u>1,314</u> |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>8,000</u> | <u>44,841</u> | <u>36,841</u> |
| STATE GRANTS | | | |
| IN-HOME RESPITE CARE | 19,082 | 17,324 | 1,758- |
| HOME DELIVERED MEALS | <u>12,651-</u> | <u>0</u> | <u>12,651</u> |
| TOTAL STATE GRANTS | <u>6,431</u> | <u>17,324</u> | <u>10,893</u> |
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| IN-HOME RESPITE CARE | 10,484 | 14,059 | 3,575 |
| PERSONAL CARE - PRIVATE PAY | 27,000 | 24,880 | 2,120- |
| PERSONAL CARE - GRANTS | 4,702 | 5,342 | 640 |
| ADMINISTRATION - DIV. ON AGING | 11,600 | 17,655 | 6,055 |
| HOMEMAKING | 43,573 | 37,506 | 6,067- |
| HEALTH PROMOTION | 0 | 135- | 135- |
| CAREGIVING TRAINING | 0 | 150 | 150 |
| FEDERAL C1-CONGREGATE | 90,741 | 83,712 | 7,029- |
| MILLAGE MEAL SITES | 4,134 | 3,543 | 591- |
| HOME DELIVERED MEALS | <u>256,367</u> | <u>244,637</u> | <u>11,730-</u> |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | <u>448,601</u> | <u>431,349</u> | <u>17,252-</u> |
| PROPERTY AND OTHER TAXES | | | |
| IN-HOME RESPITE CARE | 18,360 | 1,413 | 16,947- |
| PERSONAL CARE - PRIVATE PAY | 296,073 | 247,032 | 49,041- |
| PERSONAL CARE - GRANTS | 6,381 | 6,231 | 150- |
| ADMINISTRATION - DIV. ON AGING | <u>260,844</u> | <u>477,389</u> | <u>216,545</u> |

BAY COUNTY
 DIVISION ON AGING FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|---------------------------------------|----------------------------------|----------------------------------|--|
| HOMEMAKING | 141,679 | 125,126 | 16,553- |
| CASE COORDINATION | 185,877 | 172,831 | 13,046- |
| CAREGIVING TRAINING | 34,565 | 25,655 | 8,910- |
| FEDERAL C1-CONGREGATE | 259,094 | 205,501 | 53,593- |
| MILLAGE MEAL SITES | 17,946 | 16,855 | 1,091- |
| HOME DELIVERED MEALS | <u>191,125</u> | <u>144,188</u> | <u>46,937-</u> |
| TOTAL PROPERTY AND OTHER TAXES | <u>1,411,944</u> | <u>1,422,221</u> | <u>10,277</u> |
| TOTAL REVENUES | <u>2,500,760</u> ===== | <u>2,546,653</u> ===== | <u>45,893</u> ===== |

BAY COUNTY
 DIVISION ON AGING FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|----------------|--|
| HEALTH AND WELFARE | | | |
| IN-HOME RESPITE CARE | | | |
| PERSONAL SERVICES | 39,951 | 28,875 | 11,076 |
| SUPPLIES | 800 | 94 | 706 |
| OTHER SERVICES AND CHARGES | <u>7,175</u> | <u>3,827</u> | <u>3,348</u> |
| TOTAL IN-HOME RESPITE CARE | <u>47,926</u> | <u>32,796</u> | <u>15,130</u> |
| PERSONAL CARE - PRIVATE PAY | | | |
| PERSONAL SERVICES | 301,298 | 262,572 | 38,726 |
| SUPPLIES | 4,575 | 3,034 | 1,541 |
| OTHER SERVICES AND CHARGES | <u>23,400</u> | <u>12,507</u> | <u>10,893</u> |
| TOTAL PERSONAL CARE - PRIVATE PAY | <u>329,273</u> | <u>278,113</u> | <u>51,160</u> |
| PERSONAL CARE - GRANTS | | | |
| PERSONAL SERVICES | 20,361 | 19,287 | 1,074 |
| SUPPLIES | 100 | 100 | 0 |
| OTHER SERVICES AND CHARGES | <u>2,622</u> | <u>2,776</u> | <u>154-</u> |
| TOTAL PERSONAL CARE - GRANTS | <u>23,083</u> | <u>22,163</u> | <u>920</u> |
| ADMINISTRATION - DIV. ON AGING | | | |
| PERSONAL SERVICES | 293,024 | 294,270 | 1,246- |
| SUPPLIES | 55,484 | 43,484 | 12,000 |
| OTHER SERVICES AND CHARGES | 93,640 | 59,860 | 33,780 |
| CAPITAL OUTLAY | <u>23,200</u> | <u>0</u> | <u>23,200</u> |
| TOTAL ADMINISTRATION - DIV. ON AGING | <u>465,348</u> | <u>397,614</u> | <u>67,734</u> |
| HOMEMAKING | | | |
| PERSONAL SERVICES | 231,118 | 204,789 | 26,329 |
| SUPPLIES | 2,100 | 1,633 | 467 |
| OTHER SERVICES AND CHARGES | <u>17,050</u> | <u>15,874</u> | <u>1,176</u> |
| TOTAL HOMEMAKING | <u>250,268</u> | <u>222,296</u> | <u>27,972</u> |
| HEALTH PROMOTION | | | |
| SUPPLIES | 926 | 206 | 720 |
| OTHER SERVICES AND CHARGES | <u>8,829</u> | <u>7,708</u> | <u>1,121</u> |
| TOTAL HEALTH PROMOTION | <u>9,755</u> | <u>7,914</u> | <u>1,841</u> |
| CASE COORDINATION | | | |
| PERSONAL SERVICES | 227,947 | 220,357 | 7,590 |
| SUPPLIES | 2,800 | 866 | 1,934 |
| OTHER SERVICES AND CHARGES | <u>8,600</u> | <u>5,983</u> | <u>2,617</u> |
| TOTAL CASE COORDINATION | <u>239,347</u> | <u>227,206</u> | <u>12,141</u> |
| CAREGIVING TRAINING | | | |

BAY COUNTY
 DIVISION ON AGING FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|-----------------------------|-------------------|------------------|--|
| PERSONAL SERVICES | 42,492 | 38,378 | 4,114 |
| SUPPLIES | 1,175 | 590 | 585 |
| OTHER SERVICES AND CHARGES | <u>6,461</u> | <u>1,727</u> | <u>4,734</u> |
| TOTAL CAREGIVING TRAINING | <u>50,128</u> | <u>40,695</u> | <u>9,433</u> |
| FEDERAL C1-CONGREGATE | | | |
| PERSONAL SERVICES | 257,791 | 237,592 | 20,199 |
| SUPPLIES | 132,615 | 118,405 | 14,210 |
| OTHER SERVICES AND CHARGES | <u>80,585</u> | <u>63,445</u> | <u>17,140</u> |
| TOTAL FEDERAL C1-CONGREGATE | <u>470,991</u> | <u>419,442</u> | <u>51,549</u> |
| MILLAGE MEAL SITES | | | |
| PERSONAL SERVICES | 11,288 | 11,213 | 75 |
| SUPPLIES | 8,900 | 7,923 | 977 |
| OTHER SERVICES AND CHARGES | <u>3,350</u> | <u>2,764</u> | <u>586</u> |
| TOTAL MILLAGE MEAL SITES | <u>23,538</u> | <u>21,900</u> | <u>1,638</u> |
| HOME DELIVERED MEALS | | | |
| PERSONAL SERVICES | 392,557 | 374,914 | 17,643 |
| SUPPLIES | 331,865 | 316,622 | 15,243 |
| OTHER SERVICES AND CHARGES | 33,090 | 25,709 | 7,381 |
| CAPITAL OUTLAY | <u>9,000</u> | <u>8,975</u> | <u>25</u> |
| TOTAL HOME DELIVERED MEALS | <u>766,512</u> | <u>726,220</u> | <u>40,292</u> |
| TOTAL HEALTH AND WELFARE | <u>2,676,169</u> | <u>2,396,359</u> | <u>279,810</u> |
| TOTAL EXPENDITURES | <u>2,676,169</u> | <u>2,396,359</u> | <u>279,810</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 DIVISION ON AGING FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|----------------------------|----------------------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | <u>6,200</u> | <u>6,200</u> | <u>0</u> |
| TOTAL OTHER FINANCING SOURCES | <u>6,200</u> | <u>6,200</u> | <u>0</u> |
| OTHER FINANCING USES | | | |
| TRF OUT-GENERL FD-INDIRECT CST | <u>342,804</u> | <u>342,804</u> | <u>0</u> |
| TOTAL OTHER FINANCING USES | <u>342,804</u> | <u>342,804</u> | <u>0</u> |
| NET OTHER FINANCING SOURCES (USES) | <u>336,604-</u> | <u>336,604-</u> | <u>0</u> |
| | ===== | ===== | ===== |

