Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

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

Local Unit of Government Type	Local Unit Name	County
☒County ☐City ☐Twp ☐Village ☐Other	Ionia County	Ionia

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
12/31/05	4/13/06	6/30/06

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	✗	
The letter of Comments and Recommendations	✗	
Other (Describe) Single Audit Report	✗	

Certified Public Accountant (Firm Name)	Telephone Number		
Layton and Richardson, P.C.	517-332-1900		
Street Address	**City**	**State**	**Zip**
1000 Coolidge Road	East Lansing	MI	48823

Authorizing CPA Signature	Printed Name	License Number
Vickie Crouch	Vickie Crouch	1604878

IONIA COUNTY, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

AND

INDEPENDENT AUDITORS' REPORT

Layton & Richardson, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Ionia County
Ionia, 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 Ionia, Michigan as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Ionia, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Ionia County Road Commission. The Ionia County Road Commission represents 42% of the assets and 93% of the revenues of the component unit fund type. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ionia County Road Commission is based solely on the report of the other auditor.

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

In our opinion, 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 Ionia, Michigan as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2006, on our consideration of the County of Ionia, Michigan's internal control over financial reporting and on 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 on pages 3 through 9 and the required supplementary information on pages 58 through 61 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires 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 an opinion on the financial statements that collectively comprise the County of Ionia, Michigan's basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section are for purposes of additional analysis and are not a required part of the basic financial statements. We have issued, in a separate letter dated April 13, 2006 a schedule of expenditures of federal awards for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and it is also not a required part of the basic financial statements of the Ionia County, Michigan. The supplemental financial information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Layton & Richardson P.C.
Certified Public Accountants

East Lansing, Michigan
April 13, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Ionia, we offer this narrative overview and analysis of the financial activities of the County of Ionia for the fiscal year ended December 31, 2005. The purpose of this overview and discussion is to provide a narrative insight into the financial structure and position of the County of Ionia. This Discussion and Analysis should be read in conjunction with the financial statements contained herein.

HIGHLIGHTS

Financial Highlights

* Total Net Assets equal $24.7 million.
* Total Outstanding Debt is $16.1 million.

USING THIS REPORT

As stated above, this discussion and analysis is intended to serve as an introduction to the County of Ionia basic financial statements. The basic financial statements have three components: *Government-Wide Financial Statements*; *Fund Financial Statements*; and *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

Government-Wide Financial Statements are intended to report information about the County as a whole using accounting methods similar to those used in the private sector. The *Government-Wide Financial Statements* are used to provide a long-term view of the financial stability of the County and are divided into the *Statement of Net Assets* and the *Statement of Activities*.

The *Statement of Net Assets* includes all of the County of Ionia's Assets and Liabilities. The difference between Assets and Liabilities is reported as Net Assets. Over time, increases or decreases in Net Assets may serve as a useful indicator of the financial position of the County of Ionia.

The *Statement of Activities* provides summary information regarding the revenue and expenses relating to specific programs within the County of Ionia.

Both of the *Government-Wide Financial Statements* distinguish functions of Ionia County that are principally supported by taxes and intergovernmental revenues (*Governmental-Type Activities*) or 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-Type Activities for Ionia County are combined into program areas such as Legislative, Judicial, General Government, Public Safety, Health & Welfare, and Other Activities. The Business-Type Activities include the Delinquent Tax Revolving Fund and the County Airport Fund, both of which are Enterprise Funds.

The Government-Wide Financial Statements include not only the activities for the County of Ionia, but also two legally separate entities, the Ionia County Road Commission and County Drains, for which the County of Ionia is financially accountable. These activities are known as *Component Units*, because they are reported in the County of Ionia financial statements, but are not combined with total figures for County finances.

Fund Financial Statements

A *Fund* is used to group related accounts to maintain control over resources that have been segregated for specific activities or objectives. Ionia County, as with other state and local units of government, uses fund accounting to control and manage resources for particular purposes and to ensure compliance with finance-related legal requirements. All of the Funds of Ionia County can be grouped into three categories: *Governmental Funds, Proprietary Funds, and Fiduciary Funds.*

Governmental Funds: *Governmental Funds* are used to account for a majority of the basic services provided by the County, essentially those same functions reported as Governmental Activities under the Government-Wide Financial Statements. The Governmental Fund Financial Statements, however, focus on the short-term financial position, such as how cash and assets can be converted into cash flow and what balances remain at the end of a fiscal year for spending.

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.

The County of Ionia maintains 22 individual *Governmental Funds*. The General Fund is the primary fund used to account for activities of the County of Ionia. Other major governmental funds include the Public Health Fund and the Central Dispatch Fund. The remaining governmental funds are combined and reported in the Government-Wide Financial Statements as Other Governmental Funds. Of special note is that activities for the operation of Parks & Recreation, Friend of the Court, Resource Recovery, Building Inspector, Commission on Aging, and Courts Security are contained within the Other Governmental Funds.

The County of Ionia adopts an annual budget for its General Fund, Special Revenue Funds and the Airport Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds: The County of Ionia maintains two different types of proprietary funds: *Enterprise and Internal Service. Enterprise Funds* are used to report the same functions presented as *Business-Type Activities* in the Government-Wide Financial Statements. The County of Ionia uses enterprise funds to account for its Delinquent Tax Revolving and Airport activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County of Ionia uses no *Internal Service Funds.*

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 of Ionia's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

GOVERNMENT-WIDE FINANCIAL INFORMATION AND ANALYSIS

As noted earlier, Net Assets may serve over time as a useful indicator of a government's financial position. During the current period, however, the use of Net Assets in comparison to prior years is useless due to the several accounting adjustments that were made in 2005. The following schedule is a summary presentation of Ionia County's Assets, Liabilities, and Net Assets at December 31, 2005. This schedule shows that the County's Assets exceeded liabilities by $24.7 million as of the end of 2005.

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2004	2005	2004	2005	2004	2005	
Assets							
Current Assets							
Cash	$ 3,938,359	$ 5,103,835	$ 969,171	$ 1,163,088	$ 4,907,530	$ 6,266,923	27.70%
Investments	$ -	$ 1,474,088	$ 5,567,081	$ 4,949,672	$ 5,567,081	$ 6,423,760	15.39%
Other Current Assets	$ 7,148,660	$ 16,165,778	$ 908,494	$ 992,996	$ 8,057,154	$ 17,158,774	112.96%
Non-Current Assets							
Fixed (Capital) Assets	$ 6,097,593	$ 9,069,008	$ 1,390,255	$ 1,274,886	$ 7,487,848	$ 10,343,894	38.14%
Other Non-Current Assets	$ 63,000	$ 63,000	$ -		$ 63,000	$ 63,000	0.00%
Total Assets	$ 17,247,612	$ 31,875,709	$ 8,835,001	$ 8,380,642	$ 26,082,613	$ 40,256,351	54.34%
Liabilities							
Current Liabilities	$ 1,387,179	$ 1,449,327	$ 3,625	$ 110,967	$ 1,390,804	$ 1,560,294	12.19%
Non-Current Liabilities							
Bonds & Notes Payable	$ 10,115,000	$ 13,170,000	$ -	$ -	$ 10,115,000	$ 13,170,000	30.20%
Accrued Sick & Vacation Pay	$ 756,853	$ 821,934	$ -	$ -	$ 756,853	$ 821,934	8.60%
Total Liabilities	$ 12,259,032	$ 15,441,261	$ 3,625	$ 110,967	$ 12,262,657	$ 15,552,228	26.83%
Net Assets							
Invested in capital, Net of Debt	$ (4,642,407)	$ 4,259,008	$ 1,390,255	$ 1,274,886	$ (3,252,152)	$ 5,533,894	-270.16%
Restricted	$ -	$ -	$ -	$ -	$ -	$ -	
Unrestricted	$ 9,630,987	$ 12,175,440	$ 7,441,121	$ 6,994,789	$ 17,072,108	$ 19,170,229	12.29%
Total Net Assets	$ 4,988,580	$ 16,434,448	$ 8,831,376	$ 8,269,675	$ 13,819,956	$ 24,704,123	78.76%

While the County of Ionia ended the current reporting period with Net Assets of $24.7 million, representing an increase of 78.76 percent over the previous year, a large share of this increase is the result of accounting adjustments to show the value of infrastructure improvements in which the County bonded on behalf of other governmental units. These are shown in prior period adjustment schedules within the financial statements.

A further breakdown of the County of Ionia's $24.7 million in Net Assets, and the change in Net Assets during 2005, is shown in the following table.

	Governmental Activities		Business-Type Activities		Total		Percent
	2004	2005	2004	2005	2004	2005	Change
Revenue:							
Program Revenue							
Charges for Services	$ 5,121,267	$ 8,171,141	$ 216,880	$ 119,926	$ 5,338,147	$ 8,291,067	55.32%
Operating Grants & Contributions	$ 5,308,725	$ 4,719,998	$ -	$ -	$ 5,308,725	$ 4,719,998	-11.09%
Capital Grants & Contributions	$ -	$ -	$ -	$ -	$ -	$ -	0.00%
General Revenue							
Property Taxes	$ 4,641,620	$ 8,085,879	$ -	$ -	$ 4,641,620	$ 8,085,879	74.20%
Other	$ 1,443,732	$ 2,395,614	$ 358,812	$ 418,764	$ 1,802,544	$ 2,814,378	56.13%
Total Revenue	**$ 16,515,344**	**$ 23,372,632**	**$ 575,692**	**$ 538,690**	**$ 17,091,036**	**$ 23,911,322**	**39.91%**
Expenses:							
Legislative	$ 78,610	$ 90,272			$ 78,610	$ 90,272	14.84%
Judicial	$ 2,896,122	$ 2,968,866			$ 2,896,122	$ 2,968,866	2.51%
General Government	$ 2,583,261	$ 2,781,821			$ 2,583,261	$ 2,781,821	7.69%
Public Safety	$ 4,730,922	$ 5,349,267			$ 4,730,922	$ 5,349,267	13.07%
Health & Welfare	$ 3,763,503	$ 4,195,161			$ 3,763,503	$ 4,195,161	11.47%
Other	$ 5,697,629	$ 2,539,622			$ 5,697,629	$ 2,539,622	-55.43%
Interest on Long-Term Debt	$ 286,853	$ 434,698			$ 286,853	$ 434,698	51.54%
Delinquent Tax Revolving			$ 48,625	$ 49,916	$ 48,625	$ 49,916	2.66%
Airport			$ 152,223	$ 159,355	$ 152,223	$ 159,355	4.69%
Total Expenses	**$ 20,036,900**	**$ 18,359,707**	**$ 200,848**	**$ 209,271**	**$ 20,237,748**	**$ 18,568,978**	**-8.25%**
Increase (Decrease) before Transfers	$ (3,521,556)	$ 5,012,925	$ 374,844	$ 329,419	$ (3,146,712)	$ 5,342,344	-269.78%
Transfers	$ 237,298	$ 701,338	$ (409,880)	$ (891,120)	$ (172,582)	$ (189,782)	9.97%
Increase (Decrease) of Net Assets	**$ (3,284,258)**	**$ 5,714,263**	**$ (35,036)**	**$ (561,701)**	**$ (3,319,294)**	**$ 5,152,562**	**-255.23%**
Net Assets, January 1	$ 8,118,321	$ 4,988,580	$ 8,866,412	$ 8,831,376	$ 16,984,733	$ 13,819,956	-18.63%
Prior Period Adjustments	$ 154,517	$ 5,731,605	$ -	$ -	$ 154,517	$ 5,731,605	3609.37%
Net Assets, December 31	**$ 4,988,580**	**$ 16,434,448**	**$ 8,831,376**	**$ 8,269,675**	**$ 13,819,956**	**$ 24,704,123**	**78.76%**

Another large portion of the increase in Net Assets is the result of early collection of property taxes as a result of changes in state law to cover the cost of maintaining revenue sharing payments to counties.

ANALYSIS OF INDIVIDUAL FUNDS

The County of Ionia uses fund accounting in order to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Most governmental activities are accounted for in the General Fund, although some governmental activities, particularly those with a dedicated source of revenue, are accounted for in Special Revenue Funds.

The focus of these Governmental Funds is to provide information on near-term inflows, outflows, and balances of available resources. The County of Ionia's Governmental Fund statements break down this information in categories for the General Fund, the Public Health Fund, the Central Dispatch Fund, Other Governmental Funds, and a Total of all funds.

The chief operating fund of the County of Ionia, the General Fund, finished with a balance of $861,784. Of this, $798,784 is considered unreserved, which means it is available for spending at the government's discretion. A common financial management practice is to designate a portion of fund balance toward maintaining current services during unexpected, catastrophic events. A common suggested benchmark is 8 to 12 percent of expenditures (including transfers to other funds), or about one to 1½ months of services. The County of Ionia strives to maintain fund balances closer to the 16 percent range, or about 2 months of services, in most of its governmental funds. The current unreserved fund balance in the General Fund represents 8.1 percent of expenditures during 2005.

The Public Health Fund finished 2005 with a balance of $814,863. Of this, all is unreserved, representing 58.1 percent of total expenditures. This fairly substantial fund balance is the result of General Fund appropriations during the late 90's that exceeded the needs of the fund. These appropriations accumulated within the Public Health Fund and continue to be held in that fund. During the past few years, General Fund appropriations to the Public Health fund have been greatly reduced (by more than 50 percent), while annual budgets for the fund have anticipated the use of fund balance to cover the reduced General Fund appropriation.

The Central Dispatch Fund finished 2005 with a balance of $591,244. Of this, $489,724 is unreserved, representing 40.8 percent of total expenditures. The major source of revenue for the Central Dispatch Fund is a 16 percent surcharge on telephones, which is renewed by voters every four years.

The Fund entitled General Fund Designated (102) is used to purchase equipment and plan for future capital acquisitions, in addition to special one-time projects. The General Fund Designated Fund finished with a balance of $1,444,616. Of this, 100 percent is earmarked toward a multi-year equipment and capital projects plan.

