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	Barry County	Barry

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
December 31, 2006	June 1, 2007	June 15, 2007

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	☒	

Certified Public Accountant (Firm Name)	Telephone Number
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Street Address	City	State	Zip
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Authorizing CPA Signature	Printed Name	License Number
, CPA	Steven R. Kirinovic, CPA	1101022020

Barry County, Michigan

FINANCIAL STATEMENTS

December 31, 2006

Barry County, Michigan

December 31, 2006

BOARD OF COMMISSIONERS

Clare Tripp	Chairperson
James French	Vice Chairperson
Wayne Adams	Commissioner
Dr. Michael Callton	Commissioner
Howard Gibson	Commissioner
Sandra James	Commissioner
Donald Nevins	Commissioner
Thomas Wing	Commissioner

ADMINISTRATION AND OTHER ELECTED OFFICIALS

Michael Brown	Administrator
Susan VandeCar	Treasurer
Debbie Smith	Clerk
Darla Burghdoff	Register of Deeds
Tom Doyle	Drain Commissioner
Julie Nakfoor-Pratt	Prosecuting Attorney
Darin Leaf	Sheriff
William Doherty	Probate Court Judge
Gary Holman	District Court Judge
James Fisher	Circuit Court Judge
Brian Reynolds	County Surveyor

Barry County, Michigan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Barry County
Hastings, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Barry County, Michigan as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Barry County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Barry County Road Commission or the Barry County Medical Care Facility (Thornapple Manor). The Barry County Road Commission represents 72% and 79%, respectively of the total assets and revenues of the component units. Thornapple Manor represents 49% and 85%, respectively of the total assets and revenues of the enterprise funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Road Commission and Medical Care Facility is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the audits of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Barry County, Michigan as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2007, on our consideration of Barry County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Barry County's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 1, 2007

Management's Discussion and Analysis

As management of the County of Barry, Michigan (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2006. This analysis should be read in conjunction with the *Independent Auditors Report*, beginning on page i of this report, and with the County's financial statements, which follow this section.

Certain limited financial information is presented with respect to the Barry County Road Commission, the Barry County Medical Care Facility (Thornapple Manor), and the Barry County Transit in the Management's Discussion and Analysis. The reader should refer to those entities separately issued financial statements for more detailed information.

Financial Highlights

Government-wide:

- Total net assets were $41,995,310 (excluding discretely presented component units).
- Governmental activities net assets were $27,120,521.
- Business-type activity net assets were $14,874,789.
- Discretely presented component unit net assets were $30,596,887.

Fund Level:

- At the close of the year, the County's governmental funds reported a combined ending fund balance of $27,940,339 with $14,568,296 being reserved, designated, or otherwise earmarked for specific purposes.
- The General Fund realized $229,188 more in revenues and other financing sources than anticipated for the fiscal year. Additionally, General Fund operations also expended $351,124 more than appropriated.
- Overall, the General Fund balance was unchanged with $2,144,917 undesignated or available for general purposes.

Capital and Long-term Debt Activities:

- The total long-term debt for the primary government was $24,974,597 with a net increase of $16,921,140 from the prior year due to the issuance of $18,850,000 Building Authority - Medical Care Facility bonds dated August 1, 2006.
- The Board of Public Works drew down on various Water Supply System Bonds and issued other obligations in the current year resulting in a net increase of $272,526 from the prior year.
- The total long-term debt for the component units (Drainage Districts, Airport, and Board of Public Works only) was $8,504,715 with a net increase of $210,006 from the prior year.
- The long-term debt for the Road Commission was $311,093.
- The County remains well below its authorized legal debt limit.
- The net addition to the capital asset schedule for the primary government governmental activities was $4,361,870.
- The net addition to the capital asset schedule for the primary government business-type activities was $354,590.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's annual financial report. The annual financial report of the County consists of the following components: 1) Independent Auditors Report, 2) Management's Discussion and Analysis, and 3) the Basic Financial Statements (government-wide financial statements, fund financial statements, notes to the financial statements), Required Supplementary Information such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and Other Supplementary Information including combining financial statements for all nonmajor governmental funds and proprietary funds.

Government-wide Financial Statements (Reporting the County as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the County as a whole, and about its activities. Their purpose is to assist in answering the question, is the County, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting,* similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Assets (page 1) presents all of the County's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the County's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the County's net assets changed during 2006. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- ***Governmental Activities*** - Most of the County's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the County's general government departments, law enforcement, the courts, the Board of Commissioner operations, and other County-wide elected official operations are reported under these activities. This also includes the special revenue funds such as the Commission on Aging and Friend of the Court Funds.

- ***Business-type Activities*** - These activities operate like private businesses. The County charges fees to recover the cost of the services provided. Thornapple Manor and the Delinquent Tax Funds are examples of these activities.

- ***Discretely Presented Component Units*** - Discretely Presented Component Units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Five organizations are included as discretely presented component units: the Barry County Board of Public Works, the Barry County Road Commission, the Airport, Barry County Economic Development, and the Drainage Districts.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period, expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 5 and 8 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as bonded debt, notes, and reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the County's general capital assets such as buildings, land, cars, computer equipment, etc. These values are not included in the fund financial statements.

Fund Financial Statements (Reporting the County's Major Funds)

The fund financial statements, which begin on page 3, provide information on the County's significant (major) funds, and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the Commission on Aging and Child Care Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations; these include the internal services funds (e.g., Fringe Benefits) as well as enterprise funds such as Thornapple Manor and the Delinquent Tax Funds.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for Barry County include the General Fund, the Central Dispatch Fund, the Revenue Sharing Reserve Fund, the Commission on Aging, the Building Authority Thornapple Manor Addition Fund, the Thornapple Manor Addition Fund, the Delinquent Tax Umbrella Fund, the Delinquent Tax Revolving 2005 Fund, and Thornapple Manor. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The County includes detailed information on its nonmajor funds in other supplementary sections of this report.

The County's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

Governmental Funds - Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. Governmental funds include the *General Fund,* as well as *Special Revenue Funds, Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).

Proprietary Funds - Services for which the County charges customers (whether outside the County structure or a County department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is Thornapple Manor. *Internal Service funds* report activities that provide supplies or service to the County's other operations, such as the Fringe Benefits Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

Fiduciary Funds - The County acts as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in separate statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 17 and 18. These funds, which include trust and agency funds and the Library (Penal Fines) Fund, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

Notes to the Financial Statements - The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found on pages 22-56 of this report.

Required Supplementary Information - Following the Basic Financial Statements is additional Required Supplementary Information (RSI). The purpose of the RSI is to explain and support the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund and the major special revenue funds.

Other Supplementary Information - Other Supplementary Information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Barry County's combined net assets were $41,995,310 at the end of this fiscal year's operations. The net assets of the governmental activities were $27,120,521; the business-type activities were $14,874,789.

Net Assets as of December 31, 2006

Barry County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Assets						
Current and other assets	$ 21,585,624	$ 36,824,290	$ 14,276,775	$ 13,698,980	$ 35,862,399	$ 50,523,270
Capital assets	12,756,407	17,934,529	4,516,060	4,355,791	17,272,467	22,290,320
Total assets	34,342,031	54,758,919	18,792,835	18,054,771	53,134,866	72,813,590
Liabilities						
Current	6,610,025	5,996,491	3,036,115	1,454,982	9,646,140	7,451,473
Noncurrent	3,595,282	21.641,807	1,850,000	1,725,000	5,445,282	23,366,807
Total liabilities	10,205,307	27,638,298	4,886,115	3,179,982	15,091,422	30,818,280
Net Assets						
Invested in capital assets - net of related debt	8,886,087	9,296,276	2,541,060	2,505,791	11,427,147	11,802,067
Restricted	10,715,645	13,429,706	4,649,844	4,575,958	15,365,489	18,005,664
Unrestricted	4,534,992	4,394,539	6,715,816	7,793,040	11,250,808	12,187,579
Total net assets	**$ 24,136,724**	**$ 27,120,521**	**$ 13,906,720**	**$ 14,874,789**	**$ 38,043,444**	**$ 41,995,310**

As noted previously, net assets serve over time as a useful indicator of a government's financial position. In the case of Barry County, assets exceeded liabilities in the governmental activities by approximately $7.1 million at the close of the fiscal year. This amount compares favorably with the prior year where net assets totaled $24.1 million, even when considering that the creation of the new Revenue Sharing Reserve fund (described in detail under the section headed "Financial Analysis of the Government's Funds") explains $1.9 million of this increase.

The County's net assets in the governmental activities include approximately $9.3 million in capital assets comprised of land, buildings, vehicles and equipment less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Certain other limitations on the use of net assets apply due primarily to legal restrictions. These restricted net assets total approximately $13.4 million. The remaining balance of unrestricted net assets ($4.4 million or 16.2 percent) may be used to meet the government's ongoing obligations.