BAY COUNTY
REVENUE SHARING RESERVE FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|-----------------------|---|
| INTERESTS, RENTS AND ROYALTIES TREASURER | <u>330,000</u> | <u>309,703</u> | <u>20,297-</u> |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>330,000</u> | <u>309,703</u> | <u>20,297-</u> |
| PROPERTY AND OTHER TAXES TREASURER | <u>0</u> | <u>99,663-</u> | <u>99,663-</u> |
| TOTAL PROPERTY AND OTHER TAXES | <u>0</u> | <u>99,663-</u> | <u>99,663-</u> |
| TOTAL REVENUES | 330,000 | 210,040 | 119,960- |
| | ===== | ===== | ===== |

BAY COUNTY
 REVENUE SHARING RESERVE FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED</u> <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|---------------------------------|--------------------------|--|
| OTHER FINANCING USES | | | |
| TRF OUT-REVENUE SHARING RES FD | 1,627,958 | 1,627,958 | 0 |
| TRF OUT-REV SHARE RES FND-SBT | <u>298,048</u> | <u>298,048</u> | <u>0</u> |
| TOTAL OTHER FINANCING USES | <u>1,926,006</u> | <u>1,926,006</u> | <u>0</u> |
| | | | |
| NET OTHER FINANCING SOURCES (USES) | <u>1,926,006-</u> | <u>1,926,006-</u> | <u>0</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 FRIEND OF THE COURT FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-----------------------------------|---------------------------|--------------------------|---|
| CHARGES FOR SERVICES | | | |
| FOTC-MEDIATION DUTIES PA294-82 | <u>38,590</u> | <u>38,949</u> | <u>359</u> |
| TOTAL CHARGES FOR SERVICES | <u>38,590</u> | <u>38,949</u> | <u>359</u> |
| FEDERAL GRANTS | | | |
| FOTC-MEDIATION DUTIES PA294-82 | <u>57,500</u> | <u>52,195</u> | <u>5,305-</u> |
| TOTAL FEDERAL GRANTS | <u>57,500</u> | <u>52,195</u> | <u>5,305-</u> |
| TOTAL REVENUES | <u>96,090</u> | <u>91,144</u> | <u>4,946-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 FRIEND OF THE COURT FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE <u>(UNFAVORABLE)</u> |
|--------------------------------------|---------------------------|---------------|---|
| GENERAL GOVERNMENT | | | |
| FOTC-MEDIATION DUTIES PA294-82 | | | |
| PERSONAL SERVICES | 95,691 | 80,949 | 14,742 |
| SUPPLIES | 100 | 0 | 100 |
| OTHER SERVICES AND CHARGES | 1,000 | 237 | 763 |
| CAPITAL OUTLAY | <u>350</u> | <u>0</u> | <u>350</u> |
| TOTAL FOTC-MEDIATION DUTIES PA294-82 | <u>97,141</u> | <u>81,186</u> | <u>15,955</u> |
| TOTAL GENERAL GOVERNMENT | <u>97,141</u> | <u>81,186</u> | <u>15,955</u> |
| | | | |
| TOTAL EXPENDITURES | <u>97,141</u> | <u>81,186</u> | <u>15,955</u> |
| | ===== | ===== | ===== |

BAY COUNTY
HEALTH DEPT - DIST HEALTH FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|------------------|---|
| CHARGES FOR SERVICES | | | |
| CONTAGIOUS DISEASE | 5,000 | 1,662 | 3,338- |
| MATERNAL/INFANT SUPPORT SERVIC | 0 | 83 | 83 |
| IMMUNIZATIONS | 27,000 | 25,822 | 1,178- |
| HEARING AND VISION SCREENING | 5,000 | 0 | 5,000- |
| LABORATORY | 49,100 | 40,747 | 8,353- |
| ENVIRONMENTAL HEALTH | 2,150 | 4,090 | 1,940 |
| FAMILY PLANNING | 27,274 | 24,113 | 3,161- |
| TOTAL CHARGES FOR SERVICES | 115,524 | 96,517 | 19,007- |
| FEDERAL GRANTS | | | |
| IMMUNIZATIONS | 400,000 | 800,519 | 400,519 |
| MSS/ISS - EARLY ON | 61,535 | 55,482 | 6,053- |
| ENVIRONMENTAL HEALTH | 0 | 18,385 | 18,385 |
| TOTAL FEDERAL GRANTS | 461,535 | 874,386 | 412,851 |
| INTERESTS, RENTS AND ROYALTIES | | | |
| HEALTH DEPART.- ADMINISTRATION | 1,100 | 1,400 | 300 |
| TOTAL INTERESTS, RENTS AND ROYALTIES | 1,100 | 1,400 | 300 |
| LICENSES AND PERMITS | | | |
| ENVIRONMENTAL HEALTH | 193,300 | 191,554 | 1,746- |
| TOTAL LICENSES AND PERMITS | 193,300 | 191,554 | 1,746- |
| STATE GRANTS | | | |
| HEALTH DEPART.- ADMINISTRATION | 129,841 | 128,221 | 1,620- |
| CSHC-CHILD SPECIAL HEALTH CARE | 30,141 | 24,632 | 5,509- |
| BIOTERRORISM PREPAREDNESS | 163,239 | 155,352 | 7,887- |
| BIOTERRORISM PANDEMIC FLU | 66,920 | 60,970 | 5,950- |
| MATERNAL/INFANT SUPPORT SERVIC | 65,628 | 14,925 | 50,703- |
| A.I.D.S. COUNSELING & TESTING | 0 | 150- | 150- |
| IMMUNIZATIONS | 59,174 | 54,906 | 4,268- |
| HEARING AND VISION SCREENING | 0 | 2,926 | 2,926 |
| LABORATORY | 1,500 | 1,037 | 463- |
| ENVIRONMENTAL HEALTH | 203,253 | 168,481 | 34,772- |
| FAMILY PLANNING | 73,553 | 94,217 | 20,664 |
| WOMEN, INFANTS, & CHILDREN | 393,868 | 329,285 | 64,583- |
| E.P.S.D.T. | 50,410 | 40,275 | 10,135- |
| MEDICAID OUTREACH/ADVOCACY | 0 | 11,030 | 11,030 |
| TOTAL STATE GRANTS | 1,237,527 | 1,086,107 | 151,420- |
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| HEALTH DEPART.- ADMINISTRATION | 9,100 | 21,109 | 12,009 |
| CSHC-CHILD SPECIAL HEALTH CARE | 26,250 | 11,004 | 15,246- |
| CONTAGIOUS DISEASE | 2,000 | 4,465 | 2,465 |
| BIOTERRORISM PREPAREDNESS | 0 | 25 | 25 |