A total of $3,144,052 is reported as fund balance for Other Governmental Funds. Of this, $1,573,464 is unreserved, representing 28.1 percent of total expenditures. For all Governmental Funds (General, Permanent and Special Revenue), there is a fund balance of $7,343,185, of which $3,676,835 is unreserved. This represents 16.8 percent of total expenditures for all Governmental Funds, well above the 8 to 12 percent of fund balance recommended, and 0.8 % above the County's internal established guidelines.

Proprietary Funds: The County of Ionia's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail.

The Delinquent Tax Revolving Fund is used for the administration of delinquent tax payments to local units of government, and the collection of payments and penalties from delinquent taxpayers. The County of Ionia uses interest earned from the Delinquent Tax Revolving Fund to finance various capital and other projects. Interest is earned on the fund through investments, but also from penalties assessed to delinquent taxpayers. Typically, the County of Ionia uses audited interest earned figures from the prior year to allocate resources for the upcoming budget year.

The Airport Fund is used to maintain the Ionia County Airport. Some grant-related activity flows through the Airport Fund, such as payments to the Michigan Department of Transportation, Bureau of Aeronautics, as match money for federal/state airport improvement grants. The Ionia County Airport receives $150,000 annually from the federal government for airport improvement projects. The County must match five percent.

BUDGET VARIANCE ANALYSIS

There are no significant revenue or expenditure variances to report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The County of Ionia's investment in Fixed (Capital) Assets was $10.34 million by the end of 2005, as shown in the following table.

	Governmental Activities		Business-Type Activities		Total		Percent
	2004	2005	2004	2005	2004	2005	Change
Non-Depreciated Assets							
Land	$ 331,075	$ 3,518,207	$ 210,060	$ 210,060	$ 541,135	$ 3,728,267	588.97%
Depreciated Assets							
Buildings	$ 6,243,344	$ 6,243,344	$ 177,909	$ 177,909	$ 6,421,253	$ 6,421,253	0.00%
Improvements	$ 1,403,925	$ 1,403,925	$ 1,707,261	$ 1,707,261	$ 3,111,186	$ 3,111,186	0.00%
Machinery & Equipment	$ 1,353,894	$ 1,376,303	$ 4,016	$ 4,016	$ 1,357,910	$ 1,380,319	1.65%
Less: Accumulated Depreciation	$ 3,234,645	$ 3,472,771	$ 708,991	$ 824,360	$ 3,943,636	$ 4,297,131	8.96%
Net Capital Assets	$ 6,097,593	$ 9,069,008	$ 1,390,255	$ 1,274,886	$ 7,487,848	$ 10,343,894	38.14%

The County of Ionia had $16.1 million in outstanding debt at the end of 2005. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The County of Ionia has been able to leverage its tax base and superior bond rating to the benefit of its local units of government, particularly the Ionia Area Sewage Disposal System, the City of Ionia, and the Ionia County Road Commission.

The County of Ionia's only outstanding obligation that is not paid by a benefiting entity is the $510,000 Building Authority bond that was issued to construct the Health Building.

	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding
Governmental Activities			
County of Ionia SDS #1	$ 100,000	$ 100,000	$ -
County of Ionia SDS #2	$ 3,300,000	$ 3,300,000	$ -
Michigan State Revolving Loan Fund - SDS	$ 2,005,000	$ 2,005,000	$ -
County of Ionia - Health Building	$ 510,000	$ -	$ 510,000
County of Ionia - City of Ionia Water/Sewer	$ 4,200,000	$ 4,200,000	$ -
City of Ionia Water/Sewer	$ 3,700,000	$ 3,700,000	$ -
Component Units			
Transportation Fund Bonds	$ 570,000	$ 570,000	$ -
2002 Road Commission Installment Loan	$ 30,556	$ 30,556	$ -
2003 Road Commission Installment Loan	$ 48,557	$ 48,557	$ -
2005 Road Commission Installment Loan	$ 123,000	$ 123,000	$ -
Various Drainage District Bonds	$ 869,009	$ 869,009	$ -
Hartwell Drains	$ 685,000	$ 685,000	$ -
Collier-Mud Creek Intercounty Drain	$ 27,311	$ 27,311	$ -
Total Outstanding Debt	**$ 16,168,433**	**$ 15,658,433**	**$ 510,000**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Because of its location between the metropolitan areas of Grand Rapids and Lansing, Ionia County has enjoyed stable growth in its property tax collection as a result of new construction on both the east and west sides of the county.

The Michigan Legislature has also provided some stability in revenue sharing payments to counties, which amounts to approximately 10 percent of the county's General Fund, although Ionia County can only rely on this stability through 2008.

Rising costs for wages and benefits, particularly health insurance, an increased demand for services, and the need for greater court security will have significant impacts on future county budgets.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Any questions about this report, or requests for additional financial information, may be directed to:

Ionia County Administration
Finance Department
100 West Main Street
Ionia, MI 48846

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide information of the governmental activities, business-type activities, aggregate totals of discretely presented component units, major funds and the aggregate remaining funds, which collectively, comprise the activities of the County of Ionia, Michigan.

IONIA COUNTY, MICHIGAN

STATEMENT OF NET ASSETS - GOVERNMENT WIDE

DECEMBER 31, 2005

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	$ 5,103,835	$ 1,163,088	$ 6,266,923	$ 1,558,042
Investments	1,474,088	4,949,672	6,423,760	
Receivables				
Taxes	5,779,119	926,137	6,705,256	
Accounts	187,378		187,378	38,859
Bond discount	112,741		112,741	6,546
Prepaid expenses	11,514		11,514	121,399
Inventory				418,814
Due from				
Other funds	420,853		420,853	
Others	333		333	
Other governmental units	9,653,840	66,859	9,720,699	975,163
Long-term capital advance to capital project fund	8,000		8,000	
Long-term advance to enterprise fund	55,000		55,000	
Fixed assets (net of accumulated depreciation)	9,069,008	1,274,886	10,343,894	35,428,494
TOTAL ASSETS	$ 31,875,709	$ 8,380,642	$ 40,256,351	$ 38,547,317

See accompanying notes to financial statements.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current liabilities				
Payables				
Accounts	$ 267,432	$ 5,394	$ 272,826	$ 304,917
Retention				2,215
Payroll and payroll taxes	188,694		188,694	
Due to other governmental units		105,573	105,573	57,031
Deferred revenue	110,530		110,530	
Accrued liabilities				60,561
Accrued interest	237,671		237,671	33,596
Deposits payable				348,680
Bonds and notes payable	645,000		645,000	662,522
Noncurrent liabilities				
Bonds and notes payable	13,170,000		13,170,000	1,690,911
Other long-term liabilities				22,000
Accrued sick and vacation pay	821,934		821,934	189,343
TOTAL LIABILITIES	15,441,261	110,967	15,552,228	3,371,776
NET ASSETS				
Invested in capital assets, net of related debt	4,259,008	1,274,886	5,533,894	33,075,061
Unrestricted	12,175,440	6,994,789	19,170,229	2,100,480
TOTAL NET ASSETS	16,434,448	8,269,675	24,704,123	35,175,541
TOTAL LIABILITIES AND NET ASSETS	$ 31,875,709	$ 8,380,642	$ 40,256,351	$ 38,547,317

IONIA COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental activities			
Legislative	$ 90,272	$	$
Judicial	2,968,866	1,201,031	1,205,451
General government	2,781,821	802,992	126,257
Public safety	5,349,267	2,287,852	280,362
Health and welfare	4,195,161	362,839	1,826,403
Other	2,539,622	3,444,198	1,155,160
Interest on long-term debt	434,698	72,229	126,365
Total Governmental Activities	18,359,707	8,171,141	4,719,998
Business-Type Activities			
Delinquent tax revolving	49,916	90,093	
Airport	159,355	29,833	
Total Business-Type Activities	209,271	119,926	
Total Primary Government	$ 18,568,978	$ 8,291,067	$ 4,719,998
Component Units			
Road commission	$ 7,912,729	$ 1,275,665	$ 7,707,199
Special assessment drains	988,340	25,888	
Total Component Units	$ 8,901,069	$ 1,301,553	$ 7,707,199

General Revenues
- Property taxes levied for general purposes
- Property taxes levied for debt service
- Licenses and permits
- Miscellaneous
- Unrestricted investment earnings

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, January 1

Prior Period Adjustment

Net Assets, December 31

See accompanying notes to financial statements.

PROGRAM REVENUES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	PRIMARY GOVERNMENT			
CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
$	$ (90,272)	$	$ (90,272)	$
	(562,384)		(562,384)	
	(1,852,572)		(1,852,572)	
	(2,781,053)		(2,781,053)	
	(2,005,919)		(2,005,919)	
	2,059,736		2,059,736	
	(236,104)		(236,104)	
	(5,468,568)		(5,468,568)	
		40,177	40,177	
		(129,522)	(129,522)	
		(89,345)	(89,345)	
$	(5,468,568)	(89,345)	(5,557,913)	
$				1,070,135
				(962,452)
$				107,683
	7,431,941		7,431,941	486,334
	653,938		653,938	
	189,507		189,507	74,976
	1,706,075		1,706,075	234,941
	500,032	418,764	918,796	73,637
	701,338	(891,120)	(189,782)	162,479
	11,182,831	(472,356)	10,710,475	1,032,367
	5,714,263	(561,701)	5,152,562	1,140,050
	4,988,580	8,831,376	13,819,956	34,035,491
	5,731,605		5,731,605	
	$ 16,434,448	$ 8,269,675	$ 24,704,123	$ 35,175,541

IONIA COUNTY, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	GENERAL	COUNTY HEALTH
ASSETS		
Cash and cash equivalents	$ 1,225	$ 341,880
Investments	835,594	
Current and delinquent property taxes receivable	5,779,119	
Accounts receivable	4,296	27,638
Prepaid expenses	4,499	
Due from other funds	420,852	535,247
Due from other governmental units	243,026	87
Due from others	333	
Long-term advance to capital project fund	8,000	
Long-term advance to internal service fund	55,000	
TOTAL ASSETS	$ 7,351,944	$ 904,852
LIABILITIES		
Due to other funds	$ 437,857	$
Accounts payable	87,944	58,183
Accrued payroll	110,548	31,806
Deferred revenue	5,853,811	
TOTAL LIABILITIES	6,490,160	89,989
FUND BALANCE		
Reserved for long-term advances	63,000	
Reserved for capital projects		
Reserved for cemetery trust		
Reserved for debt service		
Designated for facilities		
Unreserved, reported in		
General fund	798,784	
Special revenue funds		814,863
Permanent fund		
TOTAL FUND EQUITY	861,784	814,863
TOTAL LIABILITIES AND FUND EQUITY	$ 7,351,944	$ 904,852

See accompanying notes to financial statements.

E-911 CENTRAL DISPATCH	BPW WATER/SEWER 2005 CONSTRUCTION	GENERAL FUND DESIGNATED	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 286,680	$ 486,626	$ 1,403,702	$ 2,583,722	$ 5,103,835
206,408			432,086	1,474,088
				5,779,119
90,992			64,452	187,378
			7,015	11,514
			23,800	979,899
35,437		105,363	264,927	648,840
				333
				8,000
				55,000
$ 619,517	$ 486,626	$ 1,509,065	$ 3,376,002	$ 14,248,006
$	$	$	$ 121,189	$ 559,046
6,622		58,491	56,192	267,432
14,273			32,067	188,694
7,378		5,958	22,502	5,889,649
28,273		64,449	231,950	6,904,821
				63,000
101,520	486,626	894,616	1,021,949	2,504,711
			269,303	269,303
			279,336	279,336
		550,000		550,000
				798,784
489,724			1,569,954	2,874,541
			3,510	3,510
591,244	486,626	1,444,616	3,144,052	7,343,185
$ 619,517	$ 486,626	$ 1,509,065	$ 3,376,002	$ 14,248,006

IONIA COUNTY, MICHIGAN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE

STATEMENT OF NET ASSETS

DECEMBER 31, 2005

Total fund balances - governmental funds		$ 7,343,185
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $12,541,779 and the accumulated depreciation is $3,472,771		9,069,008
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt		112,741
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	$ 13,815,000	
Accrued interest	237,671	
Compensated absences	821,934	(14,874,605)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		14,784,119
Total net assets - governmental activities		$ 16,434,448

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AMD CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	GENERAL	COUNTY HEALTH
REVENUES		
Taxes	$ 5,629,666	$
Licenses and permits	189,507	
Federal and state grants	1,321,822	920,121
Contributions from local units and private sources		1,518
Charges for services	2,419,289	351,018
Fines and forfeitures	202,497	5,947
Interest and rents	227,841	
Lease income		
Other	314,858	296,880
TOTAL REVENUES	10,305,480	1,575,484
EXPENDITURES		
Legislative	90,272	
Judicial	2,170,758	
General government	2,659,585	
Public safety	3,468,157	
Health and welfare	182,391	1,401,885
Capital outlay		
Other	1,297,310	
Debt Service		
Principal		
Interest and fees		
TOTAL EXPENDITURES	9,868,473	1,401,885
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	437,007	173,599
OTHER FINANCING SOURCES (USES)		
Bond proceeds		
Operating transfers in	1,046,872	163,000
Operating transfers out	(842,982)	
TOTAL OTHER FINANCING SOURCES (USES)	203,890	163,000
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	640,897	336,599
FUND BALANCE, JANUARY 1	220,887	478,264
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, DECEMBER 31	$ 861,784	$ 814,863

See accompanying notes to financial statements.