Comparing the amounts reported for 2006 to the prior year, the significant reduction in current liabilities reflects the phase-in of the Revenue Sharing Reserve Fund. With the implementation of this program, approximately $2.8 million from the 2006 property tax levy that would have previously been offset by a "deferred revenue" liability (because it was not available until the subsequent year's budget), is now recognized in 2006 as revenue in the General Fund.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net assets changed during the year:

Changes in Net Assets for the Year Ended December 31, 2006

Barry County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenues						
Program revenues:						
Charges for services	$ 3,369,111	$ 2,993,898	$ 9,255,552	$ 9,483,363	$12,624,663	$ 12,477,261
Operating grants and contributions	3,523,944	3,609,917	514,156	1,953,600	4,038,100	5,563,517
Capital grants and Contributions	134,292	121,098	23,249	8,458	157,541	129,556
General revenues:						
Property taxes	13,193,168	14,448,422	1,210,000	392,934	14,403,168	14,841,356
Investment earnings	297,196	822,731	284,962	380,726	582,158	1,203,457
Miscellaneous	144,914	166,211	373,418	632,725	518,332	798,936
Transfers	(64,690)	1077682	-	-	(64,690)	107,682
Total revenues	20,597,935	22,269,959	11,661,337	12,851,806	32,259,272	35,121,765
Expenses						
General government	7,064,642	8,076,809	-	-	7,064,642	8,076,809
Public safety	6,064,179	5,819,347	-	-	6,064,179	5,819,347
Public works	147,180	120,997	-	-	147,180	120,997
Health and welfare	3,731,947	3,745,062	-	-	3,731,947	3,745,062
Community & Econ. Development	324,469	326,093	-	-	324,469	326,093
Recreation and Cultural	605,931	592,727	-	-	605,931	592,727
Other	130,737	840,581	10,478,370	11,883,737	10,609,107	12,724,318
Total expenses	18,069,085	19,521,616	10,478,370	11,883,737	28,547,455	31,405,353
Increase in net assets	2,528,850	2,748,343	1,182,967	968,069	3,711,817	3,716,412
Net assets, beginning of year	21,607,874	24,372,178	12,723,753	13,906,720	34,331,627	38,278,898
Net assets, end of year	**$24,136,724**	**$27,120,521**	**$13,906,720**	**$14,874,789**	**$38,043,444**	**$41,995,310**

Governmental Activities:

The result of 2006 governmental activities was an increase of $2,748,343 in net assets to $27,120,521. Of the total governmental activities' net assets, $9,296,276 is invested in capital assets less related debt, 13,429,706 is reported as restricted, meaning these assets are legally committed for a specific purpose through statue, or by another authority outside the County government as of December 31, 2006. The balance of $4,394,539 is listed as unrestricted, having no legal commitment.

Revenues:

The three largest revenue of the governmental activities categories were property taxes at 65%, charges for services at 13%, and operating grants and contributions at 16%. The County levies multiple property tax millages for the 2005-06 tax year (which was recognized as revenue in 2006). Millage rates for the 2005 levies for applicable funds are as follows, General 5.4679 mills, County Parks and Recreation .2276 mills, Commission on Aging .4943 mills, Central Dispatch .7500 mills, and Transit .2500 mills. Operating grants are the second largest source of governmental activity revenue. Examples include various State and Federal grant programs, used for purposes restricted by the grantor.

Expenses:

General government is the largest governmental activity, expending approximately $8.1 million of the $19.5 million total and includes offices such as District Court, Probate Court, Circuit Court, Prosecuting Attorney, Board of Commissioners, Treasurer, Clerk, Courthouse grounds and County Administrator. Public Safety is the second largest governmental activity, expending almost $6 million. It includes the Sheriff and Jail operations. Health and Welfare is the third largest area, expending over $3.7 million, and includes the Medical Examiner, District Health, Veterans Affairs, and Mental Health.

Business-type Activities:

Net assets in business-type activities increased by $968,069 during 2006.

Of the total $14.9 million of net assets in the business type activities, $7.8 million is reported as unrestricted. However, it is important to note that although reported as unrestricted, many of these assets are anticipated to be designated through Board of Commissioners action to be spent on General Fund activities and self-funding of delinquent tax payments in future years.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR AND NONMAJOR FUNDS

As the County completed 2006, its governmental funds reported *combined* fund balances of $10,946,309. This is a net increase of $2,197,314. The net changes are summarized in the following chart:

	General Fund	Central Dispatch	Revenue Sharing Reserve	Building Authority Thornapple Manor Addition	Thornapple Manor Addition	Commission on Aging	Nonmajor Governmental Funds
Fund Balance 12/31/05	$2,145,917	$1,284,980	$ 4,034,463	$ -	$ -	$ 502	$ 3,473,447
Fund Balance 12/31/06	2,145,917	1,059,468	5,923,064	13,927,467	338,362	225,499	4,320,562
Net Change	$ -0-	$(225,512)	$ 1,888,601	$ 13,927,467	$ 338,362	$ 224,997	$ 847,115

The General Fund balance was unchanged. This was due to various transfers out once the current year operating results were determined. The Central Dispatch fund decreased by $225,512 due mainly to decreased property tax revenue. Revenue Sharing Reserve increased $1,888,601 due to the State requirement to transfer a portion of property taxes in this fund. The Commission on Aging fund increased by $224,997 due to increased property tax revenue. The combined nonmajor funds increased by $841,115 due mainly to appropriations for Building Rehabilitation and Child Care Probate.

General Fund:

The General Fund is the chief operating fund of the County. Unless otherwise required by statue, contractual agreement or Board policy, all County revenues and expenditures are recorded in the General Fund. As of December 31, 2006, the General Fund reported a fund balance of approximately $2.1 million. This amount is unchanged from the fund balance reported as of December 31, 2005. Of the total fund balance, $1,000 is reserved for specific purposes.

The General Fund 2006 revenues exceeded 2006 expenditures by $4,672,638; however, the General Fund also supports the operations of a significant number of other funds. When these transfers are taken into account, the General Fund fund balance as of December 31, 2006 was the same as the fund balance as of December 31, 2005.

General Fund Budgetary Highlights:

Barry County's budget is a dynamic document. Although adopted in October (prior to the start of the year), the budget is frequently amended during the course of the year to reflect changing operational demands.

Actual General Fund revenue and other financing sources totaled $16,771,960. This total was $229,188 over the final amended budget. This variance was due primarily to the proper recording of taxes in accordance with State requirements to gross up property tax revenue, which had been budgeted for in the Revenue Sharing Reserve Fund.

The County's expenditure and other financing uses budget was increased by $2,940,949 due to the grossing up of property tax revenue and subsequent transfer of these amounts to the Revenue Sharing Reserve.

Actual County expenditures for 2006 were $351,124 over budget. This is primarily due to transfers out that were made to certain other funds based on year-end results.

Central Dispatch Fund:

Central Dispatch is a 24 hour a day, 7 days a week dispatch facility. This department answers all emergency and non-emergency calls for service for police, fire, and EMS in Barry County. The program is primarily funded by a millage. As of December 31, 2006, the Central Dispatch Fund reported a fund balance of $1,059,468, a decrease of $225,512 from the prior year. Of the total fund balance, $125,000 is designated.

Revenue Sharing Reserve Fund:

The Revenue Sharing Reserve Fund has a total fund balance of approximately $5.9 million. As indicated above this fund is intended to provide a reserve from which the County may draw amounts to replace revenues previously received from the now suspended State Revenue Sharing program. The current fund balance represents the third year of a three year phase-in (less the current year draw of approximately $1,010,000) that will ultimately provide deposits totaling approximately $8.4 million to this fund. The balance in this fund is projected to be exhausted in 2011 at which time the County is to revert back to the State supported revenue sharing.

Commission on Aging Fund:

Commission on Aging is an agency dedicated to promoting, assisting and safeguarding the rights and abilities of persons age 60 and over, in order to maintain their maximum health, well-being and independence. The Commission on Aging provides meals-on-wheels, congregate meals, respite care, homemaker, transportation and adult day care services.

Building Authority Thornapple Manor Addition Fund:

The Barry County Department of Human Services Board, the governing board of Thornapple Manor, the County's Medical Care Facility, pursuant to a long-term strategic plan, determined the need to upgrade the Medical Care Facility through the renovation and expansion of its existing facility including the construction of a rehabilitative therapy "wing" for both inpatients and outpatients, increasing the number of private rooms from 19 to 96, and eliminating 4 bed wards, while maintaining the existing 138 skilled nursing beds. To finance the cost of the project the electors of the County approved authorizing the County to borrow up to $18,850,000 and to issue general obligation unlimited tax bonds in accordance with Act 118 and Act 34 of the Public Acts of Michigan of 2001.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of 2006, the County primary government had invested $22,290,320 and $2,029,582 for the discretely presented component units (excluding the Road Commission, see separately issued financial statements), net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was $12,242,121 for the primary government. Depreciation charges for the fiscal year totaled $1,281,543 for the primary government and $158,248 for the discretely presented component units (excluding the Road Commission).

	Governmental Activities	Business-type Activities	Component Units Drains	Component Unit Airport	Total
Land	$ 2,653,096	$ -	$ -	$ -	**$ 2,653,096**
Construction in progress	4,832,207	567,914	-	-	**5,400,121**
Land improvements, net	217,882	108,838	-	618,294	**945,014**
Buildings, net	8,175,737	2,935,201	-	102,920	**11,213,858**
Vehicles and Equipment, net	2,055,607	743,838	-	2,143	**2,801,588**
Drains, net	-	-	1,306,225	-	**1,306,225**
Capital assets, net	**$ 17,934,529**	**$ 4,355,791**	**$ 1,306,225**	**$ 723,357**	**$ 24,319,902**

Long-term Debt - As of December 31, 2006, the County had $24,974,597 in bonds, loans and accumulated vacation and sick time outstanding for the primary government. The amount, $24,090,000 was bonds with unlimited or limited taxing authority. This level of net obligation is $16,921,140 more than the obligation recorded as of December 31, 2005. In addition, the County uses its full faith and credit (as a secondary obligator), to back the Airport, Board of Public Works, and Drainage District component unit debt. The Drain Commission administers debt for various local drainage districts and water and sewer systems for local municipalities in Barry County. All drain debt is payable out of assessments against the drainage districts or by contractual agreements with local units of government.