BAY COUNTY
 HEALTH DEPT - DIST HEALTH FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|-------------------|------------------|--|
| MATERNAL/INFANT SUPPORT SERVIC | 138,000 | 259,864 | 121,864 |
| A.I.D.S. COUNSELING & TESTING | 0 | 150 | 150 |
| IMMUNIZATIONS | 102,000 | 149,411 | 47,411 |
| HEARING AND VISION SCREENING | 7,500 | 8,334 | 834 |
| LABORATORY | 5,850 | 7,705 | 1,855 |
| ENVIRONMENTAL HEALTH | 22,735 | 23,919 | 1,184 |
| FAMILY PLANNING | 114,430 | 59,790 | 54,640- |
| WOMEN, INFANTS, & CHILDREN | 600 | 13 | 587- |
| MEDICAID OUTREACH/ADVOCACY | 14,785 | 8,399 | 6,386- |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | 443,250 | 554,188 | 110,938 |
| | | | |
| TOTAL REVENUES | 2,452,236 | 2,804,152 | 351,916 |
| | ===== | ===== | ===== |

BAY COUNTY
 HEALTH DEPT - DIST HEALTH FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---------------------------------------|-------------------|----------------|--|
| HEALTH AND WELFARE | | | |
| HEALTH DEPART. - ADMINISTRATION | | | |
| PERSONAL SERVICES | 306,782 | 294,962 | 11,820 |
| SUPPLIES | 4,095 | 3,186 | 909 |
| OTHER SERVICES AND CHARGES | 99,561 | 81,272 | 18,289 |
| CAPITAL OUTLAY | 37,665 | 19,877 | 17,788 |
| TOTAL HEALTH DEPART. - ADMINISTRATION | <u>448,103</u> | <u>399,297</u> | <u>48,806</u> |
| CSHC-CHILD SPECIAL HEALTH CARE | | | |
| PERSONAL SERVICES | 29,583 | 32,932 | 3,349- |
| SUPPLIES | 1,600 | 904 | 696 |
| OTHER SERVICES AND CHARGES | 2,600 | 1,800 | 800 |
| TOTAL CSHC-CHILD SPECIAL HEALTH CARE | <u>33,783</u> | <u>35,636</u> | <u>1,853-</u> |
| CONTAGIOUS DISEASE | | | |
| PERSONAL SERVICES | 114,094 | 114,046 | 48 |
| SUPPLIES | 4,125 | 4,133 | 8- |
| OTHER SERVICES AND CHARGES | 7,889 | 6,480 | 1,409 |
| TOTAL CONTAGIOUS DISEASE | <u>126,108</u> | <u>124,659</u> | <u>1,449</u> |
| BIOTERRORISM PREPAREDNESS | | | |
| PERSONAL SERVICES | 152,912 | 146,885 | 6,027 |
| SUPPLIES | 453 | 894 | 441- |
| OTHER SERVICES AND CHARGES | 10,444 | 7,598 | 2,846 |
| TOTAL BIOTERRORISM PREPAREDNESS | <u>163,809</u> | <u>155,377</u> | <u>8,432</u> |
| BIOTERRORISM PANDEMIC FLU | | | |
| PERSONAL SERVICES | 53,807 | 46,316 | 7,491 |
| SUPPLIES | 4,740 | 3,060 | 1,680 |
| OTHER SERVICES AND CHARGES | 10,950 | 11,594 | 644- |
| TOTAL BIOTERRORISM PANDEMIC FLU | <u>69,497</u> | <u>60,970</u> | <u>8,527</u> |
| MATERNAL/CHILD SERVICES | | | |
| PERSONAL SERVICES | 139,051 | 134,368 | 4,683 |
| OTHER SERVICES AND CHARGES | 3,789 | 2,147 | 1,642 |
| TOTAL MATERNAL/CHILD SERVICES | <u>142,840</u> | <u>136,515</u> | <u>6,325</u> |
| MATERNAL/INFANT SUPPORT SERVIC | | | |
| PERSONAL SERVICES | 249,133 | 240,158 | 8,975 |
| SUPPLIES | 2,700 | 2,339 | 361 |
| OTHER SERVICES AND CHARGES | 33,313 | 32,374 | 939 |
| TOTAL MATERNAL/INFANT SUPPORT SERVIC | <u>285,146</u> | <u>274,871</u> | <u>10,275</u> |
| IMMUNIZATIONS | | | |

BAY COUNTY
 HEALTH DEPT - DIST HEALTH FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|------------------------------------|-------------------|------------------|--|
| PERSONAL SERVICES | 153,863 | 141,813 | 12,050 |
| SUPPLIES | 446,550 | 878,922 | 432,372- |
| OTHER SERVICES AND CHARGES | <u>11,860</u> | <u>9,923</u> | <u>1,937</u> |
| TOTAL IMMUNIZATIONS | <u>612,273</u> | <u>1,030,658</u> | <u>418,385-</u> |
| MSS/ISS - EARLY ON | | | |
| PERSONAL SERVICES | 56,456 | 51,974 | 4,482 |
| SUPPLIES | 200 | 115 | 85 |
| OTHER SERVICES AND CHARGES | <u>3,810</u> | <u>3,392</u> | <u>418</u> |
| TOTAL MSS/ISS - EARLY ON | <u>60,466</u> | <u>55,481</u> | <u>4,985</u> |
| HEARING AND VISION SCREENING | | | |
| PERSONAL SERVICES | 31,684 | 31,570 | 114 |
| SUPPLIES | 800 | 972 | 172- |
| OTHER SERVICES AND CHARGES | <u>4,750</u> | <u>3,715</u> | <u>1,035</u> |
| TOTAL HEARING AND VISION SCREENING | <u>37,234</u> | <u>36,257</u> | <u>977</u> |
| LABORATORY | | | |
| PERSONAL SERVICES | 99,913 | 98,748 | 1,165 |
| SUPPLIES | 21,300 | 21,383 | 83- |
| OTHER SERVICES AND CHARGES | <u>10,104</u> | <u>7,696</u> | <u>2,408</u> |
| TOTAL LABORATORY | <u>131,317</u> | <u>127,827</u> | <u>3,490</u> |
| ENVIRONMENTAL HEALTH | | | |
| PERSONAL SERVICES | 362,851 | 346,197 | 16,654 |
| SUPPLIES | 13,238 | 8,756 | 4,482 |
| OTHER SERVICES AND CHARGES | <u>63,880</u> | <u>51,476</u> | <u>12,404</u> |
| TOTAL ENVIRONMENTAL HEALTH | <u>439,969</u> | <u>406,429</u> | <u>33,540</u> |
| FAMILY PLANNING | | | |
| PERSONAL SERVICES | 119,601 | 120,865 | 1,264- |
| SUPPLIES | 44,250 | 39,133 | 5,117 |
| OTHER SERVICES AND CHARGES | 18,814 | 12,247 | 6,567 |
| CAPITAL OUTLAY | <u>5,960</u> | <u>5,876</u> | <u>84</u> |
| TOTAL FAMILY PLANNING | <u>188,625</u> | <u>178,121</u> | <u>10,504</u> |
| WOMEN, INFANTS, & CHILDREN | | | |
| PERSONAL SERVICES | 322,473 | 297,505 | 24,968 |
| SUPPLIES | 8,150 | 7,712 | 438 |
| OTHER SERVICES AND CHARGES | 29,794 | 14,779 | 15,015 |
| CAPITAL OUTLAY | <u>16,914</u> | <u>9,302</u> | <u>7,612</u> |
| TOTAL WOMEN, INFANTS, & CHILDREN | <u>377,331</u> | <u>329,298</u> | <u>48,033</u> |

E.P.S.D.T.