E-911 CENTRAL DISPATCH	BPW WATER/SEWER 2005 CONSTRUCTION	GENERAL FUND DESIGNATED	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$	$	$	$ 2,099,957	$ 7,729,623
				189,507
		312,256	2,345,270	4,899,469
		4,300	132,388	138,206
1,169,333			628,330	4,567,970
			53,268	261,712
16,180	30,306		276,999	551,326
			72,229	72,229
17,466		325,141	426,589	1,380,934
1,202,979	30,306	641,697	6,035,030	19,790,976
				90,272
			767,726	2,938,484
			8,881	2,668,466
1,200,751			500,039	5,168,947
			2,545,747	4,130,023
	3,187,132		366,560	3,553,692
	56,548	580,013	367,928	2,301,799
			625,000	625,000
			403,330	403,330
1,200,751	3,243,680	580,013	5,585,211	21,880,013
2,228	(3,213,374)	61,684	449,819	(2,089,037)
	3,700,000			3,700,000
		725,700	648,650	2,584,222
			(1,039,902)	(1,882,884)
	3,700,000	725,700	(391,252)	4,401,338
2,228	486,626	787,384	58,567	2,312,301
589,016		657,232	3,133,880	5,079,279
			(48,395)	(48,395)
$ 591,244	$ 486,626	$ 1,444,616	$ 3,144,052	$ 7,343,185

IONIA COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

Net changes in fund balances - total governmental funds	$	2,312,301
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 depreciated over their estimated useful lives.		
Expenditures for capital assets		3,315,869
Less: current year depreciation		(324,114)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		3,581,656
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		
Accrued interest		(82,999)
Bond discount		51,631
Principal payments		625,000
Bond and loan proceeds		(3,700,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in long-term compensated absences		(65,081)
Change in net assets of governmental activities	$	5,714,263

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

DECEMBER 31, 2005

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	DELIQUENT TAX REVOLVING	AIRPORT	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 1,143,499	$ 19,589	$ 1,163,088
Investments	4,949,672		4,949,672
Receivables			
Taxes	926,137		926,137
Due from other governmental units	66,859		66,859
TOTAL CURRENT ASSETS	7,086,167	19,589	7,105,756
PROPERTY, PLANT AND EQUIPMENT			
Land and improvements		210,060	210,060
Buildings and structures		1,889,186	1,889,186
		2,099,246	2,099,246
Less: accumulated depreciation		824,360	824,360
NET PROPERTY, PLANT AND EQUIPMENT		1,274,886	1,274,886
TOTAL ASSETS	$ 7,086,167	$ 1,294,475	$ 8,380,642
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	$	$ 5,394	$ 5,394
Due to other governmental units	105,573		105,573
TOTAL CURRENT LIABILITIES	105,573	5,394	110,967
NET ASSETS			
Unreserved	6,980,594	1,289,081	8,269,675
TOTAL LIABILITIES AND NET ASSETS	$ 7,086,167	$ 1,294,475	$ 8,380,642

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	DELIQUENT TAX REVOLVING	AIRPORT	TOTAL
OPERATING REVENUES			
Charges for services	$	$ 29,833	$ 29,833
Collection fees on delinquent taxes	202,950		202,950
TOTAL OPERATING REVENUES	202,950	29,833	232,783
OPERATING EXPENSES			
Maintenance		43,986	43,986
Operating expenses	49,916		49,916
Depreciation		115,369	115,369
TOTAL OPERATING EXPENSES	49,916	159,355	209,271
OPERATING INCOME (LOSS)	153,034	(129,522)	23,512
NONOPERATING REVENUES (EXPENSES)			
Unrealized loss on investments	(112,857)		(112,857)
Interest earned	418,764		418,764
TOTAL NONOPERATING REVENUES (EXPENSES)	305,907		305,907
INCOME (LOSS) BEFORE OPERATING TRANSFERS	458,941	(129,522)	329,419
OPERATING TRANSFERS			
Operating transfers in		4,000	4,000
Operating transfers out	(895,120)		(895,120)
TOTAL OPERATING TRANSFERS	(895,120)	4,000	(891,120)
NET LOSS	(436,179)	(125,522)	(561,701)
NET ASSETS, JANUARY 1	7,416,773	1,414,603	8,831,376
NET ASSETS, DECEMBER 31	$ 6,980,594	$ 1,289,081	$ 8,269,675

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	DELINQUENT TAX REVOLVING	AIRPORT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 224,021	$ 29,833	$ 253,854
Cash payment for goods and services	(49,916)	(42,217)	(92,133)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	174,105	(12,384)	161,721
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in		4,000	4,000
Operating transfers out	(895,120)		(895,120)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(895,120)	4,000	(891,120)
CASH FLOWS FROM INVESTING ACTIVITIES			
Unrealized loss on investments	(112,857)		(112,857)
Interest received	418,764		418,764
NET CASH PROVIDED BY INVESTING ACTIVITIES	305,907		305,907
NET DECREASE IN CASH AND CASH EQUIVALENTS	(415,108)	(8,384)	(423,492)
CASH AND CASH EQUIVALENTS, JANUARY 1	6,508,279	27,973	6,536,252
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 6,093,171	$ 19,589	$ 6,112,760
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	$ 153,034	$ (129,522)	$ 23,512
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation		115,369	115,369
(Increase) decrease in taxes receivable	(19,635)		(19,635)
(Increase) decrease in due from other governmental units	16,095		16,095
Increase (decrease) in accounts payable		1,769	1,769
Increase (decrease) in due to other governmental units	24,611		24,611
Total adjustments	21,071	117,138	138,209
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 174,105	$ (12,384)	$ 161,721

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

COMBINING BALANCE SHEET

FIDUCIARY FUNDS

DECEMBER 31, 2005

	TRUST AND AGENCY	PAYROLL	CURRENT TAX COLLECTION	LIBRARY PENAL	TOTAL
ASSETS					
Cash and cash investments	$ 640,456	$ 47,810	$ 456,219	$ 257,704	$ 1,402,189
Cash - restricted	191,675	19,561			211,236
TOTAL ASSETS	$ 832,131	$ 67,371	$ 456,219	$ 257,704	$ 1,613,425
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	$ 240,319	$ 22,344	$	$	$ 262,663
Due to other governmental units	121,216		456,219	257,704	835,139
Due to State	45,244				45,244
Due to others	17,989	19,561			37,550
Due to other funds	395,387	25,466			420,853
Undistributed tax collection	11,976				11,976
TOTAL LIABILITIES	$ 832,131	$ 67,371	$ 456,219	$ 257,704	$ 1,613,425

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	SPECIAL REVENUE	DEBT SERVICE
ASSETS		
Cash	$ 1,457,455	$ 99,202
Investments		170,101
Accounts receivable	48,707	
Due from other governmental units	264,927	
Due from other funds		23,800
Prepaid expenses	7,015	
TOTAL ASSETS	$ 1,778,104	$ 293,103
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other funds	$ 97,389	$ 23,800
Payables		
Accounts	56,192	
Payroll and payroll taxes	32,067	
Deferred revenue	22,502	
TOTAL LIABILITIES	208,150	23,800
FUND BALANCE		
Reserved for capital projects		
Reserved for cemetary perpetual care		
Reserved for debt service		269,303
Unreserved	1,569,954	
TOTAL FUND BALANCE	1,569,954	269,303
TOTAL LIABILITIES AND FUND BALANCE	$ 1,778,104	$ 293,103

See accompanying notes to financial statements.

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ 1,006,204	$ 20,861	$ 2,583,722
	261,985	432,086
15,745		64,452
		264,927
		23,800
		7,015
$ 1,021,949	$ 282,846	$ 3,376,002

$	$	$ 121,189
		56,192
		32,067
		22,502
		231,950
1,021,949		1,021,949
	279,336	279,336
		269,303
	3,510	1,573,464
1,021,949	282,846	3,144,052
$ 1,021,949	$ 282,846	$ 3,376,002

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE	DEBT SERVICE
REVENUES		
Taxes and special assessments	$ 1,446,019	$ 653,938
Intergovernmental	2,345,270	
Contributions from local units and private sources	6,023	126,365
Charges for services	609,698	
Fines and forfeits	53,268	
Lease income		72,229
Interest and rentals	55,596	8,683
Other revenues	430,896	(9,899)
TOTAL REVENUES	4,946,770	851,316
EXPENDITURES		
Judicial	767,726	
General government	8,881	
Public safety	500,039	
Health and welfare	2,545,747	
Capital outlay		
Other	355,341	
Debt service		
Principal		625,000
Interest and fees		224,667
TOTAL EXPENDITURES	4,177,734	849,667
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	769,036	1,649
OTHER FINANCING SOURCES (USES)		
Operating transfers in	648,650	
Operating transfers out	(1,039,902)	
TOTAL OTHER FINANCING SOURCES (USES)	(391,252)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	377,784	1,649
FUND BALANCE, JANUARY 1	1,240,565	267,654
PRIOR PERIOD ADJUSTMENT	(48,395)	
FUND BALANCE, DECEMBER 31	$ 1,569,954	$ 269,303

See accompanying notes to financial statements.

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$	$	$ 2,099,957
		2,345,270
		132,388
18,632		628,330
		53,268
		72,229
210,871	1,849	276,999
	5,592	426,589
229,503	7,441	6,035,030
		767,726
		8,881
		500,039
		2,545,747
366,560		366,560
	12,587	367,928
		625,000
178,663		403,330
545,223	12,587	5,585,211
(315,720)	(5,146)	449,819
		648,650
		(1,039,902)
		(391,252)
(315,720)	(5,146)	58,567
1,337,669	287,992	3,133,880
		(48,395)
$ 1,021,949	$ 282,846	$ 3,144,052

IONIA COUNTY, MICHIGAN

STATEMENT OF NET ASSETS

COMPONENT UNITS

DECEMBER 31, 2005

	SPECIAL ASSESSMENT DRAINS	ROAD COMMISSION	TOTAL
ASSETS			
Cash	$ 1,237,112	$ 320,930	$ 1,558,042
Accounts receivable		38,859	38,859
Due from other governmental units		975,163	975,163
Bond discount	6,546		6,546
Prepaid expense		121,399	121,399
Inventory		418,814	418,814
Capital assets (net of accumulated depreciation)	93,767	35,334,727	35,428,494
TOTAL ASSETS	$ 1,337,425	$ 37,209,892	$ 38,547,317
LIABILITIES			
Accounts payable	$ 1,116	$ 303,801	$ 304,917
Retention payable		2,215	2,215
Accrued liabilities		60,561	60,561
Due to other governmental units		57,031	57,031
Advances and deposits	63,000	285,680	348,680
Accrued interest	21,007	12,589	33,596
Long-term liabilities			
Portion due within one year	373,743	288,779	662,522
Portion due after one year	1,207,577	694,677	1,902,254
TOTAL LIABILITIES	1,666,443	1,705,333	3,371,776
NET ASSETS			
Invested in capital assets, net of related debt	(1,487,553)	34,562,614	33,075,061
Unrestricted	1,158,535	941,945	2,100,480
TOTAL NET ASSETS	(329,018)	35,504,559	35,175,541
TOTAL LIABILITIES AND NET ASSETS	$ 1,337,425	$ 37,209,892	$ 38,547,317

See accompanying notes to financial statements.

IONIA COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES

COMPONENT UNITS

FOR THE YEAR ENDED DECEMBER 31, 2005

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Component units			
Special assessment drain	$ 988,340	$ 25,888	$
Road commission	7,912,729	1,275,665	7,707,199
Total Component Units	$ 8,901,069	$ 1,301,553	$ 7,707,199

General Revenues
Property taxes
Licenses and permits
Miscellaneous
Unrestricted investment earnings
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, January 1

Net Assets, December 31

See accompanying notes to financial statements.

PROGRAM REVENUES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
CAPITAL GRANTS AND CONTRIBUTIONS	SPECIAL ASSESSMENT DRAINS	ROAD COMMISSION	TOTAL
$	$ (962,452)	$	$ (962,452)
		1,070,135	1,070,135
$	(962,452)	1,070,135	107,683
	486,334		486,334
		74,976	74,976
		234,941	234,941
	41,706	31,931	73,637
	68,479	94,000	162,479
	596,519	435,848	1,032,367
	(365,933)	1,505,983	1,140,050
	36,915	33,998,576	34,035,491
	$ (329,018)	$ 35,504,559	$ 35,175,541

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ionia County, Michigan was organized in 1837 and covers an area of approximately 575 square miles, with the county seat located in the City of Ionia. The County operates under an elected Board of Commissioners (seven members) and provides services to its more than 60,000 residents in many areas, including law enforcement, administration of justice, community enrichment and development and human services.

The accounting policies of the County of Ionia, Michigan conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the County are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the County's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the County.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the County in the component unit column to emphasize their legally separate status from the primary government. The County is financially accountable, and exclusion from the basic financial statements would be misleading or incomplete.

Road Commission
Special Assessment Drains

Complete financial statements for each individual component unit may be obtained at the entity's administrative office.

B. Government-Wide and Fund Financial Statements

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

B. Government-Wide and Fund Financial Statements - Concluded

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported 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 revenues 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 available when they are collectible within the current period or soon enough thereafter to fund liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 County of Ionia.

The County of Ionia reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.
- The County Health fund accounts for health and welfare projects.
- The E-911 Central Dispatch fund accounts for the activities used to run and maintain the dispatch service.
- The BPW Water/Sewer 2005 Construction fund accounts for the cost of construction.
- The General designated fund is used to account for money set aside for capital projects.

The County of Ionia reports the following major proprietary funds:

- The Delinquent Tax Revolving fund accounts for the activities of all delinquent tax payments.
- The Airport fund accounts for the activities and operations of the County Airport.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

Additionally, the County of Ionia reports the following fund types:

Special Revenue Funds are used to finance particular activities and are created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory provisions to pay for certain activities with some special form of continuing revenues.

Capital Project Funds account for resources expended to acquire assets of a relatively permanent nature.

Fiduciary Funds account for resources reserved and held by a governmental unit as the trustee or as the agent for others.