Outstanding Debt as of December 31, 2006:

	Jan. 1, 2006	Additions	Deletions	Dec. 31, 2006
Primary Government				
Governmental Activities				
Direct County Obligations	$ 3,855,000	$ 18,850,000	$ 465,000	$ 22,240,000
Loans and Leases Payable	596,118	31,728	302,126	325,720
Accumulated compensated absences	591,339	1,541	34,003	558,877
	5,042,457	18,883,269	801,129	23,124,597
Business-type Activities				
General Obligations	3,011,000	-	1,161,000	1,850,000
Total Primary Government	8,053,457	18,883,269	1,962,129	24,974,597
Component Units				
Road Commission				
Lease purchase agreement	78,000	12,724	39,000	51,724
Accumulated compensated absences	259,817	-	448	259,369
	337,817	12,724	39,448	311,093
Component Units - continued				
Board of Public Works				
Water and Sewer Bonds	7,823,281	1,277,526	1,005,000	8,095,807
Drainage Districts				
Drain Bonds and Notes	68,316	11,000	37,100	42,216
Airport				
Loan payable	65,295	-	9,696	55,599
Total Component Units	8,294,709	1,301,250	1,091,244	8,504,715
Total Reporting Entity	**$ 16,348,166**	**$ 20,182,978**	**$ 3,051,832**	**$ 33,479,312**
Debt Limit (10% of SEV)				**$ 161,328,294**
Available Statutory Debt Limit				**$ 128,667,228**

All the issuances that occurred during the year along with other changes in long-term debt in addition to a more detailed discussion of the County's long-term debt obligations is presented in Note H to the financial statements.

Limitations on Debt:

State statue limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of December 31, 2006 was $1.613 billion; therefore the County's debt limitation was $161.3 million. The County remains well below its legal debt limit by over $127 million.

BARRY COUNTY GOVERNMENT ECONOMIC OUTLOOK:

At the end of 2006, unreserved fund balance in the general fund was at $2,144,917. In order to maintain financial stability over the long term, Barry County has adopted balanced budgets as required by law and managed its budgets so that actual expenditures do not exceed actual revenues annually. This practice along with a strong fund balance has given Barry County the reserves necessary to address difficult economic times without resorting to crisis-management. The County Board utilizes the annual budget process as the primary vehicle for making decisions on the types and level of county services to provide.

The county budget process for 2006 was challenged by some significant factors including state and federal revenue sources that have had little or no growth, and in some cases have been reduced. Although revenue estimates were based on the best information available, there is a fair amount of uncertainty especially in the area of state revenues.

CONTACTING THE COUNTY

This financial report is designed to provide our 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. If there are questions about this report, or a need for additional information, contact the Barry County Administrator's Office at the Barry County Courthouse in Hastings, Michigan, (269) 945-1284.

BASIC FINANCIAL STATEMENTS

Barry County, Michigan

STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	$ 6,572,774	$ 4,201,949	$ 10,774,723	$ 2,702,923
Investments	20,151,030	1,912,278	22,063,308	400,774
Receivables	6,847,235	2,063,170	8,910,405	941,099
Due from other governmental units	745,113	513,749	1,258,862	56,000
Internal balances	140,081	(140,081)	-0-	-
Inventories	-	-	-0-	892,660
Prepaids	1,102	-	1,102	294
Other current assets	-	82,759	82,759	-
Special assessments receivable	-	-	-0-	56,498
Current portion of lease receivable	245,783	-	245,783	1,114,874
Total current assets	34,703,118	8,633,824	43,336,942	6,165,122
Noncurrent assets				
Cash and cash equivalents, restricted	-	4,141,003	4,141,003	-
Investments	1,120,172	924,153	2,044,325	-
Lease receivable	1,000,000	-	1,000,000	7,025,807
Advance to fiduciary fund	1,000	-	1,000	-
Capital assets not being depreciated	7,485,303	567,914	8,053,217	13,808,921
Capital assets, net of accumulated depreciation	10,449,226	3,787,877	14,237,103	12,308,634
Total noncurrent assets	20,055,701	9,420,947	29,476,648	33,143,362
TOTAL ASSETS	54,758,819	18,054,771	72,813,590	39,308,484
LIABILITIES				
Current liabilities				
Accounts payable	186,265	325,536	511,801	95,686
Accrued liabilities	205,234	1,004,446	1,209,680	65,072
Accrued interest payable	291,913	-	291,913	46,124
Deferred revenue	3,830,289	-	3,830,289	-
Current portion of compensated absences	373,222	-	373,222	-
Current portion of long-term debt	1,109,568	125,000	1,234,568	1,166,749
Total current liabilities	5,996,491	1,454,982	7,451,473	1,373,631
Noncurrent liabilities				
Noncurrent portion of compensated absences	185,655	-	185,655	259,369
Noncurrent portion of long-term debt	21,456,152	1,725,000	23,181,152	7,078,597
Total noncurrent liabilities	21,641,807	1,725,000	23,366,807	7,337,966
TOTAL LIABILITIES	27,638,298	3,179,982	30,818,280	8,711,597
NET ASSETS				
Invested in capital assets, net of related debt	9,296,276	2,505,791	11,802,067	26,019,740
Restricted for				
Public safety	1,228,381	-	1,228,381	-
Debt service	179,654	-	179,654	102,807
Other purposes	11,740,967	4,575,958	16,316,925	4,474,340
Unrestricted	4,675,243	7,793,040	12,468,283	-
TOTAL NET ASSETS	$ 27,120,521	$ 14,874,789	$ 41,995,310	$ 30,596,887

See accompanying notes to financial statements.

Barry County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government								
Governmental activities								
General government	$ 8,076,809	$ 1,932,008	$ 1,694,309	$ -	$ (4,450,492)	$ -	$ (4,450,492)	$ -
Public safety	5,819,347	378,851	520,452	118,555	(4,801,489)	-	(4,801,489)	-
Public works	120,997	30,903	-	-	(90,094)	-	(90,094)	-
Health and welfare	3,745,062	500,007	1,395,156	2,543	(1,847,356)	-	(1,847,356)	-
Community and economic development	326,093	51,610	-	-	(274,483)	-	(274,483)	-
Recreation and cultural	592,727	100,519	-	-	(492,208)	-	(492,208)	-
Interest on long-term debt	840,581	-	-	-	(840,581)	-	(840,581)	-
Total governmental activities	19,521,616	2,993,898	3,609,917	121,098	(12,796,703)	-0-	(12,796,703)	-0-
Business-type activities								
Delinquent Tax Umbrella	4,197	67,061	-	-	-	62,864	62,864	-
Delinquent Tax 2005	2,352	229,288	-	-	-	226,936	226,936	-
Thornapple Manor	10,947,342	8,662,368	1,630,953	-	-	(654,021)	(654,021)	-
Other	929,846	524,646	322,647	8,458	-	(74,095)	(74,095)	-
Total business-type activities	11,883,737	9,483,363	1,953,600	8,458	-0-	(438,316)	(438,316)	-0-
Total primary government	$ 31,405,353	$ 12,477,261	$ 5,563,517	$ 129,556	(12,796,703)	(438,316)	(13,235,019)	-0-
Component units								
Road Commission	$ 6,281,236	$ 34,657	$ 7,108,962	$ -	-	-	-0-	862,383
Economic Development	88,500	-	60,000	-	-	-	-0-	(28,500)
Airport	206,754	48,165	44,855	-	-	-	-0-	(113,734)
Board of Public Works	1,202,153	-	1,648,046	-	-	-	-0-	445,893
Drainage Districts	138,560	-	-	68,896	-	-	-0-	(69,664)
Total component units	$ 7,917,203	$ 82,822	$ 8,861,863	$ 68,896	-0-	-0-	-0-	1,096,378
General revenues								
Property taxes					14,448,422	392,934	14,841,356	-
Investment earnings					822,731	380,726	1,203,457	105,555
Miscellaneous					166,211	632,725	798,936	44,909
Transfers					107,682	-	107,682	-
Total general revenues and transfers					15,545,046	1,406,385	16,951,431	150,464
Change in net assets					2,748,343	968,069	3,716,412	1,246,842
Restated net assets, beginning of the year					24,372,178	13,906,720	38,278,898	29,350,045
Net assets, end of the year					$ 27,120,521	$ 14,874,789	$ 41,995,310	$ 30,596,887

See accompanying notes to financial statements.

Barry County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2006

	General	Central Dispatch
ASSETS		
Cash and cash equivalents	$ (4,566,904)	$ 383,012
Investments	5,275,093	733,523
Receivables		
Accounts	-	-
Taxes	3,034,234	1,681,354
Contracts	1,000	-
Interest	-	-
Due from others	504	-
Due from other funds	212,298	-
Due from other governmental units		
Federal/State	315,825	-
Local	-	-
Advance to fiduciary funds	1,000	-
TOTAL ASSETS	$ 4,273,050	$ 2,797,889
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ 133,808	$ 26,856
Accrued payroll	92,042	24,034
Accrued liabilities	35,387	5,171
Due to other funds	1,865,896	1,006
Deferred revenue	-	1,681,354
TOTAL LIABILITIES	2,127,133	1,738,421
FUND BALANCES		
Reserved for other purposes	1,000	-
Unreserved		
Designated for capital expenditures	-	125,000
Undesignated, reported in		
General fund	2,144,917	-
Special revenue funds	-	934,468
TOTAL FUND BALANCES	2,145,917	1,059,468
TOTAL LIABILITIES AND FUND BALANCES	$ 4,273,050	$ 2,797,889

See accompanying notes to financial statements.