BAY COUNTY
HEALTH DEPT - DIST HEALTH FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|----------------------------------|---------------------------|---------------------------|---|
| PERSONAL SERVICES | 48,651 | 31,376 | 17,275 |
| SUPPLIES | 3,594 | 3,324 | 270 |
| OTHER SERVICES AND CHARGES | <u>6,450</u> | <u>5,575</u> | <u>875</u> |
| TOTAL E.P.S.D.T. | <u>58,695</u> | <u>40,275</u> | <u>18,420</u> |
| MEDICAID OUTREACH/ADVOCACY | | | |
| PERSONAL SERVICES | 27,195 | 16,624 | 10,571 |
| SUPPLIES | 550 | 585 | 35- |
| OTHER SERVICES AND CHARGES | <u>2,200</u> | <u>2,220</u> | <u>20-</u> |
| TOTAL MEDICAID OUTREACH/ADVOCACY | <u>29,945</u> | <u>19,429</u> | <u>10,516</u> |
| SUBSTANCE ABUSE | | | |
| OTHER SERVICES AND CHARGES | <u>230,151</u> | <u>6,884</u> | <u>223,267</u> |
| TOTAL SUBSTANCE ABUSE | <u>230,151</u> | <u>6,884</u> | <u>223,267</u> |
| TOTAL HEALTH AND WELFARE | <u>3,435,292</u> | <u>3,417,984</u> | <u>17,308</u> |
| TOTAL EXPENDITURES | <u>3,435,292</u> ===== | <u>3,417,984</u> ===== | <u>17,308</u> ===== |

BAY COUNTY
 HEALTH DEPT - DIST HEALTH FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|------------------------------------|---------------------------|----------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | 749,422 | 749,422 | 0 |
| TRSF IN-GEN FUND-CIGARETTE TAX | 42,296 | 34,989 | 7,307- |
| TRSF IN-GEN'L FUND-LIQUOR TAX | <u>230,151</u> | <u>6,884</u> | <u>223,267-</u> |
| TOTAL OTHER FINANCING SOURCES | <u>1,021,869</u> | <u>791,295</u> | <u>230,574-</u> |
| OTHER FINANCING USES | | | |
| TRANSFERS OUT TO OTHER FUNDS | 0 | 14,029 | 14,029- |
| TRF OUT-GENERL FD-INDIRECT CST | <u>61,847</u> | <u>61,847</u> | <u>0</u> |
| TOTAL OTHER FINANCING USES | <u>61,847</u> | <u>75,876</u> | <u>14,029-</u> |
| NET OTHER FINANCING SOURCES (USES) | <u>960,022</u> | <u>715,419</u> | <u>244,603-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 GYPSY MOTH CONTROL FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|--------------------------|-------------------|--|
| INTERESTS, RENTS AND ROYALTIES | | | |
| GYPSY MOTH SUPPRESSION | <u>18,000</u> | <u>14,521</u> | <u>3,479-</u> |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>18,000</u> | <u>14,521</u> | <u>3,479-</u> |
| PROPERTY AND OTHER TAXES | | | |
| GYPSY MOTH SUPPRESSION | <u>0</u> | <u>104-</u> | <u>104-</u> |
| TOTAL PROPERTY AND OTHER TAXES | <u>0</u> | <u>104-</u> | <u>104-</u> |
| TOTAL REVENUES | <u>18,000</u> | <u>14,417</u> | <u>3,583-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 GYPSY MOTH CONTROL FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|------------------------------|---------------------------|-------------------|---|
| GENERAL GOVERNMENT | | | |
| GYPSY MOTH SUPPRESSION | | | |
| PERSONAL SERVICES | 59,747 | 61,234 | 1,487- |
| SUPPLIES | 5,700 | 2,000 | 3,700 |
| OTHER SERVICES AND CHARGES | <u>66,440</u> | <u>22,417</u> | <u>44,023</u> |
| TOTAL GYPSY MOTH SUPPRESSION | <u>131,887</u> | <u>85,651</u> | <u>46,236</u> |
| TOTAL GENERAL GOVERNMENT | <u>131,887</u> | <u>85,651</u> | <u>46,236</u> |
| TOTAL EXPENDITURES | <u>131,887</u> | <u>85,651</u> | <u>46,236</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 GYPSY MOTH CONTROL FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|------------------------------------|--------------------------|---------------|--|
| OTHER FINANCING USES | | | |
| TRF OUT-GENERL FD-INDIRECT CST | 14,529 | 14,529 | 0 |
| TOTAL OTHER FINANCING USES | 14,529 | 14,529 | 0 |
| NET OTHER FINANCING SOURCES (USES) | 14,529- | 14,529- | 0 |

BAY COUNTY
PUBLIC IMPROVEMENT FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--------------------------------------|---------------------------|---------------|---|
| INTERESTS, RENTS AND ROYALTIES | | | |
| MAINT KAWKAWLIN RIVER DREDGING | 700 | 967 | 267 |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>700</u> | <u>967</u> | <u>267</u> |
| TOTAL REVENUES | 700 | 967 | 267 |
| | ===== | ===== | ===== |

BAY COUNTY
 REGIST.OF DEEDS AUTOMATION FND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--------------------------------------|---------------------------|---------------|---|
| INTERESTS, RENTS AND ROYALTIES | | | |
| REGISTER OF DEEDS | _____ 0 | _____ 13,181 | _____ 13,181 |
| TOTAL INTERESTS, RENTS AND ROYALTIES | _____ 0 | _____ 13,181 | _____ 13,181 |
| TOTAL REVENUES | 0 | 13,181 | 13,181 |
| | ===== | ===== | ===== |