The Cemetery Trust fund, a Permanent Fund, is used to account for resources legally held in trust to be used for cemetery perpetual care. All earnings of the fund, including any earnings on invested resources, may be used to support the organization's activities.

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 County of Ionia 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 rule are charges between the Delinquent Tax Revolving, Airport, and other functions and segments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets

Budgets for the General and Special Revenue Funds are enacted by the County Board of Commissioners annually through passage of a resolution, which establishes appropriations and identifies resources to finance them. Budgets are enacted by activity and, more specifically, by personnel expenditures and supplies and services within activity. Unexpended appropriations lapse at each year end. Budgets for the General and Special Revenue Funds shown in the financial statements are adopted on the cash basis, which is not in conformity with U.S. generally accepted accounting principals.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

E. Receivables

Receivables have been recognized for all significant amounts due the County. No allowances have been made for uncollectible amounts because, if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

F. Inventories

The inventory of supplies held by the Road Commission as of December 31, 2005 was determined by physical count and valued at cost.

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.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County of Ionia as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Concluded

H. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. 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. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

I. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

J. Deposits and Investments

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

K. Compensated Absences

Liabilities for compensated absences are recorded in the Long-Term portion of Bonds and notes payable as these liabilities are not intended to be liquidated with expendable available financial resources.

L. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

M. Fiscal Years Other Than December 31, 2005

The financial information presented in this report is for the year ended December 31, 2005, except for the County Health Fund, which has a September 30, 2005 year end.

N. Deferred Revenue

Deferred revenue recorded in the General Fund consists of the 2005 tax levy that was levied in 2005 and will be collected in 2006 and the funds are not available for current year expenditures.

NOTE 2: **PROPERTY TAX**

The 2005 property tax revenue includes property taxes levied principally on July 1, 2005, and substantially collected in July and December, 2005. The "2004 property taxes" became a lien on December 1, 2004, and were collected by March 1, 2005, except for those taxes which were returned delinquent. The total 2004 levy for the County was $7,729,623 for general operating purposes.

By agreement with various taxing authorities in the County, the County purchases, at face value, the real property taxes receivable which became delinquent on March 1, 2005. These taxes are recorded in an Enterprise Fund ($926,137 at December 31, 2005).

NOTE 3: **INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables balances at December 31, 2005 are as follows:

FUND	DUE FROM	FUND	DUE TO
General Fund	$ 395,387	Trust and Agency	$ 395,387
	25,466	Payroll	25,466
Subtotal	420,853	Subtotal	420,853
Revolving Drain	40,149	Special Assessment Drain	42,282
Drain Equipment Revolving	2,133		
Subtotal	42,282	Subtotal	42,282
	463,135		463,135
Elimination of Component Units	(42,282)		(42,282)
Government funds	$ 420,853	Fiduciary	$ 420,853

NOTE 4: **LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended December 31, 2005.

	GENERAL GOVERNMENT	COMPONENT UNIT
As of January 1, 2005	$10,740,000	$ 2,036,658
Additions (Reductions)	3,075,000	316,775
As of December 31, 2005	$13,815,000	$ 2,353,433

Long-term debt at December 31, 2005 is comprised of the individual issues:

	BALANCE JANUARY 1, 2005	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2005	DUE WITHIN ONE YEAR
Governmental Activities - Primary Government				
County of Ionia Sanitary Sewer Disposal System No. 1 Bonds, payable in increasing annual installments ranging from $95,000 in 2005 to $100,000 in 2006, plus interest at 5%	$ 195,000	$(95,000)	$ 100,000	$ 100,000

NOTE 4: **LONG-TERM OBLIGATIONS** – Continued

	BALANCE JANUARY 1, 2005	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2005	DUE WITHIN ONE YEAR
County of Ionia Water/Sewer Bond, payable in increasing annual installments ranging from $100,000 in 2005 to $1,400,000 in 2016, plus interest from 6.0% to 14.6%	$ 3,400,000	$(100,000)	$ 3,300,000	$ 100,000
Michigan State Revolving Loan Fund credit advances whereby Ionia Area Disposal System No. 1, Series 1990 Bonds are purchased by the Michigan Municipal Bond Authority, payable in variable annual installments ranging from $370,000 in 2005 to $415,000 in 2010, plus interest at 2%	$ 2,380,000	$(375,000)	$ 2,005,000	$ 385,000
Ionia County Health Department Building Refunding Bonds, Series 2005, payable in increasing annual installments ranging from $55,000 in 2005 to $75,000 in 2013, plus interest from 5.7% to 6.3%	565,000	(55,000)	510,000	60,000
County of Ionia Water/Sewer Improvement Bonds, payable in increasing annual installments ranging from $75,000 in 2007 to $300,000 in 2029, plus interest from 3.0% to 4.6%.	4,200,000		4,200,000	
County of Ionia BPW Water/Sewer Construction Bonds, payable in increasing annual installments ranging from $25,000 in 2005 to $275,000 in 2029, plus interest from 3.5% to 4.5%.		3,700,000	3,700,000	
Total Primary Government	$ 10,740,000	$ 3,075,000	$ 13,815,000	$ 645,000
Component Units				
1998 Michigan Transportation Fund Bonds, payable in variable annual installments ranging from $165,000 in 2005 to $200,000 in 2008, plus interest from 4.1% to 4.25%	$ 740,000	$(170,000)	$ 570,000	$ 170,000

NOTE 4: **LONG-TERM OBLIGATIONS** – Continued

	BALANCE JANUARY 1, 2005	ADDITIONS (DEDUCTIONS)	BALANCE DECEMBER 31, 2005	DUE WITHIN ONE YEAR
2002 Road Commission installment loan, payable in various amounts ranging from $40,528 in 2005 to $30,396 in 2006, plus interest at 3.49%	$ 69,024	$(38,468)	$ 30,556	$ 30,556
2003 Road Commission installment loan, payable in various amounts ranging from $50,272 in 2005 to $50,124 in 2006, plus interest at 3.27%	95,603	(47,046)	48,557	48,557
2005 Installment Loan, payable in various amounts ranging from $39,666 in 2006 to $42,349 in 2008 plus interest at 3.37%		123,000	123,000	39,666
Various Drainage District Bonds, payable in variable annual installments, plus interest from 4.09% to 5.47%, due February 2005 to June 2013	1,091,065	(222,056)	869,009	315,088
Collier-Mud Creek Intercounty Drain, payable in annual installments of $13,655 from 2005 to 2007, plus interest from 4.3% to 4.8%	40,966	(13,655)	27,311	13,655
Hartwell Drains payable in annual installments ranging from $45,000 in 2006 to $50,000 in 2020		685,000	685,000	45,000
Total Component Units	$ 2,036,658	$ 316,775	$ 2,353,433	$ 662,522

The annual requirements to pay future principal and interest are as follows:

		GOVERNMENTAL	COMPONENT UNITS	TOTAL
YEAR ENDING DECEMBER 31,				
2006	Principal	$ 645,000	$ 662,522	$ 1,307,522
	Interest	578,953	93,893	672,846
	Total	1,223,953	756,415	1,980,368
2007	Principal	705,000	448,729	1,153,729
	Interest	523,242	68,760	592,002
	Total	1,228,242	517,489	1,745,731

NOTE 4: **LONG-TERM OBLIGATIONS** – Continued

		GOVERNMENTAL	COMPONENT UNITS	TOTAL
YEAR ENDING DECEMBER 31,				
2008	Principal	$ 735,000	$ 399,204	$ 1,134,204
	Interest	504,582	50,722	555,304
	Total	1,239,582	449,926	1,689,508
2009	Principal	775,000	117,189	892,189
	Interest	484,725	35,175	519,900
	Total	1,259,725	152,364	1,412,089
2010	Principal	850,000	117,189	967,189
	Interest	459,242	28,801	488,043
	Total	1,309,242	145,990	1,455,232
2011-2015	Principal	2,455,000	373,600	2,828,600
	Interest	2,000,282	82,086	2,082,368
	Total	4,455,282	455,686	4,910,968
2016-2020	Principal	3,025,000	235,000	3,260,000
	Interest	2,432,482	26,195	2,458,677
	Total	5,457,482	261,195	5,718,677
2021-2025	Principal	2,375,000		2,375,000
	Interest	900,825		900,825
	Total	3,275,825		3,275,825
2026-2029	Principal	2,250,000		2,250,000
	Interest	257,212		257,212
	Total	2,507,212		2,507,212
TOTAL	Principal	13,815,000	2,353,433	16,168,433
	Interest	8,141,545	385,632	8,527,177
	Total	21,956,545	2,739,065	24,695,610

There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all significant limitations and restrictions.

The Michigan Department of Transportation Notes are collateralized by the full faith and credit of the County. Principal and interest are intended to be paid from the collection of monies from the Michigan Department of Transportation.

The County of Ionia Sanitary Sewage Disposal System No. 1 Bonds are collateralized primarily by the full faith and credit of the City of Ionia and the Townships of Easton and Ionia under contract with the County and secondarily by the full faith and credit of the County. Principal and interest is payable solely out of contractual payments required from the local units.

NOTE 4: **LONG-TERM OBLIGATIONS** - Concluded

The Michigan State Revolving Loan Fund program is a line of credit arrangement up to $6,475,000 with interest guaranteed at 2%. The borrowings are collateralized by the full faith and credit of the City of Ionia and the Townships of Ionia, Berlin, Easton and Orange under contract with the County. Principal and interest is intended to be paid out of contractual payments required from the local units.

The Ionia County Health Department Building Refunding Bonds are collateralized by the full faith and credit of the County. Principal and interest are intended to be paid from the collection of cash rental payments from the County to the Ionia County Building Authority.

The Collier-Mud Creek Intercounty Drain are collateralized by the full faith and credit of the County. Principal and interest are intended to be paid from collection of special assessments levied against benefitted properties in the drainage district.

The Drainage District bonds are collateralized in full by special assessments levied against benefitted properties located in the respective districts. Principal and interest are intended to be paid from the collection of these special assessments.

The Ionia County Water/Sewer Improvement bonds are collateralized by the full faith and credit of the County. Principal and interest are intended to be paid from the collection of special assessments levied against benefited properties in the drainage district. The drainage district is owned by the City of Ionia.

NOTE 5: **COMPENSATED ABSENCES**

Compensated absences included in general long-term debt account group at December 31, 2005 are liabilities for accumulated vacation and sick benefits detailed as follows:

Friend of the Court	$ 52,803
Road Commission	189,343
County general employees	300,490
Sheriff Department employees	238,223
Public Health employees	106,893
Commission on Aging employees	59,377
Central Dispatch employees	64,148
	$ 1,011,277

NOTE 6: **CONTINGENCIES**

There are various legal actions pending against the County. Due to the inconclusive nature of these actions, it is not possible for County management to determine the ultimate outcome of these actions nor a reasonable estimate of the County's potential liability, if any, beyond coverage provided through insurance or recorded liabilities. Management of the County is of the opinion that the ultimate resolution of such actions will not have a material effect on the financial position of the County.

As disclosed in the Combined Financial Statements, the County receives significant financial assistance from the State of Michigan and the federal government. The County's ability to continue operations at current levels may be dependent upon continued support from the state and federal governments.

The County has purchased liability insurance through a municipal group self insurance pool. The pool's liability limit for the County is $15,000,000 per occurrence. The County is liable for the first $75,000 per occurrence of coverage through this self-insurance pool. As of December 31, 2005, ending balance in the self-insurance pool was $31,935, with reported reserves of $84,259.

NOTE 7: **DEFINED BENEFIT PENSION PLAN**

COUNTY OF IONIA

Plan Description

The County participates in the County of Ionia Pension Plan, a single employer defined benefit pension plan that covers all employees of the County, except the Sheriff's Department and Central Dispatch. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The County of Ionia Pension Plan issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the County of Ionia, 100 West Main Street, Courthouse, Ionia, Michigan 48846. The report for 2005 was not yet issued at the conclusion of our audit, so the 2004 information is still being used.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by the County, and requires a contribution from the employees of 3% of annual compensation and by the employer for any other required amounts.

Annual Pension Cost

For the year ended December 31, 2004, the County's annual pension cost of $166,622 for the plan was equal to the County's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry actual age cost method. Significant actuarial assumptions used include (a) a 7.5% investment rate of return, and (b) projected salary increase of 3.5 percent per year. Both (a) and (b) include an inflation component of 0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a one year period.

	FISCAL YEAR ENDED DECEMBER 31,		
	2004	2003	2002
Annual pension cost	$ 152,792	$ 135,030	$ 127,252
Percentage of APC contributed	55.2%	62.4%	56.8%
Net pension obligation	223,538	237,365	186,617
Actuarial value of assets	3,697,777	3,489,774	3,425,599
Actuarial Accrued Liability (entry age)	4,465,742	4,004,238	3,785,826
Overfunded Actuarial Accrued Liability	(767,965)	(514,461)	(360,227)
Funded ratio	1.00	.87	.90
Covered payroll	2,964,635	2,372,364	2,225,146
OAAL as a percentage of covered payroll	(25.9)%	(21.7)%	(16.2)

SHERIFF DEPARTMENT

Plan Description

The Sheriff Department participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all union employees of the Sheriff's Department. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the County of Ionia, 100 West Main Street, Courthouse, Ionia, Michigan 48846.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** - Continued

SHERIFF DEPARTMENT - Concluded

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Sheriff Department's competitive bargaining units, and requires a contribution from the employees of 3% of gross wages and by the employer for any other required amounts.

Annual Pension Cost

For the year ended December 31, 2004 the Sheriff Department's annual pension cost of $118,842 for the plan was equal to the Sheriff Department's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry actual age cost method. Significant actuarial assumptions used include (a) a 8% investment rate of return, and (b) projected salary increase of 4.5 to 8.7 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a ten year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 35 years.