Revenue Sharing Reserve	Commission on Aging	Building Authority Thornapple Manor Addition	Thornapple Manor Addition	Nonmajor Governmental Funds	Total Governmental Funds
$ 4,144,579	$ 154,673	$ 1,111	$ 398,495	$ 3,829,191	$ 4,344,157
-	-	13,930,980	-	211,434	20,151,030
-	-	-	-	40,631	40,631
-	840,592	-	861,217	386,993	6,804,390
-	-	-	-	-	1,000
-	-	-	-	710	710
-	-	-	-	-	504
1,778,485	10,300	-	-	11,613	2,012,696
-	-	-	-	318,900	634,725
-	66,326	-	-	44,062	110,388
-	-	-	-	-	1,000
$ 5,923,064	$ 1,071,891	$ 13,932,091	$ 1,259,712	$ 4,843,534	$ 34,101,231
$ -	$ -	$ -	$ -	$ 22,566	$ 183,230
-	-	-	-	-	116,076
-	-	4,624	-	43,784	88,966
-	5,800	-	-	69,629	1,942,331
-	840,592	-	921,350	386,993	3,830,289
-0-	846,392	4,624	921,350	522,972	6,160,892
-	-	-	338,362	176,467	515,829
-	-	13,927,467	-	-	14,052,467
-	-	-	-	-	2,144,917
5,923,064	225,499	-	-	4,144,095	11,227,126
5,923,064	225,499	13,927,467	338,362	4,320,562	27,940,339
$ 5,923,064	$ 1,071,891	$ 13,932,091	$ 1,259,712	$ 4,843,534	$ 34,101,231

Barry County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2006

Total fund balance - governmental funds		$27,940,339
Amounts reported for the 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 the governmental funds.		
The cost of capital assets is	$25,030,829	
Accumulated depreciation is	(7,096,300)	
Capital assets, net		17,934,529
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Assets.		
Net assets of governmental activities accounted for in Internal Service Funds	3,766,799	
Net capital assets of Internal Service Funds included in total capital assets above	(350,419)	
		3,416,380
Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds. Long-term receivables at year-end consist of:		
Lease receivable		1,245,783
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:		
Direct County obligations	22,565,720	
Accrued interest payable	291,913	
Compensated absences	558,877	
		(23,416,510)
Net assets of governmental activities		$27,120,521

See accompanying notes to financial statements.

Barry County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	General	Central Dispatch
REVENUES		
Taxes	$ 11,792,741	$ 1,185,975
Licenses and permits	161,355	-
Intergovernmental	1,699,606	118,555
Charges for services	1,532,201	-
Fines and forfeits	28,902	-
Interest and rents	465,430	65,881
Other	81,355	448
TOTAL REVENUES	15,761,590	1,370,859
EXPENDITURES		
Current		
General government	5,465,709	-
Public safety	3,965,916	1,218,332
Public works	40,248	-
Health and welfare	938,566	-
Community and economic development	321,246	-
Recreation and cultural	-	-
Other	288,952	-
Capital outlay	68,315	68,380
Debt service	-	309,659
TOTAL EXPENDITURES	11,088,952	1,596,371
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,672,638	(225,512)
OTHER FINANCING SOURCES (USES)		
Bond proceeds	-	-
Bond discount	-	-
Capital lease	-	-
Transfers in	1,010,370	-
Transfers out	(5,683,008)	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,672,638)	-0-
NET CHANGE IN FUND BALANCES	-0-	(225,512)
Fund balances, beginning of year	2,145,917	1,284,980
Fund balances, end of year	$ 2,145,917	$ 1,059,468

See accompanying notes to financial statements.

Revenue Sharing Reserve	Commission on Aging	Building Authority Thornapple Manor Addition	Thornapple Manor Addition	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 778,836	$ -	$ 331,430	$ 359,440	$ 14,448,422
-	-	-	-	-	161,355
-	379,433	-	-	2,079,908	4,277,502
-	107,118	-	-	647,425	2,286,744
-	-	-	-	31,326	60,228
110,116	1,697	230,019	2,380	16,341	891,864
-	26,379	-	-	173,797	281,979
110,116	1,293,463	230,019	333,810	3,308,237	22,408,094
-	-	-	72	1,278,329	6,744,110
-	-	-	-	495,007	5,679,255
-	-	-	-	78,952	119,200
-	1,054,738	-	-	1,620,130	3,613,434
-	-	-	-	-	321,246
-	-	-	-	507,987	507,987
-	-	-	-	-	288,952
-	13,728	4,961,690	-	141,846	5,253,959
-	-	-	-	830,067	1,139,726
-0-	1,068,466	4,961,690	72	4,952,318	23,667,869
110,116	224,997	(4,731,671)	333,738	(1,644,081)	(1,259,775)
-	-	18,850,000	-	-	18,850,000
-	-	(186,238)	-	-	(186,238)
-	-	-	-	31,728	31,728
2,788,855	-	-	4,624	2,520,130	6,323,979
(1,010,370)	-	(4,624)	-	(60,662)	(6,758,664)
1,778,485	-0-	18,659,138	4,624	2,491,196	18,260,805
1,888,601	224,997	13,927,467	338,362	847,115	17,001,030
4,034,463	502	-	-	3,473,447	10,939,309
$ 5,923,064	$ 225,499	$ 13,927,467	$ 338,362	$ 4,320,562	$ 27,940,339

Barry County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Net change in fund balances - total governmental funds		$ 17,001,030
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 5,306,036	
Assets transferred to Medical Care Facility	(129,393)	
Depreciation expense	(814,773)	
Excess of depreciation expense over capital outlay		4,361,870
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
Increase in net assets of Internal Service Funds	18,431	
Capital outlay of Internal Service Funds included in the total above	(136,486)	
Depreciation expense of Internal Service Funds included in the total above	113,198	
		(4,857)
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:		
Debt proceeds	(18,881,728)	
Debt principal retirement	767,126	
		(18,114,602)
Some items 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. These activities consist of:		
(Decrease) in lease receivable	(245,817)	
(Increase) in accrued interest payable	(281,743)	
Decrease in accrued compensated absences	32,462	
		(495,098)
Change in net assets of governmental activities		$ 2,748,343

See accompanying notes to financial statements.

Barry County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2006

	Business-type		
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2005	Thornapple Manor
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,829,723	$ 410,107	$ 286,990
Investments	1,912,278	-	-
Receivables			
Accounts	-	-	883,430
Taxes	4,310	1,030,914	-
Interest	2,373	-	-
Other	-	-	82,759
Prepaids	-	-	-
Due from other governmental units	-	-	480,229
Due from other funds	1,183,000	-	-
Total current assets	5,931,684	1,441,021	1,733,408
Noncurrent assets			
Cash and cash equivalents, restricted	-	-	4,141,003
Investments	924,153	-	-
Capital assets not being depreciated	-	-	567,914
Capital assets, net of accumulated depreciation	-	-	3,141,187
Total noncurrent assets	924,153	-0-	7,850,104
TOTAL ASSETS	6,855,837	1,441,021	9,583,512
LIABILITIES			
Current liabilities			
Accounts payable	1,226	-	315,734
Accrued liabilities	-	-	982,719
Due to other funds	140,081	1,183,000	-
Current portion of bonds and notes payable	-	-	125,000
Total current liabilities	141,307	1,183,000	1,423,453
Noncurrent liabilities			
Noncurrent portion of bonds and notes payable	-	-	1,725,000
TOTAL LIABILITIES	141,307	1,183,000	3,148,453
NET ASSETS			
Invested in capital assets, net of related debt	-	-	1,859,101
Restricted for employee benefits	-	-	-
Restricted for other purposes	-	-	4,575,958
Unrestricted	6,714,530	258,021	-
TOTAL NET ASSETS	$ 6,714,530	$ 258,021	$ 6,435,059

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 675,129	$ 4,201,949	$ 2,228,617
-	1,912,278	-
9,649	893,079	-
132,494	1,167,718	-
-	2,373	-
-	82,759	-
-	-0-	1,102
33,520	513,749	-
-	1,183,000	80,016
850,792	9,956,905	2,309,735
-	4,141,003	-
-	924,153	1,120,172
-	567,914	-
646,690	3,787,877	350,419
646,690	9,420,947	1,470,591
1,497,482	19,377,852	3,780,326
8,576	325,536	3,035
21,727	1,004,446	192
-	1,323,081	10,300
-	125,000	-
30,303	2,778,063	13,527
-	1,725,000	-
30,303	4,503,063	13,527
646,690	2,505,791	350,419
-	-0-	2,485,143
-	4,575,958	-
820,489	7,793,040	931,237
$ 1,467,179	$ 14,874,789	$ 3,766,799

Barry County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2006

	Business-type		
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2005	Thornapple Manor
OPERATING REVENUES			
Interest and penalties on delinquent taxes	$ 20,436	$ 117,297	$ -
Charges for services	46,625	111,991	8,662,368
Quality assurance supplement	-	-	1,295,425
Intergovernmental - State	-	-	204,801
Other	-	-	530,990
TOTAL OPERATING REVENUES	67,061	229,288	10,693,584
OPERATING EXPENSES			
Operating expenses	-	-	-
Contracted services	-	-	-
Salaries	-	-	5,495,082
Fringe benefits	-	-	-
Depreciation	-	-	-
Interest expense	-	-	-
Other	4,197	2,352	5,305,341
TOTAL OPERATING EXPENSES	4,197	2,352	10,800,423
OPERATING INCOME (LOSS)	62,864	226,936	(106,839)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	-	-
Taxes	-	-	-
Loss from sale of property	-	-	(35,319)
Contributions	-	-	130,727
Interest revenue	199,537	28,957	143,831
Interest expense	-	-	(111,600)
TOTAL NONOPERATING REVENUES (EXPENSES)	199,537	28,957	127,639
INCOME (LOSS) BEFORE TRANSFERS	262,401	255,893	20,800
TRANSFERS IN (OUT)			
Transfers in	467,806	-	-
Transfers out	-	-	-
TOTAL TRANSFERS IN (OUT)	467,806	-0-	-0-
CHANGE IN NET ASSETS	730,207	255,893	20,800
Net assets, beginning of year	5,984,323	2,128	6,414,259
Net assets, end of year	$ 6,714,530	$ 258,021	$ 6,435,059