BAY COUNTY
 REGIST.OF DEEDS AUTOMATION FND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|----------------------------|---------------------------|-------------------|--|
| GENERAL GOVERNMENT | | | |
| REGISTER OF DEEDS | | | |
| SUPPLIES | 10,650 | 9,003 | 1,647 |
| OTHER SERVICES AND CHARGES | 38,200 | 31,975 | 6,225 |
| CAPITAL OUTLAY | <u>20,000</u> | <u>0</u> | <u>20,000</u> |
| TOTAL REGISTER OF DEEDS | <u>68,850</u> | <u>40,978</u> | <u>27,872</u> |
| TOTAL GENERAL GOVERNMENT | <u>68,850</u> | <u>40,978</u> | <u>27,872</u> |
| TOTAL EXPENDITURES | <u>68,850</u> | <u>40,978</u> | <u>27,872</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 REGIST.OF DEEDS AUTOMATION FND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|--------------------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | <u>105,000</u> | <u>97,800</u> | <u>7,200-</u> |
| TOTAL OTHER FINANCING SOURCES | <u>105,000</u> | <u>97,800</u> | <u>7,200-</u> |
| OTHER FINANCING USES | | | |
| TRF OUT-GENERL FD-INDIRECT CST | <u>32,509</u> | <u>32,509</u> | <u>0</u> |
| TOTAL OTHER FINANCING USES | <u>32,509</u> | <u>32,509</u> | <u>0</u> |
| NET OTHER FINANCING SOURCES (USES) | <u>72,491</u> | <u>65,291</u> | <u>7,200-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 LOCAL C.F.O. TRAINING FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE <u>(UNFAVORABLE)</u> |
|----------------------------|---------------------------|---------------|---|
| CHARGES FOR SERVICES | | | |
| LOCAL C.F.O. TRAINING | <u>25,000</u> | <u>22,737</u> | <u>2,263-</u> |
| TOTAL CHARGES FOR SERVICES | <u>25,000</u> | <u>22,737</u> | <u>2,263-</u> |
| | | | |
| TOTAL REVENUES | <u>25,000</u> | <u>22,737</u> | <u>2,263-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 LOCAL C.F.O. TRAINING FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-----------------------------|---------------------------|-------------------|---|
| PUBLIC SAFETY | | | |
| LOCAL C.F.O. TRAINING | | | |
| PERSONAL SERVICES | 10,350 | 9,461 | 889 |
| SUPPLIES | 5,000 | 4,467 | 533 |
| OTHER SERVICES AND CHARGES | <u>14,000</u> | <u>5,519</u> | <u>8,481</u> |
| TOTAL LOCAL C.F.O. TRAINING | <u>29,350</u> | <u>19,447</u> | <u>9,903</u> |
| TOTAL PUBLIC SAFETY | <u>29,350</u> | <u>19,447</u> | <u>9,903</u> |
| TOTAL EXPENDITURES | <u>29,350</u> | <u>19,447</u> | <u>9,903</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 DRUG LAW ENFORCEMENT FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---------------------------------|---------------------------|---------------|---|
| FINES AND FORFEITS | | | |
| PROSECUTING ATTORNEY | 0 | 4,624 | 4,624 |
| SHERIFF DEPARTMENT | <u>1,500</u> | <u>1,447</u> | <u>53-</u> |
| TOTAL FINES AND FORFEITS | <u>1,500</u> | <u>6,071</u> | <u>4,571</u> |
| | | | |
| TOTAL REVENUES | <u>1,500</u> | <u>6,071</u> | <u>4,571</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 DRUG LAW ENFORCEMENT FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED</u> <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE <u>(UNFAVORABLE)</u> |
|----------------------------|---------------------------------|------------------|---|
| PUBLIC SAFETY | | | |
| SHERIFF DEPARTMENT | | | |
| OTHER SERVICES AND CHARGES | 558 | 0 | 558 |
| CAPITAL OUTLAY | <u>8,957</u> | <u>7,969</u> | <u>988</u> |
| TOTAL SHERIFF DEPARTMENT | <u>9,515</u> | <u>7,969</u> | <u>1,546</u> |
| TOTAL PUBLIC SAFETY | <u>9,515</u> | <u>7,969</u> | <u>1,546</u> |
| TOTAL EXPENDITURES | <u>9,515</u> | <u>7,969</u> | <u>1,546</u> |
| | ===== | ===== | ===== |

BAY COUNTY
LAW LIBRARY FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------|---------------------------|---------------|--|
| FINES AND FORFEITS | | | |
| LAW LIBRARY | 9,750 | 9,750 | 0 |
| TOTAL FINES AND FORFEITS | 9,750 | 9,750 | 0 |
| TOTAL REVENUES | 9,750 | 9,750 | 0 |

BAY COUNTY
LAW LIBRARY FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|----------------------------|--------------------------|---------------------|--|
| GENERAL GOVERNMENT | | | |
| LAW LIBRARY | | | |
| SUPPLIES | 300 | 962 | 662- |
| OTHER SERVICES AND CHARGES | <u>21,550</u> | <u>19,451</u> | <u>2,099</u> |
| TOTAL LAW LIBRARY | <u>21,850</u> | <u>20,413</u> | <u>1,437</u> |
| TOTAL GENERAL GOVERNMENT | <u>21,850</u> | <u>20,413</u> | <u>1,437</u> |
| TOTAL EXPENDITURES | 21,850 ===== | 20,413 ===== | 1,437 ===== |

BAY COUNTY
LAW LIBRARY FUND
SCHEDULE OF OTHER FINANCING SOURCES AND USES
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE <u>(UNFAVORABLE)</u> |
|------------------------------------|---------------------------|---------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | 15,350 | 15,350 | 0 |
| TOTAL OTHER FINANCING SOURCES | 15,350 | 15,350 | 0 |
| NET OTHER FINANCING SOURCES (USES) | 15,350 | 15,350 | 0 |

BAY COUNTY
 COMMUNITY CORRECTIONS FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-----------------------------------|---------------------------|-----------------------|---|
| CHARGES FOR SERVICES | | | |
| COMMUNITY SERVICE WORK | <u>13,500</u> | <u>12,195</u> | <u>1,305-</u> |
| TOTAL CHARGES FOR SERVICES | <u>13,500</u> | <u>12,195</u> | <u>1,305-</u> |
| STATE GRANTS | | | |
| DRUG LAW ENFORCEMENT | 240,298 | 145,540 | 94,758- |
| DRUG LAW ENFORCE.-OCT/DEC | 60,074- | 0 | 60,074 |
| COMMUNITY CORRECTIONS PLAN | <u>155,860</u> | <u>135,402</u> | <u>20,458-</u> |
| TOTAL STATE GRANTS | <u>336,084</u> | <u>280,942</u> | <u>55,142-</u> |
| | | | |
| TOTAL REVENUES | <u>349,584</u> | <u>293,137</u> | <u>56,447-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
COMMUNITY CORRECTIONS FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|----------------------------------|--------------------------|------------------|--|
| PUBLIC SAFETY | | | |
| DRUG LAW ENFORCEMENT | | | |
| OTHER SERVICES AND CHARGES | 240,298 | 145,540 | 94,758 |
| TOTAL DRUG LAW ENFORCEMENT | <u>240,298</u> | <u>145,540</u> | <u>94,758</u> |
| DRUG LAW ENFORCE.-OCT/DEC | | | |
| OTHER SERVICES AND CHARGES | 60,074- | 0 | 60,074- |
| TOTAL DRUG LAW ENFORCE.-OCT/DEC | <u>60,074-</u> | <u>0</u> | <u>60,074-</u> |
| COMMUNITY SERVICE WORK | | | |
| OTHER SERVICES AND CHARGES | 18,139 | 8,785 | 9,354 |
| TOTAL COMMUNITY SERVICE WORK | <u>18,139</u> | <u>8,785</u> | <u>9,354</u> |
| COMMUNITY CORRECTIONS PLAN | | | |
| PERSONAL SERVICES | 57,950 | 42,431 | 15,519 |
| SUPPLIES | 920 | 417 | 503 |
| OTHER SERVICES AND CHARGES | 117,100 | 94,832 | 22,268 |
| TOTAL COMMUNITY CORRECTIONS PLAN | <u>175,970</u> | <u>137,680</u> | <u>38,290</u> |
| TOTAL PUBLIC SAFETY | <u>374,333</u> | <u>292,005</u> | <u>82,328</u> |
| | | | |
| TOTAL EXPENDITURES | 374,333 ===== | 292,005 ===== | 82,328 ===== |

BAY COUNTY
 COMMUNITY CORRECTIONS FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|------------------------------------|---------------------------|---------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | 15,542 | 15,542 | 0 |
| TOTAL OTHER FINANCING SOURCES | 15,542 | 15,542 | 0 |
| NET OTHER FINANCING SOURCES (USES) | 15,542 | 15,542 | 0 |