	FISCAL YEAR ENDED DECEMBER 31,		
	2004	2003	2002
Annual pension cost	$ 118,842	$ 107,150	$ 49,364
Percentage of APC contributed	100%	100 %	100.0%
Net pension obligation			
Actuarial value of assets	1,885,528	1,622,394	1,351,437
Actuarial Accrued Liability (entry age)	2,315,497	1,860,710	1,484,466
Unfunded Actuarial Accrued Liability	429,969	238,316	133,029
Funded ratio	.81	.87	.91
Covered payroll	1,943,226	1,739,539	1,687,791
UAAL as a percentage of covered payroll	22.13%	13.7%	7.9%

CENTRAL DISPATCH

Plan Description

In 1998, the Central Dispatch began participating in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all but three employees of the Central Dispatch. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the County of Ionia, 100 West Main Street, Courthouse, Ionia, Michigan 48846.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Central Dispatch's competitive bargaining units, and requires a contribution from the employees of 6.17% of gross wages and by the employer for any other required amounts.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** – Concluded

CENTRAL DISPATCH - Concluded

Annual Pension Cost

For the year ended December 31, 2005 the Central Dispatch's annual pension cost of $23,634 for the plan was equal to the Central Dispatch's required and actual contribution. The annual required contribution was determined based on estimates at December 31, 2002. Significant actuarial assumptions used include (a) an 8% investment rate of return, and (b) projected salary increase of 4.5 to 8.7 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a ten year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 35 years.

	FISCAL YEAR ENDED DECEMBER 31,		
	2005	2003	2002
Annual pension cost	$ 23,634	$ 32,270	$ 30,657
Percentage of APC contributed		100.0 %	100.0 %
Net pension obligation			
Actuarial value of assets	399,231	328,660	234,780
Actuarial Accrued Liability (entry age)	552,966	546,286	477,796
Unfunded Actuarial Accrued Liability	153,735	217,623	243,016
Funded ratio	.72	.60	.49
Covered payroll	446,837	385,201	424,550
UAAL as a percentage of covered payroll	34.4%	56.5%	57.2%

NOTE 8: **COMPLIANCE WITH STATE BUDGET ACT**

P.A. 621 of 1978, as amended, requires that a local unit of government adopt a budget for the general and special revenue funds. The County adopts budgets for only the general and special revenue funds. P.A. 621 also provides that a local unit shall not incur expenditures in excess of amounts appropriated. For the year ended December 31, 2005, the actual expenditures exceeded final budgeted amounts for the following funds:

	BUDGET	ACTUAL EXPENDITURES	VARIANCE (UNFAVORABLE)
Special Revenue			
Law Library	$ 8,500	$ 8,881	$(381)
Child Care	1,185,735	1,246,705	(60,970)

NOTE 9: **CASH AND CASH INVESTMENTS**

Cash resources from individual funds are combined to form a pool of cash deposits which is managed by the County Treasurer. Cash deposits consisted primarily of certificates of deposit, money-market savings accounts and checking accounts which are carried at cost.

NOTE 9: **CASH AND CASH INVESTMENTS** - Continued

The cash equity of the various funds at December 31, 2005 was as follows:

FUND	COMMON CASH	OTHER (INCLUDING IMPREST CASH OF $2,258)	RESTRICTED CASH	TOTAL
General	$	$ 1,225	$	$ 1,225
County Park	26,940			26,940
Friend of the Court	111,921	200		112,121
County Health*	791,726			791,726
Resource Recovery	11,065			11,065
CMET Grant	28,704			28,704
Payroll		47,810	19,561	67,371
Current Tax Collection		456,219		456,219
Register of Deeds Automation	113,494			113,494
General Fund Designated	1,403,702			1,403,702
Budget Stabilization	5,000			5,000
Specially Designated				
Community Contribution	31,951			31,951
E-911 Central Dispatch		286,680		286,680
Drug Forfeiture	22,727			22,727
Vehicle Forfeiture Fund	3,322			3,322
Special Investigative	9,506	533		10,039
Building Inspector	294,754			294,754
Juvenile Accountability Block Grant	632			632
Law Library	2,556			2,556
Aging	61,356	13,132		74,488
Community Development Block Grant		40,114		40,114
Soldiers' and Sailors' Relief	7,158			7,158
Veterans' Trust	1,866			1,866
Court's Security Fund	253,198			253,198
Bond Redemption		1,272		1,272
Water/Sewer Bond Redemption		19,033		19,033
Health Building Debt		78,897		78,897
Road Commission		320,930		320,930
Water/Sewer Construction		860,018		860,018
Johnson Road Improvement	146,186			146,186
Airport Fund	19,589			19,589
Revolving Drain	14,851			14,851
Delinquent Tax Revolving		1,143,499		1,143,499
Drain Equipment Revolving	17,895			17,895
Trust and Agency		640,456	191,675	832,131
Cemetery Trust		20,861		20,861
Library Penal		257,704		257,704
County Drain	1,204,366			1,204,366
State Revenue Sharing	416,763			416,763
Juvenile Justice	563			563
BPW Water/Sewer 2005 Construction		486,626		486,626
TOTAL CASH	$ 5,001,791	$ 4,675,209	$ 211,236	$ 9,888,236

*As of 12-31-05 since part of common cash

NOTE 9: **CASH AND CASH INVESTMENTS** – Continued

RECONCILIATION TO STATEMENTS

	COMMON CASH	OTHER CASH	RESTRICTED CASH	TOTAL
Governmental funds	$ 3,745,090	$ 1,808,591	$	$ 5,553,681
Proprietary funds				
Enterprise	19,589	1,143,499		1,163,088
Fiduciary funds		1,402,189	211,236	1,613,425
Component units	1,237,112	320,930		1,558,042
TOTAL CASH	$ 5,001,791	$ 4,675,209	$ 211,236	$ 9,888,236

	COMMON CASH
FINANCIAL STATEMENT PRESENTATION	
Cash and cash investments	$ 7,824,965
Cash and cash investments – Fiduciary funds	1,613,425
	9,438,390
Timing difference in County Health Cash Balance	449,846
	$ 9,888,236

At December 31, 2005, the bank balance for these deposits was $10,073,995. Of this amount, $303,988 was FDIC insured and the remaining $9,770,007 was uninsured.

Investments

As of December 31, 2005, the County had the following investments and maturities:

INVESTMENT TYPE	FAIR VALUE	INVESTMENT MATURITIES LESS THAN 1 YEAR	1-5 YEARS	6-10 YEARS
Federal Home Loans	$ 5,483,415	$ 248,908	$ 4,761,852	$ 472,655
Certificates of Deposit	940,345	920,345	20,000	
TOTAL	$ 6,423,760	$ 1,169,253	$ 4,781,852	$ 472,655

The County has adopted a formal investment policy – as required by Act 20 PA 1943 as amended – that complies with state law.

The Ionia County Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

a) Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States.
b) Certificates of deposit, savings accounts, deposit accounts or depository of a financial institution. The Ionia County Board of Commissioners shall designate authorized depositories at the Board's organizational meeting after each regular election of commissioners.
c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
d) Repurchase agreements consisting of instruments listed in (a).
e) Banker' acceptances of United States Banks.
f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
g) Mutual funds registered under the investment company act of 1940, title 1 of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by the County. This authorization is limited to securities whose intention is to maintain a net asset value of $1.00 per share.

NOTE 9: **CASH AND CASH INVESTMENTS** – Concluded

h) Investment pools through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
j) The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150

As of December 31, 2005, the amount of $820,000 was FDIC insured and the remaining $5,603,760 was uninsured and uncollateralized.

NOTE 10: **ADVANCES TO OTHER FUNDS**

To provide the Revolving Drain Fund and Drain Equipment Revolving with operating funds, the General Fund has provided long-term advances to these funds. These advances are not expected to be repaid during the current year and therefore a portion of the General Fund's fund balance has been reserved to indicate that the amounts receivable as advances to the other funds do not constitute "available spendable resources" since they are not a component of net current assets.

NOTE 11: **OPERATING TRANSFERS**

OPERATING FUND	TRANSFERS IN	OPERATING FUND	TRANSFERS OUT
Airport	$ 4,000	General	$ 842,982
County Drain	68,479		
Law Library	2,000		
Child Care	548,000		
County Health*	163,000		
Resource Recovery	30,000		
Soldiers' and Sailors' relief	200		
Subtotal	815,679	Subtotal	842,982
General	1,039,902	State Shared Revenue	1,039,902
Resource Recovery	14,700	Delinquent Tax Revolving	895,120
General	6,970		
Road Commission	94,000		
County Park	53,750		
General Fund Designated	725,700		
Subtotal	895,120	Subtotal	895,120
TOTAL	$ 2,750,701	TOTAL	$ 2,778,004

*The County Health Fund is reported in a year end that is different than that of the General Fund. This results in a timing difference in operating transfers as described below:

OPERATING FUND	TRANSFERS IN	OPERATING FUND	TRANSFERS OUT
County Health*	$ 27,303		$
	$ 2,778,004		$ 2,778,004

NOTE 12: **SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County maintains two Enterprise Funds: the Airport Fund and Delinquent Tax Revolving. Segment information for the year ended December 31, 2005 is as follows:

	DELINQUENT TAX REVOLVING	AIRPORT
Total assets	$ 7,086,167	$ 1,294,475
Total liabilities	105,573	5,394
Total net assets	6,980,594	1,289,081
Operating revenues	90,093	29,833
Operating expenses	49,916	159,355
Depreciation expense		115,369
Operating income (loss)	40,177	(129,522)
Nonoperating revenues	418,764	
Transfers	(895,120)	4,000
Change in net assets	(436,179)	(125,522)
Beginning net assets	7,416,773	1,414,603
Ending net assets	6,980,594	1,289,081
Cash flows from operating activities	61,248	(12,384)
Cash flows from noncapital financing activities	(895,120)	4,000
Cash flows from investing activities	418,764	
Cash and cash equivalents, beginning	6,508,279	27,973
Cash and cash equivalents, ending	6,093,171	19,589

NOTE 13: **FUND EQUITY**

Retained earning/fund balances have been reserved to indicate that portion of the fund equity which has been legally segregated for specific purposes. The following are reserved retained earning balances as of December 31, 2005:

GENERAL	
Reserved for long-term advances	$ 63,000
DEBT SERVICE	
Bond Redemption fund	$
Health Building Debt fund	
2001 Water/Sewer Bond Redemption	
	$ 269,303
SPECIAL REVENUE	
E-911 Central Dispatch	$ 101,520
CAPITAL PROJECTS FUND	
BPW Water/Sewer 2005 Construction	$ 486,626
Johnson Road Improvement	161,931
Capital Projects	860,018
	$ 1,508,575
PERMANENT	
Cemetery trust	$ 279,336
General Fund designated	1,444,616
	$ 1,723,952

NOTE 13: **FUND EQUITY** - Concluded

ENTERPRISE	
Delinquent Tax Fund	
Reserved for airport grant match	$
Reserved for capital improvements	
Reserved for Road Commission roadside brush cleaning	
Reserved for Facilities	
	$
COMPONENT UNITS	
County Drain Fund	$ 1,160,968
Road Commission	47,663
	$ 1,208,631

NOTE 14: **CAPITAL ASSETS**

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JANUARY 1, 2005	ADDITIONS	DELETIONS	DECEMBER 31, 2005
Capital assets not being depreciated				
Land	$ 331,075	$	$	$ 331,075
Construction in progress		3,187,132		3,187,132
Total capital assets not being Depreciated	331,075	3,187,132		3,518,207
Capital assets being depreciated				
Buildings	6,243,344			6,243,344
Improvements	1,403,925			1,403,925
Machinery and equipment	1,353,894	128,737	106,328	1,376,303
Total Capital assets being depreciated	9,001,163	128,737	106,328	9,023,572
Less: Accumulated Depreciation				
Buildings	2,064,600	123,364		2,187,964
Improvements	463,096	32,828		495,924
Machinery and equipment	706,949	167,922	85,988	788,883
Total Accumulated Depreciation	3,234,645	324,114	85,988	3,472,771
Total Capital Assets being depreciated - Net	5,766,518	(195,377)	20,340	5,550,801
NET CAPITAL ASSETS	$ 6,097,593	$ 2,991,755	$ 20,340	$ 9,069,008

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	$ 48,274
Judicial	30,382
Health and Welfare	65,138
Public Safety	180,320
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	$ 324,114

NOTE 14: **CAPITAL ASSETS** - Continued

A summary of the asset activity for the governmental activity component unit is as follows:

	JANUARY 1, 2005	ADDITIONS	DELETIONS	DECEMBER 31, 2005
COMPONENT UNIT				
Capital assets not being depreciated				
Land	$ 79,821	$	$	$ 79,821
Land improvements	10,084,505	931,761		11,016,266
Right of ways	80,000			80,000
Total Capital Assets not being depreciated	10,244,326	931,761		11,176,087
Capital assets being depreciated				
Building and improvements	2,482,222			2,482,222
Equipment	5,677,278	661,949	530,370	5,808,857
Infrastructure	34,621,235	2,716,299		37,337,534
Depletable aseets	10,080			10,080
Total Capital Assets being depreciated	42,790,815	3,378,248	530,370	45,638,693
Less: Accumulated Depreciation				
Buildings	675,134	73,338		748,472
Equipment	4,648,759	459,209	507,743	4,600,225
Infrastructure	13,878,874	2,158,715		16,037,589
Total Accumulated Depreciation	19,202,767	2,691,262	507,743	21,386,286
Total Capital Assets being depreciated	23,588,048	686,986	22,627	24,252,407
NET CAPITAL ASSETS	$ 33,832,374	$ 1,618,747	$ 22,627	$ 35,428,494

Capital assets for business-type activities have been summarized as follows:

BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	$ 210,060	$	$	$ 210,060
Capital assets being depreciated				
Buildings	177,909			177,909
Equipment	4,016			4,016
Improvements	1,707,261			1,707,261
Total Capital Assets being depreciated	1,889,186			1,889,186