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 208,405	$ 346,138	$ -
316,241	9,137,225	3,272,272
-	1,295,425	-
-	204,801	-
101,735	632,725	69,064
626,381	11,616,314	3,341,336
892,021	892,021	23,731
-	-0-	86,837
-	5,495,082	-
-	-0-	3,828,698
-	-0-	113,198
15,835	15,835	-
21,990	5,333,880	1,014
929,846	11,736,818	4,053,478
(303,465)	(120,504)	(712,142)
331,105	331,105	-
392,934	392,934	-
-	(35,319)	-
-	130,727	-
8,401	380,726	58,813
-	(111,600)	-
732,440	1,088,573	58,813
428,975	968,069	(653,329)
-	467,806	1,240,372
(467,806)	(467,806)	(568,612)
(467,806)	-0-	671,760
(38,831)	968,069	18,431
1,506,010	13,906,720	3,748,368
$ 1,467,179	$ 14,874,789	$ 3,766,799

Barry County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

	Business-type		
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2005	Thornapple Manor
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	$ (1,102,706)	$ (801,626)	$ 8,714,026
Cash paid to employees and suppliers	-	1,143,488	(10,697,203)
Cash paid to other governmental units - local	-	-	-
Cash received from State grants	-	-	204,801
Cash received from quality assurace supplement	-	-	1,295,425
Cash received from the County	-	-	34,630
Cash paid for employee benefits	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,102,706)	341,862	(448,321)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental sources	-	-	-
Contributions	-	-	130,727
Taxes	-	-	-
Transfers in	467,806	-	-
Transfers out	-	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	467,806	-0-	130,727
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
State and Federal capital assistance	-	-	-
Capital purchases	-	-	(776,017)
Interest expense	-	-	(111,600)
Payments on borrowings	-	-	(125,000)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-0-	-0-	(1,012,617)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	-	-
Patient trust deposits - net	-	-	2,163
Maturity of investments	126,811	-	-
Interest revenue	199,537	28,957	143,831
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	326,348	28,957	145,994
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(308,552)	370,819	(1,184,217)
Restated cash and cash equivalents, beginning of year	3,138,275	39,288	5,612,210
Cash and cash equivalents, end of year	$ 2,829,723	$ 410,107	$ 4,427,993

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 1,622,066	$ 8,431,760	$ 3,341,336
(794,567)	(10,348,282)	(133,791)
-	-0-	-
-	204,801	-
-	1,295,425	-
-	34,630	-
-	-0-	(3,830,183)
827,499	(381,666)	(622,638)
318,176	318,176	-
-	130,727	-
392,934	392,934	-
-	467,806	1,240,372
(467,806)	(467,806)	(568,612)
243,304	841,837	671,760
23,575	23,575	-
(14,393)	(790,410)	(136,486)
-	(111,600)	-
(1,036,000)	(1,161,000)	-
(1,026,818)	(2,039,435)	(136,486)
-	-0-	(1,120,172)
-	2,163	-
25,394	152,205	855,643
8,401	380,726	58,813
33,795	535,094	(205,716)
77,780	(1,044,170)	(293,080)
597,349	9,387,122	2,521,697
$ 675,129	$ 8,342,952	$ 2,228,617

Barry County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2006

	Business-type		
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2005	Thornapple Manor
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ 62,864	$ 226,936	$ (106,839)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	256,153
(Increase) decrease in receivables	(1,165,210)	(1,030,914)	(73,201)
(Increase) in other assets	-	-	(23,727)
(Decrease) in accounts payable	(360)	(37,160)	(162,470)
(Decrease) in deferred revenue	-	-	(338,789)
Increase in accrued liabilities	-	-	552
Increase in due to other funds	-	1,183,000	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,102,706)	$ 341,862	$ (448,321)

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ (303,465)	$ (120,504)	$ (712,142)
144,348	400,501	113,198
995,685	(1,273,640)	-
-	(23,727)	-
(9,910)	(209,900)	(23,886)
-	(338,789)	-
841	1,393	192
-	1,183,000	-
$ 827,499	$ (381,666)	$ (622,638)

Barry County, Michigan

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2006

	Agency Funds	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents	$ 1,092,182	$ 16,209
Accounts receivable	-	6,874
Due from other governmental units	11	-
TOTAL ASSETS	$ 1,092,193	$ 23,083
LIABILITIES		
Undistributed collections payable	$ 693,701	$ -
Advances from primary government	1,000	-
Due to other governmental units		
Federal/State	194,767	-
Due to individuals and agencies	202,725	-
TOTAL LIABILITIES	$ 1,092,193	-0-
NET ASSETS		
Held in trust for private purposes		$ 23,083

See accompanying notes to financial statements.

Barry County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2006

	Private Purpose Trust Funds
ADDITIONS	
Intergovernmental - local	$ 52,794
DEDUCTIONS	
General government	50,907
CHANGE IN NET ASSETS	1,887
Net assets, beginning of year	21,196
Net assets, end of year	$ 23,083

See accompanying notes to financial statements.

Barry County, Michigan

Component Unit Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2006

	Road Commission	Drainage Districts	Board of Public Works
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,144,457	$ 32,902	$ 482,260
Investments	-	60,341	340,433
Receivables	940,318	-	781
Inventories	892,660	-	-
Prepaids	-	-	-
Special assessments receivable	-	56,498	-
Current portion of lease receivable	-	-	1,114,874
Due from other governmental units	56,000	-	-
Total current assets	4,033,435	149,741	1,938,348
Noncurrent assets			
Lease receivable	-	-	7,025,807
Capital assets not being depreciated	13,808,921	-	-
Capital assets, net of accumulated depreciation	10,279,052	1,306,225	-
Total noncurrent assets	24,087,973	1,306,225	7,025,807
TOTAL ASSETS	28,121,408	1,455,966	8,964,155
LIABILITIES			
Current liabilities			
Accounts payable	9,606	-	67,328
Accrued liabilities	63,560	-	1,512
Accrued interest payable	-	291	44,874
Current portion of long-term debt	51,724	34,883	1,070,000
Total current liabilities	124,890	35,174	1,183,714
Noncurrent liabilities			
Noncurrent portion of compensated absences	259,369	-	-
Noncurrent portion of long-term debt	-	7,333	7,025,807
Total noncurrent liabilities	259,369	7,333	7,025,807
TOTAL LIABILITIES	384,259	42,507	8,209,521
NET ASSETS			
Invested in capital assets, net of related debt	24,087,973	1,264,009	-
Restricted for			
Debt service	-	102,807	-
Other purposes	3,649,176	46,643	754,634
TOTAL NET ASSETS	$ 27,737,149	$ 1,413,459	$ 754,634

See accompanying notes to financial statements.

Economic Development	Airport	Total Component Units
$ 22,166	$ 21,138	$ 2,702,923
-	-	400,774
-	-	941,099
-	-	892,660
-	294	294
-	-	56,498
-	-	1,114,874
-	-	56,000
22,166	21,432	6,165,122
-	-	7,025,807
-	-	13,808,921
-	723,357	12,308,634
-0-	723,357	33,143,362
22,166	744,789	39,308,484
18,000	752	95,686
-	-	65,072
-	959	46,124
-	10,142	1,166,749
18,000	11,853	1,373,631
-	-	259,369
-	45,457	7,078,597
-0-	45,457	7,337,966
18,000	57,310	8,711,597
-	667,758	26,019,740
-	-	102,807
4,166	19,721	4,474,340
$ 4,166	$ 687,479	$ 30,596,887

Barry County, Michigan

Component Unit Funds

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
Road Commission	$6,281,236	$ 34,657	$ 7,108,962	$ -	$ 862,383
Drainage Districts	138,560	-	-	68,896	(69,664)
Board of Public Works	1,202,153	-	1,648,046	-	445,893
Economic Development	88,500	-	60,000	-	(28,500)
Airport	206,754	48,165	44,855	-	(113,734)
TOTALS	$7,917,203	$ 82,822	$ 8,861,863	$ 68,896	1,096,378
General revenues					
Investment earnings					105,555
Miscellaneous					44,909
Total general revenues					150,464
CHANGE IN NET ASSETS					1,246,842
Net assets, beginning of year					29,350,045
Net assets, end of year					$ 30,596,887

See accompanying notes to financial statements.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Barry, Michigan was organized in 1839 and covers an area of approximately 576 square miles with the County seat located in the City of Hastings, Michigan. The County operates under an elected Board of Commissioners of eight (8) members and provides services to its approximately 56,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and culture. Education is provided to citizens through twelve (12) local School Districts, six (6) Intermediate School Districts, and a Community College located in the County. The School Districts and College are separate governmental entities whose financial statements are not included herein in accordance with the National Council on Governmental Accounting (NCGA) Statement 3.

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

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of Barry County (primary government) and its component units. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities are, in substance part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The Barry County Substance Abuse Services (Substance Abuse Fund) and Barry County Transit (Transit Fund) activities are reported on the fiscal year-end of September 30, 2006.

2. Blended Component Units

The Barry County Department of Human Services is governed by a three (3) member Board. The Board consists of two (2) members appointed by the County Board of Commissioners and one (1) State appointed member. The Board is responsible for establishing policies and the operational oversight of the local administration of the State of Michigan Social Welfare program and the long-term care Medical Care Facility. Although the employees of the Barry County Department of Human Services are employed by the State of Michigan and substantially all the programs are financed by the State. State law requires the local activities to be "blended" with the local primary government.

The Barry County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Barry County Building Authority is reported as if it were part of the (blended) primary government because its sole purpose is to finance and construct the County's public buildings.