BAY COUNTY
HOME REHABILITATION FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------------------------|-------------------|----------------|--|
| CHARGES FOR SERVICES | | | |
| REDEVELOPMENT AND HOUSING | 315 | 240 | 75- |
| TOTAL CHARGES FOR SERVICES | <u>315</u> | <u>240</u> | <u>75-</u> |
| FEDERAL GRANTS | | | |
| REDEVELOPMENT AND HOUSING | 232,445 | 228,859 | 3,586- |
| TOTAL FEDERAL GRANTS | <u>232,445</u> | <u>228,859</u> | <u>3,586-</u> |
| INTERESTS, RENTS AND ROYALTIES | | | |
| REDEVELOPMENT AND HOUSING | 1,700 | 4,901 | 3,201 |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>1,700</u> | <u>4,901</u> | <u>3,201</u> |
| TOTAL REVENUES | 234,460 | 234,000 | 460- |
| | ===== | ===== | ===== |

BAY COUNTY
HOME REHABILITATION FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|--------------------------|----------------------|--|
| GENERAL GOVERNMENT | | | |
| GEOGRAPHIC INFORMATION SYSTEMS | | | |
| SUPPLIES | <u>0</u> | <u>10</u> | <u>10-</u> |
| TOTAL GEOGRAPHIC INFORMATION SYSTEMS | <u>0</u> | <u>10</u> | <u>10-</u> |
| TOTAL GENERAL GOVERNMENT | <u>0</u> | <u>10</u> | <u>10-</u> |
| COMMUNITY/ECONOMIC DEVELOPMENT | | | |
| REDEVELOPMENT AND HOUSING | | | |
| PERSONAL SERVICES | 7,288 | 7,126 | 162 |
| SUPPLIES | 549 | 223 | 326 |
| OTHER SERVICES AND CHARGES | <u>229,415</u> | <u>51,144</u> | <u>178,271</u> |
| TOTAL REDEVELOPMENT AND HOUSING | <u>237,252</u> | <u>58,493</u> | <u>178,759</u> |
| REDEVELOP/HOUSING RECAPTURED | | | |
| SUPPLIES | 50 | 0 | 50 |
| OTHER SERVICES AND CHARGES | <u>94,950</u> | <u>1,085</u> | <u>93,865</u> |
| TOTAL REDEVELOP/HOUSING RECAPTURED | <u>95,000</u> | <u>1,085</u> | <u>93,915</u> |
| TOTAL COMMUNITY/ECONOMIC DEVELOPMENT | <u>332,252</u> | <u>59,578</u> | <u>272,674</u> |
| TOTAL EXPENDITURES | <u>332,252</u> | <u>59,588</u> | <u>272,664</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 SOCIAL WELFARE FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED</u> <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|---------------------------------|----------------|--|
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| MI DEPT HUMAN SERV-BAY COUNTY | 494,000 | 200,402 | 293,598- |
| MI DEPT HUMAN SERV BRD-BAY CTY | 0 | 100- | 100- |
| MI DEPT HUMAN SERV-ARENAC CTY | 131,000 | 72,546 | 58,454- |
| MI DEPT HUMAN SRV BD-ARENAC CT | <u>9,353</u> | <u>4,608</u> | <u>4,745-</u> |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | <u>634,353</u> | <u>277,456</u> | <u>356,897-</u> |
| | | | |
| TOTAL REVENUES | <u>634,353</u> | <u>277,456</u> | <u>356,897-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
SOCIAL WELFARE FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--------------------------------------|---------------------------|----------------|---|
| HEALTH AND WELFARE | | | |
| MI DEPT HUMAN SERV-BAY COUNTY | | | |
| OTHER SERVICES AND CHARGES | 524,000 | 204,481 | 319,519 |
| TOTAL MI DEPT HUMAN SERV-BAY COUNTY | <u>524,000</u> | <u>204,481</u> | <u>319,519</u> |
| MI DEPT HUMAN SERV BRD-BAY CTY | | | |
| PERSONAL SERVICES | 2,025 | 1,575 | 450 |
| OTHER SERVICES AND CHARGES | 5,375 | 3,704 | 1,671 |
| TOTAL MI DEPT HUMAN SERV BRD-BAY CTY | <u>7,400</u> | <u>5,279</u> | <u>2,121</u> |
| MI DEPT HUMAN SERV-ARENAC CTY | | | |
| OTHER SERVICES AND CHARGES | 131,000 | 72,602 | 58,398 |
| TOTAL MI DEPT HUMAN SERV-ARENAC CTY | <u>131,000</u> | <u>72,602</u> | <u>58,398</u> |
| MI DEPT HUMAN SRV BD-ARENAC CT | | | |
| PERSONAL SERVICES | 2,700 | 2,301 | 399 |
| OTHER SERVICES AND CHARGES | 6,653 | 2,306 | 4,347 |
| TOTAL MI DEPT HUMAN SRV BD-ARENAC CT | <u>9,353</u> | <u>4,607</u> | <u>4,746</u> |
| TOTAL HEALTH AND WELFARE | <u>671,753</u> | <u>286,969</u> | <u>384,784</u> |
| | | | |
| TOTAL EXPENDITURES | <u>671,753</u> | <u>286,969</u> | <u>384,784</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 SOCIAL WELFARE FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|------------------------------------|---------------------------|---------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | 37,400 | 37,400 | 0 |
| TOTAL OTHER FINANCING SOURCES | 37,400 | 37,400 | 0 |
| NET OTHER FINANCING SOURCES (USES) | 37,400 | 37,400 | 0 |

BAY COUNTY
 SOC. WELF.-PROTECTIVE SERVICES
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|---------------|---|
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES MI DEPT HUMAN SERV-BAY COUNTY | 500 | 0 | 500- |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | 500 | 0 | 500- |
| TOTAL REVENUES | 500 | 0 | 500- |

BAY COUNTY
 SOC. WELF.-PROTECTIVE SERVICES
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED</u> <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u> |
|-------------------------------------|---------------------------------|---------------|---|
| HEALTH AND WELFARE | | | |
| MI DEPT HUMAN SERV-BAY COUNTY | | | |
| OTHER SERVICES AND CHARGES | 500 | 0 | 500 |
| TOTAL MI DEPT HUMAN SERV-BAY COUNTY | <u>500</u> | <u>0</u> | <u>500</u> |
| TOTAL HEALTH AND WELFARE | <u>500</u> | <u>0</u> | <u>500</u> |
| TOTAL EXPENDITURES | <u>500</u> | <u>0</u> | <u>500</u> |
| | ===== | ===== | ===== |