NOTE 14: **CAPITAL ASSETS** - Concluded

	JANUARY 1, 2005	ADDITIONS	DELETIONS	DECEMBER 31, 2005
BUSINESS-TYPE ACTIVITIES - Concluded				
Less: Accumulated Depreciation				
Buildings	$ 135,279	$ 1,710	$	$ 136,989
Machinery and equipment	4,016			4,016
Improvements	569,696	113,659		683,355
Total Accumulated Depreciation	708,991	115,369		824,360
Total Capital Assets being depreciated	1,180,195	(115,369)		1,064,826
NET CAPITAL ASSETS	$ 1,390,255	$(115,369)	$	$ 1,274,886

Depreciation expense for business-type activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
Airport	$ 115,369

NOTE 15: **PRIOR PERIOD ADJUSTMENT**

General	
To record amount owed to County from City for Long-Term Debt	$ 5,780,000
Friend of the Court	
Income recorded twice in 2004	(48,395)
	$ 5,731,605

NOTE 16: **ACCUMULATED FUND DEFICITS**

The County had the following fund deficits at December 31, 2005:

Special Revenue	
Child Care	$(36,791)

REQUIRED SUPPLEMENTARY INFORMATION

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Taxes	$ 5,500,000	$ 5,500,000	$ 5,629,666	$ 129,666
Licenses and permits	156,000	221,000	189,507	(31,493)
Federal and state grants	1,174,900	1,376,262	1,321,822	(54,440)
Charges for services	2,402,100	2,410,600	2,419,289	8,689
Fines and forfeitures	195,000	195,000	202,497	7,497
Interest and rents	116,450	116,450	227,841	111,391
Other	274,750	233,695	314,858	81,163
TOTAL REVENUES	9,819,200	10,053,007	10,305,480	252,473
EXPENDITURES				
Legislative	82,990	97,540	90,272	7,268
Judicial	2,134,020	2,233,170	2,170,758	62,412
General government	2,608,634	2,706,760	2,659,585	47,175
Public safety	3,183,900	3,636,455	3,468,157	168,298
Health and welfare	176,480	190,180	182,391	7,789
Other	2,022,851	1,320,943	1,297,310	23,633
TOTAL EXPENDITURES	10,208,875	10,185,048	9,868,473	316,575
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(389,675)	(132,041)	437,007	569,048
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,192,275	1,042,275	1,046,872	4,597
Operating transfers out	(802,600)	(910,234)	(842,982)	67,252
TOTAL OTHER FINANCING SOURCES (USES)	389,675	132,041	203,890	71,849
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES			640,897	640,897
FUND BALANCE, JANAURY 1	220,887	220,887	220,887	
FUND BALANCE, DECEMBER 31	$ 220,887	$ 220,887	$ 861,784	$ 640,897

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

COUNTY HEALTH

FOR THE YEAR ENDED SEPTEMBER 30, 2005

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Federal and state grants	$ 963,148	$ 963,148	$ 920,121	$ (43,027)
Charges for services	336,598	336,598	351,018	14,420
Contributions from local units and private sources	1,000	1,000	1,518	518
Fines and forfeitures			5,947	5,947
Other	173,838	173,838	296,880	123,042
TOTAL REVENUES	1,474,584	1,474,584	1,575,484	100,900
EXPENDITURES				
Health and welfare	1,474,584	1,474,584	1,401,885	72,699
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES			173,599	173,599
OTHER FINANCING SOURCES				
Operating transfers in			163,000	163,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES			336,599	336,599
FUND BALANCE, JANAURY 1	478,264	478,264	478,264	
FUND BALANCE, DECEMBER 31	$ 478,264	$ 478,264	$ 814,863	$ 336,599

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

E-911 CENTRAL DISPATCH

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Charges for services	$ 1,239,400	$ 1,255,400	$ 1,169,333	$ (86,067)
Interest and rents	3,000	10,000	16,180	6,180
Other	9,000	19,100	17,466	(1,634)
TOTAL REVENUES	1,251,400	1,284,500	1,202,979	(81,521)
EXPENDITURES				
Public safety	1,165,375	1,220,775	1,200,751	20,024
EXCESS OF REVENUES OVER EXPENDITURES	86,025	63,725	2,228	(61,497)
FUND BALANCE, JANAURY 1	589,016	589,016	589,016	
FUND BALANCE, DECEMBER 31	$ 675,041	$ 652,741	$ 591,244	$ (61,497)

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND DESIGNATED

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Federal and state grants	$	$ 286,700	$ 312,256	$ 25,556
Contributions from private sources			4,300	4,300
Other	103,700	104,400	325,141	220,741
TOTAL REVENUES	103,700	391,100	641,697	250,597
EXPENDITURES				
Other	193,200	696,158	580,013	116,145
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,500)	(305,058)	61,684	366,742
OTHER FINANCING SOURCES				
Operating transfers in	175,700	391,258	725,700	334,442
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	86,200	86,200	787,384	701,184
FUND BALANCE, JANAURY 1	657,232	657,232	657,232	
FUND BALANCE, DECEMBER 31	$ 743,432	$ 743,432	$ 1,444,616	$ 701,184

GENERAL FUND

The General Fund is used to account for resources traditionally associated with local government, and any other activity for which a special fund has not been created.

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PROPERTY TAXES	$ 5,500,000	$ 5,629,666	$ 129,666
LICENSES AND PERMITS	221,000	189,507	(31,493)
FEDERAL AND STATE GRANTS			
Civil Defense emergency services	8,000	6,320	(1,680)
Prosecuting Attorney reimbursement	56,000	58,377	2,377
LEPC Grant	1,000	800	(200)
Court standardizatization and reimbursement	305,000	312,072	7,072
Circuit Court reimbursement	248,100	232,208	(15,892)
Secondary road patrol	103,900	135,828	31,928
Marine safety	5,500	10,410	4,910
Remonumentation	109,432	100,439	(8,993)
State shared revenues	128,600	126,257	(2,343)
Liquor inspection	8,200	9,406	1,206
Drug interdiction	7,400	6,479	(921)
Cigarette tax	38,400	38,455	55
Other grants	258,910	194,691	(64,219)
Other reimbursements	97,820	90,080	(7,740)
TOTAL FEDERAL AND STATE GRANTS	1,376,262	1,321,822	(54,440)
CHARGES FOR SERVICES			
District Court - civil and oversight fees	137,000	134,696	(2,304)
District - costs, bond forfeitures and assessments	816,800	789,487	(27,313)
Register of Deeds	545,000	536,065	(8,935)
Sheriff	393,000	418,354	25,354
County Clerk	57,000	59,984	2,984
Circuit Court	65,000	89,191	24,191
Equalization	4,500	5,447	947
Probate Court	192,600	179,036	(13,564)
Animal shelter	18,500	15,421	(3,079)
Friend of the Court processing fee	8,000	5,874	(2,126)
Juvenile Court	67,200	62,730	(4,470)
Prosecuting Attorney	21,500	57,173	35,673
Abstracting	52,000	31,729	(20,271)
Drain Commissioner	18,000	16,793	(1,207)
Other services	14,500	17,309	2,809
TOTAL CHARGES FOR SERVICES	2,410,600	2,419,289	8,689

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES - BUDGET AND ACTUAL - Concluded

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FINES AND FORFEITURES			
Ordinance fines and costs	$ 180,000	$ 181,051	$ 1,051
Bond forfeitures	15,000	21,446	6,446
TOTAL FINES AND FORFEITURES	195,000	202,497	7,497
INTEREST AND RENTS			
Interest	100,000	176,547	76,547
Rents	16,450	51,294	34,844
TOTAL INTEREST AND RENTS	116,450	227,841	111,391
OTHER REVENUES	233,695	314,858	81,163
TOTAL REVENUES	$ 10,053,007	$ 10,305,480	$ 252,473

IONIA COUNTY, MICHIGAN

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
LEGISLATIVE			
Board of Commissioners	$ 97,540	$ 90,272	$ 7,268
JUDICIAL			
Circuit Court	550,360	537,039	13,321
District Court	801,450	781,724	19,726
Jury Commission	5,100	4,606	494
Attorney/Jury/Witness	21,000	19,275	1,725
Probate Court	464,800	443,558	21,242
Juvenile Court	390,460	384,556	5,904
TOTAL JUDICIAL	2,233,170	2,170,758	62,412
GENERAL GOVERNMENT			
Administration	196,060	197,158	(1,098)
Elections	31,650	30,067	1,583
Finance	204,160	198,280	5,880
County Clerk	181,010	180,701	309
Equalization	163,010	157,749	5,261
Prosecuting Attorney	452,920	450,918	2,002
Register of deeds	123,340	121,763	1,577
County Treasurer	177,080	173,705	3,375
Data processing	144,600	138,990	5,610
Courthouse and grounds	594,480	596,630	(2,150)
Drain Commissioner	141,110	138,768	2,342
Cooperative extension service	191,340	186,401	4,939
Miscellaneous	106,000	88,455	17,545
TOTAL GENERAL GOVERNMENT	2,706,760	2,659,585	47,175
PUBLIC SAFETY			
Fleet maintenance	35,000	33,424	1,576
Sheriff	1,290,095	1,267,409	22,686
Marine safety	6,210	5,942	268
Secondary road patrol	118,000	115,827	2,173
Jail	1,700,450	1,668,064	32,386
Emergency service	107,710	49,792	57,918
Public works	3,050	2,908	142
Animal shelter	176,810	167,847	8,963
Drug enforcement	65,750	63,430	2,320
Community corrections	133,380	93,514	39,866
TOTAL PUBLIC SAFETY	3,636,455	3,468,157	168,298

IONIA COUNTY, MICHIGAN

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
Medical examiner	$ 87,200	$ 84,005	$ 3,195
Veterans' burial	26,630	24,284	2,346
Contagious disease	10,000	8,174	1,826
Substance abuse	66,350	65,928	422
TOTAL HEALTH AND WELFARE	190,180	182,391	7,789
OTHER EXPENDITURES			
Soil conservation	10,000	8,400	1,600
Abstracting	45,770	45,494	276
Planning commission	53,581	41,396	12,185
Insurance and bonding	876,600	867,030	9,570
Remonumentation	109,432	109,432	
Economic development	55,000	55,000	
Miscellaneous	170,560	170,558	2
TOTAL OTHER EXPENDITURES	1,320,943	1,297,310	23,633
TOTAL EXPENDITURES	$ 10,185,048	$ 9,868,473	$ 316,575

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory provisions to pay for certain activities with some special form of continuing revenues.

Special Revenue Funds in Ionia County are:

County Park

Friend of the Court

Corrections Training

Brownfield Redevelopment Authority

State Revenue Sharing

Budget Stabilization

Specifically Designated Community Contribution

Special Investigative

Resource Recovery

Building Inspector

Vehicle Forfeiture Fund

Law Library

Aging

Community Development Block Grant

Juvenile Accountability Block Grant

Juvenile Justice Services

Child Care

Soldiers' and Sailors' Relief

Drug Forfeiture

Veterans' Trust

Court's Security

Register of Deeds Automation

IONIA COUNTY, MICHIGAN

COMBINING BALANCE SHEET

NON-MAJOR SPECIAL REVENUE FUNDS

DECEMBER 31, 2005

	COUNTY PARK	FRIEND OF THE COURT	CORRECTIONS TRAINING	BROWNFIELD REDEVELOPMENT AUTHORITY
ASSETS				
Cash and cash equivalents	$ 26,940	$ 112,121	$ 28,704	$
Accounts receivable				
Due from other governmental units		185,489		2,303
Prepaid expenses				
TOTAL ASSETS	$ 26,940	$ 297,610	$ 28,704	$ 2,303
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ 221	$ 2,066	$	$
Due to other funds				2,303
Deferred revenue				
Accrued payroll	868	10,942		
TOTAL LIABILITIES	1,089	13,008		2,303
FUND BALANCE				
Unrestricted	25,851	284,602	28,704	
TOTAL LIABILITIES AND FUND BALANCE	$ 26,940	$ 297,610	$ 28,704	$ 2,303

STATE REVENUE SHARING	BUDGET STABILI-ZATION	SPECIFICALLY DESIGNATED COMMUNITY CONTRIBUTION	SPECIAL INVESTIGATIVE	RESOURCE RECOVERY
$ 416,763	$ 5,000	$ 31,951	$ 10,039	$ 11,065
				36,737
				9,710
$ 416,763	$ 5,000	$ 31,951	$ 10,039	$ 57,512
$	$	$ 696	$	$ 5,802
		22,502		
				692
		23,198		6,494
416,763	5,000	8,753	10,039	51,018
$ 416,763	$ 5,000	$ 31,951	$ 10,039	$ 57,512

IONIA COUNTY, MICHIGAN

COMBINING BALANCE SHEET

NON-MAJOR SPECIAL REVENUE FUNDS - Continued

DECEMBER 31, 2005

	BUILDING INSPECTOR	VEHICLE FORFEITURE FUND	LAW LIBRARY	AGING
ASSETS				
Cash and cash equivalents	$ 294,754	$ 3,322	$ 2,556	$ 74,488
Accounts receivable				
Due from other governmental units				
Prepaid expenses				7,015
TOTAL ASSETS	$ 294,754	$ 3,322	$ 2,556	$ 81,503
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ 57	$	$ 92	$ 26,136
Due to other funds				
Deferred revenue				
Accrued payroll	238			16,027
TOTAL LIABILITIES	295		92	42,163
FUND BALANCE				
Unrestricted	294,459	3,322	2,464	39,340
TOTAL LIABILITIES AND FUND BALANCE	$ 294,754	$ 3,322	$ 2,556	$ 81,503