The financial statements of the Barry County Transit (Transit Fund) are presented for the year ended September 30, 2006 and the financial statements of the Thornapple Manor Medical Care Facility (Thornapple Manor Fund) for the year ended December 31, 2006, component units of the County of Barry, are included in these financial statements as blended component units. These component units are also audited individually. Complete financial statements are issued under separate cover and may be obtained from their respective administrative offices.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Blended Component Units - continued

The Barry County Transit receives Federal and State financial assistance in the form of operating and capital grant funding to support its operation, expand marketing, and specialized services, and replace buses and other equipment. The Transit provides demand response services within Barry County. The Transit also provides special services on a contractual basis to several nonprofit and governmental agencies within the County.

The Thornapple Manor Medical Care Facility is a 138-bed, long-term medical care unit owned and operated by Barry County. It is governed by the Barry County Department of Human Services Board. This Board consists of three (3) members, two (2) of whom are appointed by the Barry County Board of Commissioners, and one (1) appointed by the Michigan Governor.

The Barry County Substance Abuse Service activities is governed by a eight (8) member board of Directors of which two (2) members are County Commissioners and six (6) members are from the community at large. Much of Barry County Substance Abuse Services' funding comes from a contract with Kalamazoo Human Service Department, Substance Abuse Services, which is charged with funding and overseeing services in Barry, Branch, Kalamazoo, and St. Joseph Counties.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Barry County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Barry County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Barry County Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The three (3) Board Members of the Road Commission are appointed by the Barry County Board of Commissioners. This component unit is audited individually and complete financial statements may be obtained from the Road Commission's administrative office.

The Barry County Economic Development Board is appointed by the County Board of Commissioners. The Development may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County.

The Barry County Board of Public Works (BPW) is a five (5) member Board comprised of the Drain Commissioner and four (4) members appointed by the County Board of Commissioners. The BPW Board establishes policy and reviews operations of the BPW for the County Board of Commissioners. The BPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 of the Public Acts of 1957. The Board of Public Works is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County.

The Barry County Drainage Districts come under the jurisdiction of the Barry County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to $2,500 per mile on drain maintenance and may borrow up to $300,000 from any source to provide for maintenance of a drain without Board of Commissioner approval and without going through the Municipal Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than $300,000 require County authorization and are backed by the full faith and credit of the County.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - continued

The Airport Commission is classified as a joint venture with another governmental unit. The details related to this joint venture agreement are disclosed below.

4. Joint Ventures

The County participates in the following activities, which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

Airport Commission - The County is a member of the Airport Commission, which is a joint venture that was formed by an agreement in 1977 between the Hastings City Council and the Barry County Board of Commissioners. The Commission consists of five (5) members, two (2) appointed by the Barry County Board of Commissioners, two (2) appointed by the Hastings City Council and one (1) at large member appointed by the Commission. It is responsible for acquisition of property, constructing, operating, and maintaining airport facilities. Ownership of property is vested in the City/County. It may exercise on behalf of the political subdivision by which it was created, all powers of each such political subdivision. It may not issue debt without approval from the City and County. It is designated as the agent for any Federal or State airport aid. The agreement requires that each governmental unit provide fifty (50) percent of the net budget appropriation requirements and that financial record keeping be maintained by the County.

The financial activities of the Airport Commission are reported in the County's financial statements as a discretely presented component unit due to the County being responsible for the receipt and disbursement of the Commission's funds.

Barry/Eaton District Health Department - The County is a member of the Barry/Eaton District Health Department, which is a joint venture between Barry and Eaton Counties, and was established to provide public health services. The District Health Board has representation and provides services to Barry and Eaton Counties. Both Counties provide annual appropriations and pass-through the statutory amount of cigarette tax funding to subsidize operations. The current funding formula approved by the District Health Board requires Eaton County and Barry County to provide 65 and 35 percent, respectively. In addition, the treasury function for the District Health Department rests with the Eaton County Treasurer. For this reason the District Health Department is discretely presented in the Eaton County financial statements.

The Barry/Eaton District Health Department does not issue separate financial statements. Combining component unit statements are included as part of the financial statements of Eaton County to summarize all the funds of the District Health Department. A copy of Eaton County's audit can be obtained at their Administrative offices.

5. Jointly Governed Organizations

The County participates in the following activity which is considered to be a jointly governed organization in relation to the County due to there being no ongoing financial interest or responsibility.

Region III B Area Agency on Aging - Barry County, in conjunction with Calhoun County, has entered into an agreement, which created the Region III B Area Agency on Aging that provides comprehensive services to older individuals residing in those Counties. Operating revenues are derived from Federal, State, and local governments as well as fees for services. The Region III B Area Agency on Aging is governed by a seven (7) member Board appointed by the Board of Commissioners of the two (2) Counties it services. A copy of Region III B Area Agency on Aging's audit can be obtained at their Administrative offices.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

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

The major funds of the County are:

a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

b. The Central Dispatch Fund is used to account for the operations of Barry County Central Dispatch, which provides dispatch services for eleven (11) fire agencies, ten (10) law enforcement agencies and emergency medical services throughout all of Barry County. Revenues are generated through special voted tax and state grants.

c. The Revenue Sharing Reserve Fund was established to account for the shift of State Revenue Sharing dollars from State to local funding.

d. The Commission on Aging Fund accounts for the money used for planning and coordinating services for senior citizens.

e. The Building Authority Thornapple Manor Addition Fund is a Capital Project Fund that was established to account for the issuance of bonds and construction of improvements at Thornapple Manor.

f. The Thornapple Manor Addition debt service fund was established to receive property tax revenue for the purpose of making the required debt service payments on the Building Authority - Medical Care Facility bonds.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Basis of Presentation - continued

g. The Delinquent Tax Umbrella Fund accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

h. The Delinquent Tax Revolving 2005 Fund accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

i. The Thornapple Manor Fund accounts for the activities of the Thornapple Manor Medical Care Facility, a 138-bed long-term medical care unit owned and operated by Barry County. Revenues are generated by charges for services and a County appropriation.

7. Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for fiduciary funds since assets equal liabilities.

8. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued 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 has elected not to follow subsequent private-sector guidance.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

9. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, commercial paper, and U.S. Government Securities with a maturity from date of purchase of 90 days or less.

10. Investments

Investments consist of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*

11. Restricted Cash and Cash Equivalents

Thornapple Manor has restricted cash and cash equivalents that are limited as to use by the Barry County Department of Human Services (DHS) Board for future capital purchases.

12. Lease Receivable

The County has irrevocably pledged its full faith and credit as collateral for certain water and sewer system bonds. These projects are administered by the Barry County Drain Commission for local municipalities. Payments by the municipalities to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the water and sewer system bonds. All future amounts due for bond principal and an additional amount for the amount of accrued interest payable has been recorded as a lease receivable at the government-wide level based on guidance from MCGAA Statement 10, as amended. The receivable has been reported as current based on the amounts to be collected next year to satisfy obligations and amounts to be collected subsequently that have been reported as noncurrent.

The County has also irrevocably pledged its full faith and credit as collateral for certain construction bonds. This project is administered by Barry County for Kellogg Community College. Payments by the College to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the bonds. All future amounts due for bond principal and an additional amount for the amount of accrued interest payable has been recorded as a lease receivable at the government-wide level based on guidance from MCGAA Statement 10, as amended. The receivable has been reported as current based on the amounts to be collected next year to satisfy obligations and amounts to be collected subsequently that have been reported as noncurrent.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and State shared revenues, and accounts receivable related to charges for services.

14. Inventories

Inventories in the Road Commission (Component Unit) Fund are priced at cost as determined on the average cost method. Road Commission inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

15. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND THORNAPPLE MANOR)

Capital assets include land, buildings, equipment, and vehicles and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and component unit columns. Capital assets are those with an initial individual cost of $5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 25 years
Buildings	7 - 50 years
Machinery, equipment, and vehicles	2 - 25 years
Drain infrastructure	50 years

ROAD COMMISSION - DISCRETELY PRESENTED COMPONENT UNIT

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by Barry County Road Commission on an individual basis. The dollar threshold depends on the category of the asset, but the asset must have an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

GASB Statement No. 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated, for fiscal years ending after June 30, 1980, be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB Statement No. 34. The Barry County Road Commission has capitalized the major infrastructure assets in accordance with GASB Statement No. 34 in the Statement of Net Assets.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Capital Assets - continued

ROAD COMMISSION - DISCRETELY PRESENTED COMPONENT UNIT - CONTINUED

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 - 50 years
Road Equipment	5 - 8 years
Shop Equipment	7 - 10 years
Engineering Equipment	4 - 10 years
Office Equipment	4 - 10 years
Infrastructure - Roads	8 - 30 years
Infrastructure - Bridges	12 - 50 years

THORNAPPLE MANOR - BLENDED COMPONENT UNIT

All property and equipment are valued at historical cost. Donated assets are recorded at the fair market value at the time of the donation.

Land improvements	5 - 25 years
Buildings and improvements	10 - 40 years
Equipment	5 - 25 years

16. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

17. Advances to Other Funds/Component Units

Long-term advances from certain funds to other funds or component units are made to finance new activities during their initial operations and to finance capital acquisitions. For the governmental fund types, fund balance is reserved for the amount of advances made to other funds to reflect the fund balance not currently available for expenditure.

18. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. Interfund Transactions - continued

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

19. Accrued Compensated Absences

In accordance with County personnel polices and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused compensated absences leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested compensated absences earned as of December 31, 2006, including related payroll taxes, are recorded in the government-wide financial statements.

20. Deferred Revenue

Deferred revenue recorded in the governmental funds consists of the 2007 tax levy that was levied in 2006 and will be collected in 2007 and is not available for current year expenditures. Drainage Districts and other funds which have deferrals consist of amounts related to long-term special assessment tax receivables and other revenues recorded at the fund level that are not available to finance current period expenditures and are therefore deferred.

21. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the Fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The County employs the following procedures in establishing budgets:

a. Prior to August 1, County Departments prepare and submit to the County Administrator's Office, their proposed operating budgets. The County Administrator prepares and submits a proposed operating budget to the Board of Commissioners, who as a Committee of the Whole reviews and makes a final recommendation to the Board of Commissioners for the fiscal year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.

b. A Public Hearing is conducted to obtain taxpayers' comments.

c. Prior to December 31, the budgets are legally enacted through passage of a budget resolution.

d. The budgets are legally adopted at the activity, functional, and account level for the General Fund and the fund level for the Special Revenue Fund. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval. For control purposes, all fund budgets are maintained at the activity and account level. The Administrator is authorized to transfer budget amounts between accounts without Board approval.

e. Budgets for certain Capital Projects Funds are made on a project basis spanning more than one year.

f. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.

g. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material to the original appropriations that were adopted.

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

22. Comparative Data

Comparative data for the year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

23. Federal Programs

Federal Programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit Reports and financial data will be issued under separate cover as supplementary information to the financial statements.

NOTE B: POOLING OF CASH AND INVESTMENTS AND CASH OVERDRAFT

The County utilizes pooled cash accounts for approximately sixty (60) funds. Cash overdrafts of individual funds as of December 31, 2006, are as follows:

Fund	Pooled Cash Overdraft	Non-pooled Cash and Cash Equivalents	Financial Statements
PRIMARY GOVERNMENT			
General Fund	$(5,661,587)	$ 1,094,683	$(4,566,904)
Special Revenue Funds			
Central Dispatch	(56,174)	439,186	383,012
Remonumentation	(44,140)	-	(44,140)
Community Corrections	(22,204)	-	(22,204)
Adult Drug Court	(39,391)	-	(39,391)
Juvenile Drug Court	(56,167)	-	(56,167)
Debt Service Funds			
KCC Debt Service Fund	(250)	-	(250)
Enterprise Funds			
Jail Commissary	(218)	-	(218)
Internal Service Funds			
Fringe Benefit Fund	(59,482)	450,341	390,859
Dental and Optical	(40,865)	-	(40,865)
TOTAL PRIMARY GOVERNMENT	(5,980,478)	1,984,210	(3,996,268)
COMPONENT UNITS			
Drainage Districts			
Debt Service			
Algonquin Lake Dam Project	(106)	521	415
Capital Projects			
Revolving Drain	(108,471)	-	(108,471)
TOTAL COMPONENT UNITS	(108,577)	521	(108,056)
TOTAL REPORTING ENTITY	$(6,089,055)	$ 1,984,731	$(4,104,324)

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for approximately sixty (60) funds. The County's pooled cash accounts consist of a common checking account and mutual funds.

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Internal Service Funds (except for the Delinquent Tax Revolving Funds), Trust and Agency Funds, and the component unit funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the combined balance sheet.

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit, mutual funds, commercial paper, and U.S. Government Securities are held separately by several of the County's funds.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

a. Bonds and other direct obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

d. United States government or Federal agency obligation repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of $100,000 for deposits in an insured bank for savings deposits and $100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of $100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Deposits

As of December 31, 2006, the carrying amounts and bank balance for each type of bank account are as follows:

ACCOUNT TYPE	Carrying Amount	Bank Balance
PRIMARY GOVERNMENT		
Checking	$ 7,623,981	$ 8,767,265
Savings accounts	496,274	496,274
Certificates of deposit	1,231,124	1,231,124
Thornapple Manor	4,427,993	4,427,993
Total primary government	13,779,372	14,922,656
COMPONENT UNITS		
Checking	478,663	478,663
Savings	79,803	79,803
Certificates of deposit	347,433	347,433
Road Commission	2,144,457	2,144,457
Total component units	3,050,356	3,050,356
FIDUCIARY FUNDS		
Checking	1,108,391	1,127,832
TOTAL REPORTING ENTITY	$17,938,119	$19,100,844

Information concerning the deposits for Thornapple Manor and the Road Commission is presented consistent with information presented in their separately-audited financial statements. Those statements do not provide the level of detail presented above for the remainder of the County.

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of December 31, 2006, the primary government and component unit accounts were insured by the FDIC or FSLIC for $1,265,534 and the amount of $17,835,310 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Investments

As of December 31, 2006, the carrying amounts and market values for each investment are as follows:

INVESTMENT TYPE	Carrying Amount	Market Value	Moody's/ S & P Rating	Weighted Average Maturity
PRIMARY GOVERNMENT				
Insured or registered for which the securities are held by the County's agent in the County's name -				
U.S. Treasury Bonds	$ 741,258	$ 741,258	N/A	6 years
AIM Government and Agency - Mutual Fund	650,089	650,089	Aaa	N/A
G.E. Capital Corp. Commercial Paper	308,204	308,204	A-1	103 days
Government National Mortgage Association	943,307	943,307	Aaa	153 days
Federal Home Loan Mortgage Corporation	14,128,989	14,128,989	Aaa	7 years
Federal Home Loan Bank Corporation	2,398,366	2,398,366	Aaa	3 years
Federal National Mortgage Association	2,349,072	2,349,072	Aaa	5 years
MBIA - Michigan Class Mutual Fund	1,738,214	1,738,214	N/A	N/A
AIM Treasury - Cash Management Mutual Fund	5,328	5,328	Aaa	N/A
Fifth Third Institutional Government Money Market	1,874,543	1,874,543	AAAm	N/A
Advantage Government Liquidity Fund	39,341	39,341	N/A	N/A
TOTAL PRIMARY GOVERNMENT	25,176,711	25,176,711		
COMPONENT UNITS				
Insured or registered for which the securities are held by the County's agent in the County's name -				
MBIA - Michigan Class	53,341	53,341	N/A	N/A
TOTAL REPORTING ENTITY	$25,230,052	$25,230,052		

The investments are insured or registered, with securities held by Oppenheimer, Fifth-Third Securities, Inc., AIM Funds, and MBIA. The maximum insurance for investments is provided by the Securities Investor Protection Act at $500,000 each. The investments in U.S. Treasury Securities are not insured but are backed by the full faith and credit of the Federal Government.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2006, rating information on the County's investments is presented above.

Interest rate risk

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio in a manner to attain a market rate of return throughout the budgetary and economic cycles while preserving and protecting capital.

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Concentration of credit risk

The County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio to prevent over concentration of assets in a specific maturity, individual financial institution, or specific class of securities.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2006:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	$10,774,723	$ 2,702,923	$ 1,108,391	$14,586,037
Cash and cash equivalents, restricted	4,141,003	-	-	4,141,003
Investments, current	22,063,308	400,774	-	22,464,082
Investments, noncurrent	2,044,325	-	-	2,044,325
	$39,023,359	$ 3,103,697	$ 1,108,391	$43,235,447

The primary government cash and cash equivalents captions on the statement of net assets include $7,903 in imprest cash. The Substance Abuse Services (Substance Abuse Fund) and Barry County Transit (Transit Fund) portion of pooled cash and cash equivalents presented above are as of December 31, 2006. However, their financial statements have been presented as of September 30, 2006, which results in a timing difference of $59,373 for the primary government. The restricted cash of $4,141,003 was being held for use by the Barry County Department of Human Services Board for future capital purchases for Thornapple Manor.

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details primary government interfund receivables and payables at December 31, 2006:

Due to General Fund from:	
Delinquent Tax Umbrella Fund	$ 140,081
Central Dispatch Fund	1,006
Commission on Aging Fund	5,800
Nonmajor governmental funds	65,411
	$ 212,298
Due to Revenue Sharing Reserve Fund from:	
General Fund	$ 1,778,485
Due to Commission on Aging Fund from:	
Internal service funds	$ 10,300
Due to nonmajor governmental funds from:	
General Fund	$ 7,461
Nonmajor governmental funds	4,152
	$ 11,613
Due to Delinquent Tax Umbrella Fund from:	
Delinquent Tax Revolving 2005 Fund	$ 1,183,000

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

Due to internal service funds from:	
General Fund	$ 79,950
Nonmajor governmental funds	66
	$ 80,016

The following schedule details interfund receivables and payables related to the component units (Drainage Districts) at December 31, 2006:

Due to component unit funds from:	
Other component unit funds	$ 185,105

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE E: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable between the primary government and fiduciary funds at December 31, 2006:

Advance to fiduciary funds from:	
General Fund	$ 1,000

NOTE F: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business type funds, and component units have been eliminated.

Transfers to General Fund from:	
Revenue Sharing Reserve Fund	$ 1,010,370
Transfer to Revenue Sharing Reserve Fund from:	
General Fund	$ 2,788,855
Transfer to Delinquent Tax Umbrella Fund from:	
Nonmajor enterprise funds	$ 467,806
Transfers to nonmajor governmental funds from:	
General Fund	$ 2,222,393
Thornapple Manor	237,075
Nonmajor governmental funds	60,662
	$ 2,520,130
Transfer to Thornapple Manor Addition from:	
Building Authority Thornapple Manor Addition Fund	$ 4,624

NOTE F: INTERFUND TRANSFERS - CONTINUED

Transfers to internal service funds from:	
General Fund	$ 671,760
Internal service funds	568,612
	$ 1,240,372
Transfer to Thornapple Manor (business-type activities) from:	
Governmental activities	$ 129,393
Transfer to component unit funds from:	
Other component unit funds	$ 1,727

There is a difference of $237,075 between transfers in and transfers out at the fund-level which relates to the transfer into the Building Authority Thornapple Manor Addition Debt Service Fund, which is shown as a debt payment in the separately audited Thornapple Manor Fund instead of as a transfer out. There is also a difference of $129,393 relating to assets transferred to Thornapple Manor and shown as a contribution in that fund. The net amount of these differences is $107,682 which is shown as an addition to net assets of Governmental Activities on the Statement of Net Assets.