BAY COUNTY
CHILD CARE FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|-------------------------|---|
| FEDERAL GRANTS | | | |
| INSTIT.CARE-DET.FAC (JUV.HOME) | <u>17,000</u> | <u>22,021</u> | <u>5,021</u> |
| TOTAL FEDERAL GRANTS | <u>17,000</u> | <u>22,021</u> | <u>5,021</u> |
| INTERESTS, RENTS AND ROYALTIES | | | |
| INSTIT.CARE-DET.FAC (JUV.HOME) | <u>3,000</u> | <u>300</u> | <u>2,700-</u> |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>3,000</u> | <u>300</u> | <u>2,700-</u> |
| STATE GRANTS | | | |
| JUV.COMMUNITY BASED TREATMENT | 19,500 | 6,967 | 12,533- |
| JUV.GENDER SPECIFIC SERVICES | <u>19,500</u> | <u>9,064</u> | <u>10,436-</u> |
| TOTAL STATE GRANTS | <u>39,000</u> | <u>16,031</u> | <u>22,969-</u> |
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| CHILD CARE-PROBATE (CHILD IN C | 270,300 | 179,396 | 90,904- |
| INSTIT.CARE-DET.FAC (JUV.HOME) | 744,994 | 733,304 | 11,690- |
| JUVENILE HOME SUBSTANCE ABUSE | 0 | 1,536 | 1,536 |
| IN-HOME CARE-INTENSIVE PROBAT. | 108,685 | 99,289 | 9,396- |
| JUV.COMMUNITY BASED TREATMENT | 79,150 | 80,263 | 1,113 |
| JUV.GENDER SPECIFIC SERVICES | <u>52,495</u> | <u>49,098</u> | <u>3,397-</u> |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | <u>1,255,624</u> | <u>1,142,886</u> | <u>112,738-</u> |
| TOTAL REVENUES | <u>1,314,624</u> | <u>1,181,238</u> | <u>133,386-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
CHILD CARE FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--|---------------------------|-------------------------|---|
| HEALTH AND WELFARE | | | |
| CHILD CARE-PROBATE (CHILD IN C OTHER SERVICES AND CHARGES | <u>521,100</u> | <u>327,422</u> | <u>193,678</u> |
| TOTAL CHILD CARE-PROBATE (CHILD IN C | <u>521,100</u> | <u>327,422</u> | <u>193,678</u> |
| INSTIT. CARE-DET. FAC (JUV. HOME) | | | |
| PERSONAL SERVICES | 1,019,620 | 986,140 | 33,480 |
| SUPPLIES | 42,300 | 38,236 | 4,064 |
| OTHER SERVICES AND CHARGES | 168,205 | 160,151 | 8,054 |
| CAPITAL OUTLAY | <u>16,281</u> | <u>16,281</u> | <u>0</u> |
| TOTAL INSTIT. CARE-DET. FAC (JUV. HOME) | <u>1,246,406</u> | <u>1,200,808</u> | <u>45,598</u> |
| JUVENILE HOME SUBSTANCE ABUSE | | | |
| PERSONAL SERVICES | <u>0</u> | <u>115-</u> | <u>115</u> |
| TOTAL JUVENILE HOME SUBSTANCE ABUSE | <u>0</u> | <u>115-</u> | <u>115</u> |
| CHILD CARE-D.S.S. (STATE WARDS | | | |
| OTHER SERVICES AND CHARGES | <u>287,000</u> | <u>130,980</u> | <u>156,020</u> |
| TOTAL CHILD CARE-D.S.S. (STATE WARDS | <u>287,000</u> | <u>130,980</u> | <u>156,020</u> |
| IN-HOME CARE-INTENSIVE PROBAT. | | | |
| PERSONAL SERVICES | 190,680 | 179,528 | 11,152 |
| SUPPLIES | 150 | 73 | 77 |
| OTHER SERVICES AND CHARGES | <u>6,285</u> | <u>6,263</u> | <u>22</u> |
| TOTAL IN-HOME CARE-INTENSIVE PROBAT. | <u>197,115</u> | <u>185,864</u> | <u>11,251</u> |
| TOTAL HEALTH AND WELFARE | <u>2,251,621</u> | <u>1,844,959</u> | <u>406,662</u> |
| RECREATION AND CULTURE | | | |
| JUV. COMMUNITY BASED TREATMENT | | | |
| PERSONAL SERVICES | 142,081 | 137,303 | 4,778 |
| SUPPLIES | 705 | 562 | 143 |
| OTHER SERVICES AND CHARGES | <u>19,100</u> | <u>18,256</u> | <u>844</u> |
| TOTAL JUV. COMMUNITY BASED TREATMENT | <u>161,886</u> | <u>156,121</u> | <u>5,765</u> |
| JUV. GENDER SPECIFIC SERVICES | | | |
| PERSONAL SERVICES | 99,938 | 84,384 | 15,554 |
| SUPPLIES | 1,975 | 2,435 | 460- |
| OTHER SERVICES AND CHARGES | <u>9,790</u> | <u>9,937</u> | <u>147-</u> |
| TOTAL JUV. GENDER SPECIFIC SERVICES | <u>111,703</u> | <u>96,756</u> | <u>14,947</u> |
| TOTAL RECREATION AND CULTURE | <u>273,589</u> | <u>252,877</u> | <u>20,712</u> |
| DEBT SERVICE | | | |
| PRINCIPAL PAYMENTS | 25,660 | 22,397 | 3,263 |
| INTEREST PAYMENT | <u>543</u> | <u>376</u> | <u>167</u> |

BAY COUNTY
 CHILD CARE FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE (UNFAVORABLE) |
|--------------------|---------------------------|---------------------------|--|
| TOTAL DEBT SERVICE | <u>26,203</u> | <u>22,773</u> | <u>3,430</u> |
| TOTAL EXPENDITURES | <u>2,551,413</u> ===== | <u>2,120,609</u> ===== | <u>430,804</u> ===== |

BAY COUNTY
CHILD CARE FUND
SCHEDULE OF OTHER FINANCING SOURCES AND USES
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|-------------------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | 1,332,898 | 1,332,898 | 0 |
| TRSF IN-GEN FUND-CIGARETTE TAX | <u>17,623</u> | <u>14,578</u> | <u>3,045-</u> |
| TOTAL OTHER FINANCING SOURCES | <u>1,350,521</u> | <u>1,347,476</u> | <u>3,045-</u> |
| OTHER FINANCING USES | | | |
| TRF OUT-GENERL FD-INDIRECT CST | <u>131,492</u> | <u>131,492</u> | <u>0</u> |
| TOTAL OTHER FINANCING USES | <u>131,492</u> | <u>131,492</u> | <u>0</u> |
| NET OTHER FINANCING SOURCES (USES) | <u>1,219,029</u> | <u>1,215,984</u> | <u>3,045-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 CHILD CARE/SOCIAL SERVICES
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | AMENDED BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|--------------------|--------------------|--|
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| MI DEPT HUMAN SERV-BAY COUNTY | <u>3,750</u> | <u>1,740</u> | <u>2,010-</u> |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | <u>3,750</u> | <u>1,740</u> | <u>2,010-</u> |
| TOTAL REVENUES | 3,750 ===== | 1,740 ===== | 2,010- ===== |

BAY COUNTY
 CHILD CARE/SOCIAL SERVICES
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-------------------------------------|---------------------------|------------------|---|
| HEALTH AND WELFARE | | | |
| MI DEPT HUMAN SERV-BAY COUNTY | | | |
| OTHER SERVICES AND CHARGES | 7,500 | 3,480 | 4,020 |
| TOTAL MI DEPT HUMAN SERV-BAY COUNTY | <u>7,500</u> | <u>3,480</u> | <u>4,020</u> |
| TOTAL HEALTH AND WELFARE | <u>7,500</u> | <u>3,480</u> | <u>4,020</u> |
| TOTAL EXPENDITURES | <u>7,500</u> | <u>3,480</u> | <u>4,020</u> |

BAY COUNTY
 SOLDIERS' RELIEF FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-----------------------------------|---------------------------|-------------------|---|
| HEALTH AND WELFARE | | | |
| SOLDIERS AND SAILORS RELIEF | | | |
| PERSONAL SERVICES | 1,100 | 1,100 | 0 |
| SUPPLIES | 75 | 28 | 47 |
| OTHER SERVICES AND CHARGES | <u>31,485</u> | <u>33,738</u> | <u>2,253-</u> |
| TOTAL SOLDIERS AND SAILORS RELIEF | <u>32,660</u> | <u>34,866</u> | <u>2,206-</u> |
| TOTAL HEALTH AND WELFARE | <u>32,660</u> | <u>34,866</u> | <u>2,206-</u> |
| TOTAL EXPENDITURES | <u>32,660</u> | <u>34,866</u> | <u>2,206-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 SOLDIERS' RELIEF FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|------------------------------------|---------------------------|---------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | 32,660 | 32,660 | 0 |
| TOTAL OTHER FINANCING SOURCES | 32,660 | 32,660 | 0 |
| NET OTHER FINANCING SOURCES (USES) | 32,660 | 32,660 | 0 |