COMMUNITY DEVELOPMENT BLOCK GRANT	JUVENILE ACCOUNTABILITY BLOCK GRANT	JUVENILE JUSTICE SERVICES	CHILD CARE	SOLDIERS' & SAILORS' RELIEF	DRUG FORFEITURE
$ 40,114	$ 632	$ 563	$	$ 7,158	$ 22,727
11,970					
			67,425		
$ 52,084	$ 632	$ 563	$ 67,425	$ 7,158	$ 22,727
$ 14,256	$	$	$ 6,666	$	$
			95,086		
			2,464		
14,256			104,216		
37,828	632	563	(36,791)	7,158	22,727
$ 52,084	$ 632	$ 563	$ 67,425	$ 7,158	$ 22,727

IONIA COUNTY, MICHIGAN

COMBINING BALANCE SHEET

NON-MAJOR SPECIAL REVENUE FUNDS - Concluded

DECEMBER 31, 2005

	VETERANS' TRUST	COURT'S SECURITY	REGISTER OF DEEDS AUTOMATION	TOTAL
ASSETS				
Cash and cash equivalents	$ 1,866	$ 253,198	$ 113,494	$ 1,457,455
Accounts receivable				48,707
Due from other governmental units				264,927
Prepaid expenses				7,015
TOTAL ASSETS	$ 1,866	$ 253,198	$ 113,494	$ 1,778,104
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$	$ 10	$ 190	$ 56,192
Due to other funds				97,389
Deferred revenue				22,502
Accrued payroll		836		32,067
TOTAL LIABILITIES		846	190	208,150
FUND BALANCE				
Unrestricted	1,866	252,352	113,304	1,569,954
TOTAL LIABILITIES AND FUND BALANCE	$ 1,866	$ 253,198	$ 113,494	$ 1,778,104

IONIA COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	COUNTY PARK	FRIEND OF THE COURT	CORRECTIONS TRAINING	BROWNFIELD REDEVELOPMENT AUTHORITY
REVENUES				
Property taxes	$	$	$	$
Federal and state grants		585,375		3,337
Fines and forfeitures		35,082		
Interest and rents	25,505			
Charges for services	9,250		25,296	
Contributions from private sources				
Other	2,026	42,916		
TOTAL REVENUES	36,781	663,373	25,296	3,337
EXPENDITURES				
Judicial		685,831		
General government				
Health and welfare				
Public safety			22,858	
Other	82,556			3,337
TOTAL EXPENDITURES	82,556	685,831	22,858	3,337
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(45,775)	(22,458)	2,438	
OTHER FINANCING SOURCES (USES)				
Operating transfers in	53,750			
Operating transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	53,750			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	7,975	(22,458)	2,438	
FUND BALANCE, JANUARY 1	17,876	355,455	26,266	
PRIOR PERIOD ADJUSTMENT		(48,395)		
FUND BALANCE, DECEMBER 31	$ 25,851	$ 284,602	$ 28,704	$

STATE REVENUE SHARING	BUDGET STABILI-ZATION	SPECIFICALLY DESIGNATED COMMUNITY CONTRIBUTION	SPECIAL INVESTIGATIVE	RESOURCE RECOVERY
$ 1,446,019	$	$	$	$
				39,177
			7,044	
10,646				
				39,793
		5,753		270
				1,402
1,456,665		5,753	7,044	80,642
		6,449		
				82,597
		6,449		82,597
1,456,665		(696)	7,044	(1,955)
				44,700
(1,039,902)				
(1,039,902)				44,700
416,763		(696)	7,044	42,745
	5,000	9,449	2,995	8,273
$ 416,763	$ 5,000	$ 8,753	$ 10,039	$ 51,018

IONIA COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR SPECIAL REVENUE FUNDS - Continued

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUILDING INSPECTOR	VEHICLE FORFEITURE FUND	LAW LIBRARY	AGING
REVENUES				
Property taxes	$	$	$	$
Federal and state grants				1,181,750
Fines and forfeitures		50	6,610	
Interest and rents				
Charges for services	452,419			
Contributions from private sources				
Other				163,151
TOTAL REVENUES	452,419	50	6,610	1,344,901
EXPENDITURES				
Judicial				
General government			8,881	
Health and welfare				1,367,672
Public safety	455,421	35		
Other				
TOTAL EXPENDITURES	455,421	35	8,881	1,367,672
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(3,002)	15	(2,271)	(22,771)
OTHER FINANCING SOURCES (USES)				
Operating transfers in			2,000	
Operating transfers out				
TOTAL OTHER FINANCING SOURCES (USES)			2,000	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,002)	15	(271)	(22,771)
FUND BALANCE, JANUARY 1	297,461	3,307	2,735	62,111
PRIOR PERIOD ADJUSTMENT				
FUND BALANCE, DECEMBER 31	$ 294,459	$ 3,322	$ 2,464	$ 39,340

COMMUNITY DEVELOPMENT BLOCK GRANT	JUVENILE ACCOUNTABILITY BLOCK GRANT	JUVENILE JUSTICE SERVICES	CHILD CARE	SOLDIERS' & SAILORS' RELIEF	DRUG FORFEITURE
$	$	$	$	$	$
46,193	17,419		469,145		
					4,482
15,326					1,143
79,848			46,335		
141,367	17,419		515,480		5,625
	17,693				
			1,176,580		
					15,276
145,489					
145,489	17,693		1,176,580		15,276
(4,122)	(274)		(661,100)		(9,651)
			548,000	200	
			548,000	200	
(4,122)	(274)		(113,100)	200	(9,651)
41,950	906	563	76,309	6,958	32,378
$ 37,828	$ 632	$ 563	$ (36,791)	$ 7,158	$ 22,727

IONIA COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR SPECIAL REVENUE FUNDS - Concluded

FOR THE YEAR ENDED DECEMBER 31, 2005

	VETERANS' TRUST	COURT'S SECURITY	REGISTER OF DEEDS AUTOMATION	TOTAL
REVENUES				
Property taxes	$	$	$	$ 1,446,019
Federal and state grants	2,874			2,345,270
Fines and forfeitures				53,268
Interest and rents			2,976	55,596
Charges for services			82,940	609,698
Contributions from private sources				6,023
Other		95,218		430,896
TOTAL REVENUES	2,874	95,218	85,916	4,946,770
EXPENDITURES				
Judicial		64,202		767,726
General government				8,881
Health and welfare	1,495			2,545,747
Public safety				500,039
Other			41,362	355,341
TOTAL EXPENDITURES	1,495	64,202	41,362	4,177,734
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	1,379	31,016	44,554	769,036
OTHER FINANCING SOURCES (USES)				
Operating transfers in				648,650
Operating transfers out				(1,039,902)
TOTAL OTHER FINANCING SOURCES (USES)				(391,252)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,379	31,016	44,554	377,784
FUND BALANCE, JANUARY 1	487	221,336	68,750	1,240,565
PRIOR PERIOD ADJUSTMENT				(48,395)
FUND BALANCE, DECEMBER 31	$ 1,866	$ 252,352	$ 113,304	$ 1,569,954

CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors, and other grantors of Capital Projects Fund Revenue, that their requirements regarding the use of the revenue were fully satisfied.

In this category, Ionia County administers the transactions of the Johnson Road Improvement and BPW Water/Sewer Construction.

IONIA COUNTY, MICHIGAN

COMBINING BALANCE SHEET

NON-MAJOR CAPITAL PROJECTS FUNDS

DECEMBER 31, 2005

	JOHNSON ROAD IMPROVEMENT	BPW WATER / SEWER 2004 CONSTRUCTION	TOTAL
ASSETS			
Cash and cash investments	$ 146,186	$ 860,018	$ 1,006,204
Accounts receivable	15,745		15,745
TOTAL ASSETS	$ 161,931	$ 860,018	$ 1,021,949
FUND BALANCE			
Reserved for capital expenditures	$ 161,931	$ 860,018	$ 1,021,949

IONIA COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	JOHNSON ROAD IMPROVEMENT	BPW WATER / SEWER 2004 CONSTRUCTION	TOTAL
REVENUES			
Interest and rents	$ 4,361	$ 206,510	$ 210,871
Charges for services	18,632		18,632
TOTAL REVENUES	22,993	206,510	229,503
EXPENDITURES			
Capital outlay		366,560	366,560
Bond interest and fees		178,663	178,663
TOTAL EXPENDITURES		545,223	545,223
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	22,993	(338,713)	(315,720)
FUND BALANCE, JANUARY 1	138,938	1,198,731	1,337,669
FUND BALANCE, DECEMBER 31	$ 161,931	$ 860,018	$ 1,021,949

PERMANENT FUNDS

The permanent funds exist to account for resources legally held in trust to be used for General Fund Designated and Cemetery Trust.

IONIA COUNTY, MICHIGAN

BALANCE SHEET

PERMANENT FUND - CEMETARY TRUST

DECEMBER 31, 2005

ASSETS		
Cash and cash equivalents	$	20,861
Investments		261,985
TOTAL ASSETS	$	282,846
FUND BALANCE		
Reserved for cemetery trust	$	279,336
Unreserved		3,510
TOTAL FUND BALANCE		282,846
TOTAL LIABILITIES AND FUND BALANCE	$	282,846

IONIA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

PERMANENT FUND - CEMETARY TRUST

FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUES	
Interest income	$ 1,849
Other	5,592
TOTAL REVENUES	7,441
EXPENDITURES	
Other	12,587
DEFICIENCY OF REVENUES OVER EXPENDITURES	(5,146)
FUND BALANCE, JANUARY 1	287,992
FUND BALANCE, DECEMBER 31	$ 282,846

COMPONENT UNITS

A discretely presented component unit is an entity that is legally separate from the County, but for which the County is financially accountable or its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete.

Component units of Ionia County are:

Road Commission

Brisbin Village Drain

County Drain Fund

Drain Equipment Revolving Fund

General Long-Term Debt

IONIA COUNTY, MICHIGAN

COMPONENT UNITS

COMBINING BALANCE SHEET

DECEMBER 31, 2005

	SPECIAL REVENUE	CAPITAL PROJECTS		INTERNAL SERVICE	ACCOUNT GROUP	
	ROAD COMMISSION	BRISBIN VILLAGE DRAIN FUND	COUNTY DRAIN FUND	DRAIN EQUIPMENT REVOLVING	GENERAL LONG-TERM DEBT	TOTAL
ASSETS						
Cash and cash equivalents	$ 320,930	$ 14,851	$ 1,204,366	$ 17,895	$	$ 1,558,042
Due from other funds		40,149		2,133		42,282
Due from other units	975,163					975,163
Accounts receivable	38,859					38,859
Prepaid expenses	47,663					47,663
Inventory	418,814					418,814
Amount to be provided for retirement of general long-term debt					2,564,776	2,564,776
TOTAL ASSETS	$ 1,801,429	$ 55,000	$ 1,204,366	$ 20,028	$ 2,564,776	$ 5,645,599
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Long-term advances	$ 285,680	$ 55,000	$	$ 8,000	$	$ 348,680
Accounts payable	303,801		1,116			304,917
Retention payable	2,215					2,215
Accrued liabilities	60,561					60,561
Due to other funds			42,282			42,282
Due to other units	57,031					57,031
Bonds and notes payable					2,564,776	2,564,776
TOTAL LIABILITIES	709,288	55,000	43,398	8,000	2,564,776	3,380,462
FUND EQUITY						
Reserved	47,663		1,160,968			1,208,631
Unreserved						
Designated	134,020			12,028		146,048
Undesignated	910,458					910,458
TOTAL FUND EQUITY	1,092,141		1,160,968	12,028		2,265,137
TOTAL LIABILITIES AND FUND EQUITY	$ 1,801,429	$ 55,000	$ 1,204,366	$ 20,028	$ 2,564,776	$ 5,645,599

IONIA COUNTY, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE	CAPITAL PROJECTS	
	ROAD COMMISSION	COUNTY DRAIN FUND	TOTAL
REVENUES			
Taxes	$	$ 486,604	$ 486,604
Licenses and permits	74,976		74,976
Intergovernmental	7,707,199		7,707,199
Charges for services	1,275,665		1,275,665
Other	234,941		234,941
Interest	31,931	41,706	73,637
TOTAL REVENUES	9,324,712	528,310	9,853,022
EXPENDITURES			
Maintenance	9,452,871	902,274	10,355,145
Principal payment	255,514	437,411	692,925
Interest and fiscal charges	36,297	57,705	94,002
TOTAL EXPENDITURES	9,744,682	1,397,390	11,142,072
DEFICIENCY OF REVENUES OVER EXPENDITURES	(419,970)	(869,080)	(1,289,050)
OTHER FINANCING SOURCES			
Operating transfers in	94,000	68,479	162,479
Proceeds from bonds issued	123,000	880,008	1,003,008
TOTAL OTHER FINANCING SOURCES	217,000	948,487	1,165,487
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(202,970)	79,407	(123,563)
FUND BALANCE, JANUARY 1	1,295,111	1,081,561	2,376,672
FUND BALANCE, DECEMBER 31	$ 1,092,141	$ 1,160,968	$ 2,253,109

IONIA COUNTY, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

DRAINAGE DISTRICTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	INTERNAL SERVICE
	DRAIN EQUIPMENT REVOLVING
OPERATING REVENUES	
Charges for services	$ 25,888
OPERATING EXPENSES	
Supplies and other operating expenses	22,634
NET INCOME	3,254
RETAINED EARNINGS, JANUARY 1	8,774
RETAINED EARNINGS, DECEMBER 31	$ 12,028

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

Board of Commissioners
County of Ionia
Ionia, 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 County of Ionia, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the County of Ionia, Michigan's basic financial statements and have issued our report thereon dated April 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Ionia, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County of Ionia, Michigan, in a separate letter dated April 13, 2006.

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

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
April 13, 2006

IONIA COUNTY, MICHIGAN

AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2005

Layton & Richardson, P.C.
Certified Public Accountants

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Layton & Richardson, P.C.
Certified Public Accountants

AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Commissioners
Ionia County
Ionia, Michigan

We have audited the financial statements of Ionia County for the year ended December 31, 2005, and have issued a separate report dated April 13, 2006 on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of Ionia County. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of Ionia County is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and those transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation of the internal accounting control system would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Ionia County.