BAY COUNTY
 VETERANS' TRUST FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|---------------|---|
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES VETERANS' TRUST BOARD | 40,000 | 52,913 | 12,913 |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | 40,000 | 52,913 | 12,913 |
| TOTAL REVENUES | 40,000 | 52,913 | 12,913 |

BAY COUNTY
 VETERANS' TRUST FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-----------------------------|---------------------------|-------------------|---|
| HEALTH AND WELFARE | | | |
| VETERANS' TRUST BOARD | | | |
| PERSONAL SERVICES | 14,544 | 13,836 | 708 |
| SUPPLIES | 5,790 | 7,683 | 1,893- |
| OTHER SERVICES AND CHARGES | <u>19,666</u> | <u>29,575</u> | <u>9,909-</u> |
| TOTAL VETERANS' TRUST BOARD | <u>40,000</u> | <u>51,094</u> | <u>11,094-</u> |
| TOTAL HEALTH AND WELFARE | <u>40,000</u> | <u>51,094</u> | <u>11,094-</u> |
| TOTAL EXPENDITURES | <u>40,000</u> | <u>51,094</u> | <u>11,094-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
WILDLIFE RESTORATION FUND
SCHEDULE OF OTHER FINANCING SOURCES AND USES
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|------------------------------------|---------------------------|---------------|---|
| OTHER FINANCING USES | | | |
| TRANSFERS OUT TO OTHER FUNDS | 509 | 508 | 1 |
| TOTAL OTHER FINANCING USES | 509 | 508 | 1 |
| NET OTHER FINANCING SOURCES (USES) | 509- | 508- | 1 |

BAY COUNTY
HISTORICAL PRESERVATION FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|---|---------------------------|----------------|---|
| INTERESTS, RENTS AND ROYALTIES HISTORICAL PRESERVATION | 25 | 121 | 96 |
| TOTAL INTERESTS, RENTS AND ROYALTIES | 25 | 121 | 96 |
| PROPERTY AND OTHER TAXES HISTORICAL PRESERVATION | 269,907 | 271,819 | 1,912 |
| TOTAL PROPERTY AND OTHER TAXES | 269,907 | 271,819 | 1,912 |
| TOTAL REVENUES | 269,932 | 271,940 | 2,008 |

BAY COUNTY
HISTORICAL PRESERVATION FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-------------------------------|---------------------------|--------------------|---|
| RECREATION AND CULTURE | | | |
| HISTORICAL PRESERVATION | | | |
| OTHER SERVICES AND CHARGES | <u>269,932</u> | <u>271,940</u> | <u>2,008-</u> |
| TOTAL HISTORICAL PRESERVATION | <u>269,932</u> | <u>271,940</u> | <u>2,008-</u> |
| TOTAL RECREATION AND CULTURE | <u>269,932</u> | <u>271,940</u> | <u>2,008-</u> |
| TOTAL EXPENDITURES | <u>269,932</u> | <u>271,940</u> | <u>2,008-</u> |
| | ===== | ===== | ===== |

BAY COUNTY
 BLDG AUTHORITY DEBT FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED</u> <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u> |
|---|---------------------------------|---------------------------|---|
| INTERESTS, RENTS AND ROYALTIES | | | |
| BLDG AUTH-L.E.C. RENOVATION | 230 | 376 | 146 |
| BLDG AUTH-COURT FACILITIES | 0 | 2 | 2 |
| BLDG AUTH-LIBRARY PROJECT | 15,000 | 26,033 | 11,033 |
| BLDG AUTH-DEBT SRV,MH GRP HOME | <u>288,800</u> | <u>305,144</u> | <u>16,344</u> |
| TOTAL INTERESTS, RENTS AND ROYALTIES | <u>304,030</u> | <u>331,555</u> | <u>27,525</u> |
| REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | | | |
| BLDG AUTH-LIBRARY PROJECT | <u>1,328,471</u> | <u>1,328,470</u> | <u>1-</u> |
| TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES | <u>1,328,471</u> | <u>1,328,470</u> | <u>1-</u> |
| TOTAL REVENUES | <u>1,632,501</u> ===== | <u>1,660,025</u> ===== | <u>27,524</u> ===== |

BAY COUNTY
 BLDG AUTHORITY DEBT FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-----------------------------------|---------------------------|------------------|---|
| DEBT SERVICE | | | |
| BLDG AUTH-L.E.C. RENOVATION | | | |
| OTHER SERVICES AND CHARGES | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL BLDG AUTH-L.E.C. RENOVATION | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL DEBT SERVICE | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| DEBT SERVICE | | | |
| PRINCIPAL PAYMENTS | 2,120,000 | 2,120,000 | 0 |
| INTEREST PAYMENT | 1,151,975 | 1,151,672 | 303 |
| PAYING AGENT & CREMATION FEES | 300 | 300 | 0 |
| | <u>3,272,275</u> | <u>3,271,972</u> | <u>303</u> |
| TOTAL DEBT SERVICE | 3,272,275 | 3,271,972 | 303 |
| | <u>3,272,275</u> | <u>3,271,972</u> | <u>303</u> |
| TOTAL EXPENDITURES | 3,272,275 | 3,271,972 | 303 |
| | ===== | ===== | ===== |

BAY COUNTY
 BLDG AUTHORITY DEBT FUND
 SCHEDULE OF OTHER FINANCING SOURCES AND USES
 YEAR ENDED DECEMBER 31, 2007

| | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--|---------------------------|----------------------|---|
| OTHER FINANCING SOURCES | | | |
| TRANSFERS IN FROM GENERAL FUND | <u>1,689,794</u> | <u>1,689,794</u> | <u>0</u> |
| TOTAL OTHER FINANCING SOURCES | <u>1,689,794</u> | <u>1,689,794</u> | <u>0</u> |
| NET OTHER FINANCING SOURCES (USES) | <u>1,689,794</u> | <u>1,689,794</u> | <u>0</u> |
| | ===== | ===== | ===== |



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE UNDER SAS NO. 114

June 25, 2008

To the Board of Commissioners
Bay County

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bay County (the "County") for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter dated December 28, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the *County*. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of *County's* compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the

appropriateness of accounting policies and their application. The significant accounting policies used by the *County* are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 25, 2008.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

This information is intended solely for the use of the governing body and management of Bay County 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, appearing to read "Lehmann Johnson".

BAY COUNTY

Comments and Recommendations

For the Year Ended December 31, 2007

In planning and performing our audit of the financial statements of Bay County (the "County") as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (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.

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.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Other Matters

1) Sheriff's Daily Housing Receivable Balances

The daily housing receivable balances in the Swanson system at the Sheriff's Department/Jail are not typically reviewed. A strong system of internal controls requires segregation of duties, in which work done by one individual would at a minimum be reviewed by another individual. However, in the current system no one reviews the balances or procedures prior to checks or credits being issued.

Recommendation:

The County should review these procedures and implement whatever procedures deemed necessary to ensure that proper segregation of duties, including reviews, exist in this system.

BAY COUNTY

Comments and Recommendations

For the Year Ended December 31, 2007

Management's Response:

The County will establish and implement the necessary internal controls to ensure that proper segregation of duties and/or reviews exist within this system.

* * * * *