PRIOR YEARS' RECOMMENDATIONS

We made the following recommendations concerning internal control weaknesses during prior years' audits:

SEGREGATION OF DUTIES

We recommended that the department heads establish policies which would provide for periodic detailed review of all accounting procedures on a random basis. We realize that the resources and personnel are limited so this is not always possible.

CASH RECEIPTS

District Court

1. District Court keeps track of cash receipts manually. We recommend that the daily cash receipts be recorded on a computer spreadsheet. This would also eliminate the need for manual calculation, which would reduce the chance of error, and possibly save time. **Management response: Currently using spreadsheet, but writing information in by hand. The employees at the District Court will be trained how to use Excel.**
2. The person who collects the money is the same individual who makes the daily deposit. Two or three individuals should perform collecting, recording, and making the daily deposit. This would reduce the risk that receipts could be improperly deposited or lost, and provide better controls over the deposits. **Management response: This has been implemented.**

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PRIOR YEARS' RECOMMENDATIONS - Continued

CASH RECEIPTS - Continued

District Court - Concluded

3. During our audit, we noted that the stamp used for the receipt of checks states "For Deposit Only". We recommend the stamp also include the name of the bank, the name of the account, the account number, and the department. **Management response: This has been implemented, however, the account number is not included in the information stamped on the back of the checks.**

4. During our audit, we noted that activity for two cash accounts for District Court are not being recorded in the General Ledger. We recommend that the account balances and activity in these other cash accounts be recorded in the General Ledger. This is necessary to provide accurate and complete records and financial statements. **Management response: This will be implemented during 2006.**

Building Inspection

Currently, the Building Inspection revenues and expenditures are recorded in the General Fund. In order to comply with the State of Michigan laws, a new special revenue fund should be set up to account for the Building Department's revenues and expenditures. **Management response: This has been implemented.**

Commission On Aging

There are four employees who handle cash in the office and make their own deposits to the Treasurer's office. We recommend spot-checking and/or double checking the employees work more often. The deposits should be checked by the Director before going to the Treasurer. This will verify the correctness of the deposits. **Management response: This has been implemented.**

Equalization

Deposits are only being made once a month and one month was missed. We recommend that the deposits be made more frequently. This will ensure that all cash has been transmitted in a timely manner. **Management response: This recommendation will be implemented. The Equalization Department will make the deposit every Friday.**

Probate Court

We noted during our audit that one person is responsible for handling all the cash receipts. We recommend that one person open the mail and another person prepare the deposit for the Treasurer. We also recommend that the person who reconciles the cash drawer and compares it to the computer report be separate from the person who takes money either over the counter or opens the mail. This person should also be independent from the person who takes the deposit to the Treasurer's office. We recommend that someone compare the Treasurer's receipt to the reconciliation. This person should be independent of the reconciliation function and the person who takes the deposit to the Treasurer's office. This recommendation will provide better controls over the cash receipt area and increase segregation of duties. **Management response: This has been implemented.**

Inmate Trust

We noted during our audit that the inmate trust bank account's activity is not being recorded in the General Ledger. We recommend this activity be recorded in the General Ledger. This is necessary to provide accurate and complete records and financial statements. **Management response: This will be implemented in 2006.**

Flexible Spending

We noted during our audit that the flexible spending bank account is not being recorded in the General Ledger. We recommend this activity be recorded in the General Ledger. This is necessary to provide accurate and complete records and financial statements. **Management response: This will be implemented in 2006.**

PRIOR YEARS' RECOMMENDATIONS - Concluded

CASH DISBURSEMENTS

District Court

The checks are given to authorized signers without any back-up. We recommend the court files go with the checks for signing and the signor agree the checks to the supporting documentation when signing. This will improve controls over cash disbursements and will help to increase segregation of duties. **Management response: This has been implemented.**

Commission on Aging

1. The same person who creates the checks is one of the two authorized check signers and also reconciles the bank statement. We recommend the person who reconciles the bank statement be independent of these duties. This will improve controls over cash disbursements and increase segregation of duties. **Management response: This has been implemented.**
2. Invoices are assumed to be approved when they are submitted for payment. We recommend the person who is submitting the invoice initial and date the invoice to approve it for payment. This will increase controls over cash disbursements and help to verify only authorized payments are made. **Management response: This has not been implemented.**
3. During our testing, we noted a payroll check was processed through the "Special Events" checking account. We recommend turning in all the payroll information to the Finance Department to be processed with the rest of the payroll. **Management response: This has been implemented.**
4. During our audit we noted that activity in the Special Events cash accounts is not being recorded in the General Ledger. We recommend that the activity in this cash account be recorded in the General Ledger. This is necessary to provide accurate and complete records and financial statements. **Management response: This will be implemented during 2006.**

Electronic Funds Transfer

We noted during our audit that electronic fund transfers for MERS do not receive an approval before the amount is transferred. We recommend the Treasurer either print the invoice from MERS and take it to the County Administrator for approval before transferring the money or the bank call the County Administrator for approval before the bank transfer the money. This will increase controls over electronic funds transfers. **Management response: This has not been implemented.**

PAYROLL

Currently, many employee files have missing deduction forms. Many files are also missing current approved pay rates. We recommend that a signed deduction form be in every employee file for any additional deduction on their paycheck. We also recommend that all pay increases including the annual COLA increase be included in the employee files. This will help to ensure that each employee is receiving the correct pay. **Management response: This has been implemented.**

GENERAL

Health Department

We noted during our audit that both the Finance Department and the Health Department record the General Ledger activity for the Health Department. Therefore, there are two sets of books. We recommend the Finance Department keep the books for the Health Department. **Management response: This has been implemented.**

CURRENT YEAR RECOMMENDATIONS

We make the following recommendations concerning internal control weaknesses during the current year audit:

CASH RECEIPTS

Animal Control

1. On occasion, Animal Control receives donations of animal care items for which a regular manual cash receipt is issued, including a dollar amount as entered by the Animal Control staff. Donations received that are non-cash items should not be issued a cash receipt, but rather should be acknowledged via letter or other form of acknowledgement. Further, it is the responsibility of the donor to assign a dollar value for items donated for which a charitable contribution deduction will be taken on the donor's federal income tax return. We recommend a form letter be created with blank lines to indicate date of donation, description of items donated, donor name and address and signature of Animal Control officer receiving items. This form letter should be issued to donors of non-cash items, and a file copy of these letters should be maintained.

2. Cash receipts have not been recorded using the B S & A Cash Receipt Software as many other departments are using. During the year, the cash receipt computer files used by Animal Control were lost and there was no back up. Further, the Finance Department was unable to reconstruct deposits from the information in the transmittals to the Treasurer's Department. We strongly recommend that the B S & A Software be installed in the Animal Control Department, and that staff be trained in using the software. Additionally, cash receipts should be attached to the Treasurer Transmittals as monies are deposited. **Management Response: This has been implemented in April, 2006.**

GENERAL

Grant Documentation

We noted instances, such as the grant awarded to the Sheriff's Department to acquire bullet proof vests, where the Finance Department was not provided a copy of the grant document. Additionally, when performing our tests of grant revenues and expenses, copies of billings for reimbursement of expenses were not available for our review. Further, in some cases, Finance Department Staff were not able to reconcile expenses recorded in the general ledger with the amounts reimbursed by grantors. In the event a grantor performs an audit of grant expenses, it is important that adequate supporting documentation be retained in the Finance Department to allow verification of the expenses submitted for reimbursement. It is essential for the Finance Department to receive copies of all grants awarded to the County to enable the Finance Department to ensure compliance with the grant and to be prepared in the event of an audit by the grantor. Copies provided to the Finance Department should include grant applications, grant awards, grant amendments, grant reports required by the grantor, grant billings or reimbursement requests, and any other related pertinent information. We strongly recommend that the Board of Commissioners establish and enforce a policy requiring all departments to provide copies of grants documents to the Finance Department.

Capital Assets

We noted an effective system is not in place to notify the Finance Department of asset acquisitions and disposals. We recommend that all departments notify the Finance Department of capital asset purchases and disposals.

CURRENT YEAR RECOMMENDATIONS - Concluded

Infrastructure Assets

Due to the implementation of Governmental Accounting Standards Board Statement 34 (GASB 34), the County of Ionia will be required to include infrastructure assets, such as roads, sewer systems, bridges, etc. in the annual financial statements effective in 2007. Accordingly, we recommend that the County inventory and determine appropriate values for such infrastructure assets to be prepared to be fully compliant when this requirement becomes effective in 2007.

Fund Deficit

At December 31, 2005, the child care fund had a fund deficit. We recommend the County write a corrective action plan to correct the fund deficit.

We are grateful to the County employees for their assistance and cooperation extended to us during the audit.

Laytons & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
April 13, 2006

IONIA COUNTY, MICHIGAN

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005

Layton & Richardson, P.C.
Certified Public Accountants

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

Board of Commissioners
County of Ionia
Ionia, Michigan

Compliance

We have audited the compliance of Ionia County, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. Ionia County, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ionia County, Michigan's management. Our responsibility is to express an opinion on Ionia County, Michigan's compliance based on our audit.

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

In our opinion, Ionia County, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of Ionia County, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, the Board of Commissioners and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
April 13, 2006

IONIA COUNTY, MICHIGAN

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD FROM	TO	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services				
Passed through State Department of Health:				
Family Planning - Services*	93-217	10-1-04	9-30-05	$ 47,747
Bioterrorism*	93-283	10-1-04	9-30-05	182,179
Passed through State Offices of Services to the Aging:				
Special Programs for the Aging - Title III, Part B	93-044	10-1-04	9-30-05	104,658
Special Programs for the Aging - Title III, Part C	93-045/10-550	10-1-04	9-30-05	176,397
Passed through State Department of Social Services:				
Crippled Children*	93-778	10-1-04	9-30-05	6,447
Immunization Action Plan*	93-268	10-1-04	9-30-05	163,065
Friend of the Court Cooperative Reimbursement	93-563	1-1-05	12-31-05	297,135
Prosecuting Attorney Cooperative Reimbursement	93-563	1-1-05	12-31-05	38,595
Incentive Payments - Friend of the Court	93-560	1-1-05	12-31-05	80,975
Maternal & Child Health Service Block Grant	93-994			72,454
Passed through State Court Administrative Office				
Access and Visitation Grant	93-597	10-1-04	9-30-05	5,000
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				1,174,652
U.S. Department of Agriculture				
Passed through Department of Agriculture:				
Supplemental Food Program for Women, Infants and Children*	10.557	10-1-04	9-30-05	183,029
U.S. Department of Homeland Security				
Passed through Department of State Police:				
Emergency Services				
Homeland Security	97.004	1-1-05	12-31-05	8,957
		8-1-04	9-30-05	210,953
		3-1-04	2-28-05	9,915
Emergency Management Performance Grant	97.067	10-1-04	9-30-05	6,123
TOTAL DEPARTMENT OF HOMELAND SECURITY				235,948

*These are 9/30/05 year ends.

IONIA COUNTY, MICHIGAN

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - Concluded

FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD FROM	TO	FEDERAL EXPENDITURES
U.S. Department of Justice				
State Criminal Alien Assistance Program		10-1-04	9-30-05	$ 5,429
Passed through Office of Community Oriented Police Services –				
Local Law Enforcement Block Grant	16.592	10-1-04	9-30-05	8,200
Bulletproof Vest Partnership Program	16.607	10-1-04	9-30-05	5,958
Byrne Formula Grant	16.579	10-1-04	9-30-05	7,252
High Intensity Drug Trafficking Areas Grant		10-1-04	9-30-05	6,479
Juvenile Accountability Block Grant	16.523	10-1-04	9-30-05	17,049
TOTAL DEPARTMENT OF JUSTICE				50,367
U.S. Department of Transportation				
Highway Safety	20.600	1-1-05	12-31-05	21,308
U.S. Department of Commerce				
Passed through State Department of Commerce Community Development Block Grant – Federal Home Grant	14.239	1-1-05	12-31-05	46,192
U.S. Environmental Protection Agency				
Brownfield Redevelopment Cooperative Agreement	66.818			3,337
TOTAL FEDERAL ASSISTANCE				$ 1,714,833

IONIA COUNTY, MICHIGAN

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1: **AIRPORT PROJECT GRANT**

Ionia County received two block grants funded by the Federal Aviation Administration for the consultant design and the construction of the Runaway 9/27 rehabilitation and extension project. The consultants and contractors are paid directly by the Michigan Department of Transportation and, therefore, the County does not record the grant revenue. The total federal funds paid out for this project in fiscal year 2005 of $748,626 are not included on the Schedule of Federal Financial Awards.

IONIA COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a unqualified opinion on the general purpose financial statements of Ionia County.

2. No reportable conditions relating to the audit of the financial statements are reported.

3. No instances of noncompliance material to the financial statements of Ionia County were disclosed during the audit.

4. No reportable conditions relating to the audit of the major federal award programs are reported.

5. The auditor's report on compliance for the major federal award programs for Ionia County expresses an unqualified opinion.

6. There are no audit findings relative to the major federal award programs for Ionia County.

7. The programs tested as major programs included: Cooperative Reimbursement, CFDA No. 93.563, Supplemental Food Program for Women, Infants and Children CFDA No. 10.557, Community Development Block Grant – Federal Home Grant CFDA No. 14.239, and the Federal Emergency Management Agency – Homeland Security CFDA No. 97.004.

8. The threshold for distinguishing Types A and B programs was $300,000.

9. County of Ionia was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS -- MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

IONIA COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

PROGRAM	FINDINGS/NONCOMPLIANCE	QUESTIONED COSTS
Title IV-D Child Support Enforcement (CFDA No. 93.563)	Several reports were filed after the due dates. This is mostly due to the fact that the reports are due to the State by the 10th day of the following month and that is not enough time to close the books and do the report.	0