NOTE G: CAPITAL ASSETS

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

Primary Government

	Restated Balance Jan. 1, 2006	Additions	Deletions/ Transfers	Balance Dec. 31, 2006
Governmental activities				
Capital assets not being depreciated				
Land	$ 2,653,096	$ -	$ -	$ 2,653,096
Construction in progress	-	4,961,600	(129,393)	4,832,207
Subtotal at historical cost	2,653,096	4,961,600	(129,393)	7,485,303
Capital assets being depreciated				
Land improvements	649,800	-	-	649,800
Buildings and additions	12,244,862	30,511	-	12,275,373
Equipment and furniture	4,349,957	313,925	(43,529)	4,620,353
Subtotal at historical cost	17,244,619	344,436	(43,529)	17,545,526
Less accumulated depreciation for:				
Land improvements	(410,334)	(21,584)	-	(431,918)
Buildings and additions	(3,804,940)	(294,696)	-	(4,099,636)
Equipment and furniture	(2,109,782)	(484,418)	29,454	(2,564,746)
Subtotal at historical cost	(6,325,056)	(800,698)	29,454	(7,096,300)
Net capital assets being depreciated	10,919,563	(456,262)	(14,075)	10,449,226
Capital assets, net	$ 13,572,659	$ 4,505,338	$(143,468)	$ 17,934,529

NOTE G: CAPITAL ASSETS - CONTINUED

Primary Government - continued

The current year depreciation expense of $800,698 has been adjusted by $14,075 for the disposal of capital assets during the year, in accordance with GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

On August 1, 2006, the county issued $18,850,000 Building Authority - Medical Care Facility bonds for the purpose of defraying the cost of improvements to the Medical Care Facility. The total estimated cost of the project is approximately $20 million. The Medical Care Facility is responsible for any project costs exceeding the original bond issue amount. The bond payments are to be made from a voted tax levy. The assets constructed, when complete, are to be transferred to Thornapple Manor. Assets transferred for the year ended December 31, 2006 amounted to $129,393, which is shown as a contribution in the Thornapple Manor Fund and a transfer out in the Statement of Activities.

Depreciation expense was charged to the following governmental activities:

General government	$ 441,033
General government - Internal service funds	113,198
Public safety	106,398
Health and welfare	77,073
Recreation and cultural	77,071
Total depreciation expense	$ 814,773

	Restated Balance Jan. 1, 2006	Additions/ Transfers	Deletions	Balance Dec. 31, 2006
Business-type activities				
Capital Assets Not Being Depreciated				
Construction in process	$ 16,196	$ 551,718	$ -	$ 567,914
Capital Assets Being Depreciated				
Land improvements	207,152	140,246	(119,002)	228,396
Buildings and additions	6,279,663	(1,717)	(102,507)	6,175,439
Vehicles	1,289,711	-	(181,979)	1,107,732
Equipment and furniture	1,372,221	100,163	(81,630)	1,390,754
Shop equipment	31,502	-	(125)	31,377
Subtotal at historical cost	9,180,249	238,692	(485,243)	8,933,698
Less accumulated depreciation for:				
Land improvements	(142,971)	(67,958)	91,371	(119,558)
Buildings and improvements	(3,165,994)	(105,367)	31,123	(3,240,238)
Vehicles	(866,289)	(102,750)	181,979	(787,060)
Equipment and furniture	(988,817)	(124,340)	145,326	(967,831)
Shop equipment	(31,173)	(86)	125	(31,134)
Subtotal	(5,195,244)	(400,501)	449,924	(5,145,821)
Net capital assets being depreciated	3,985,005	(161,809)	(35,319)	3,787,877
Capital assets, net	$ 4,001,201	$ 389,909	$(35,319)	$ 4,355,791

NOTE G: CAPITAL ASSETS - CONTINUED

Component Units	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Component Unit - Drainage Districts				
Drain infrastructure	$ 2,020,037	$ -	$ -	$ 2,020,037
Less accumulated depreciation for:				
Drain infrastructure	(677,904)	(35,908)	-	(713,812)
Capital assets, net	$ 1,342,133	$(35,908)	$ -0-	$ 1,306,225
Component Unit - Road Commission				
Capital assets not being depreciated:				
Land	$ 85,433	$ -	$ -	$ 85,433
Land improvements	12,901,396	756,888	-	13,658,284
Right-of-Ways	65,204	-	-	65,204
Subtotal at historical cost	13,052,033	756,888	-0-	13,808,921
Capital assets being depreciated:				
Land improvements	214,808	-	-	214,808
Buildings	740,948	-	-	740,948
Road equipment	6,776,099	232,378	-	7,008,477
Shop equipment	117,825	-	-	117,825
Office equipment	96,700	500	(3,811)	93,389
Engineering equipment	96,421	31,490	-	127,911
Yard & storage equipment	103,147	-	-	103,147
Pit depletion	554,440	3,557	-	557,997
Infrastructure - bridges	2,623,674	18,974	-	2,642,648
Infrastructure - roads	12,580,775	947,115	(826,518)	12,701,372
Subtotal at historical cost	23,904,837	1,234,014	(830,329)	24,308,522
Less accumulated depreciation for:				
Land improvements	(51,630)	(10,740)	-	(62,370)
Buildings	(488,290)	(13,849)	-	(502,139)
Road equipment	(5,688,725)	(438,050)	-	(6,129,775)
Shop equipment	(114,472)	(1,030)	-	(115,502)
Office equipment	(74,504)	(8,012)	3,662	(78,854)
Engineering equipment	(85,578)	(5,897)	-	(91,475)
Yard & storage equipment	(103,147)	-	-	(103,147)
Pit depletion	(139,646)	(526)	-	(140,172)
Infrastructure - bridges	(783,562)	(61,898)	-	(845,460)
Infrastructure - roads	(5,763,392)	(1,026,702)	826,518	(5,963,576)
Subtotal at historical cost	(13,292,946)	(1,566,704)	830,180	(14,029,470)
Net capital assets being depreciated	10,611,891	(332,690)	149	10,279,052
Capital assets, net	$ 23,663,924	$ 424,198	$ 149	$ 24,087,973

NOTE G: CAPITAL ASSETS - CONTINUED

Component Units - continued

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Component Unit - Airport Commission				
Land improvements	$ 2,340,213	$ 5,690	$ -	$ 2,345,903
Buildings	238,800	-	-	238,800
Equipment	47,500	-	-	47,500
Totals at historical cost	2,626,513	5,690	-0-	2,632,203
Less accumulated depreciation for:				
Land improvements	(1,611,091)	(116,518)	-	(1,727,609)
Buildings	(132,200)	(3,680)	-	(135,880)
Equipment	(43,214)	(2,143)	-	(45,357)
Total accumulated depreciation	(1,786,505)	(122,341)	-0-	(1,908,846)
Capital assets, net	$ 840,008	$(116,651)	$ -0-	$ 723,357

NOTE H: LONG-TERM DEBT

The following is a summary of changes in long term debt (including current portion) of the County for the year ended December 31, 2006:

	Restated Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct County Obligations - bonds	$ 3,855,000	$18,850,000	$ 465,000	$22,240,000	$ 805,000
Capital Lease - Central Dispatch	580,798	-	284,162	296,636	296,636
Capital Lease - Substance Abuse	15,320	31,728	17,964	29,084	7,932
Accumulated compensated absences	591,339	1,541	34,003	558,877	373,222
	5,042,457	18,883,269	801,129	23,124,597	1,482,790
Business-type Activities					
General Obligation - tax notes 2004	1,036,000	-	1,036,000	-0-	-
General Obligation - BA Bonds 1994	1,975,000	-	125,000	1,850,000	125,000
	3,011,000	-0-	1,161,000	1,850,000	125,000
TOTAL PRIMARY GOVERNMENT	8,053,457	18,883,269	1,962,129	24,974,597	1,607,790
COMPONENT UNITS					
Road Commission					
Lease purchase agreements	78,000	12,724	39,000	51,724	51,724
Accumulated compensated absences	259,817	-	448	259,369	-
Airport					
Loan payable	65,295	-	9,696	55,599	10,142

NOTE H: LONG-TERM DEBT - CONTINUED

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006	Amounts Due Within One Year
COMPONENT UNITS - CONTINUED					
Board of Public Works					
Water and sewer bonds	$ 7,823,281	$ 1,277,526	$ 1,005,000	$ 8,095,807	$ 1,070,000
Drainage Districts					
Drain notes and other debt	68,316	11,000	37,100	42,216	34,883
TOTAL COMPONENT UNITS	8,294,709	1,301,250	1,091,244	8,504,715	1,166,749
TOTAL REPORTING ENTITY	$16,348,166	$20,182,978	$ 3,051,832	$33,479,312	$ 2,779,539

Significant details regarding outstanding long-term debt (including current portions) are presented below:

PRIMARY GOVERNMENT

The Barry County Board of Commissioners is party to long-term lease agreements for rental of the Medical Care Facility Buildings, Courts and Law Building, and the Kellogg Community College Building from the Barry County Building Authority. The lease agreements stipulate that annual rentals will be paid by the County and local Government to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired on these buildings, the rentals will cease, title to the buildings will be transferred to the County, or local government where applicable, and any cash balances remaining with the Building Authority will be returned to the County, or local government where applicable. In accordance with MCGAA Statement 1 the 1994 and 2006 Building Authority Medical Care Facility Building debt is included in the business-type activities.

Bonds and loans payable at December 31, 2006 for the governmental activities are as follows:

$1,860,000 Building Authority Courts and Law Building Refunding Bonds, Series 2003, dated October 15, 2003, due in annual installments ranging from $190,000 to $245,000 through June 1, 2012, with interest ranging from 2.25 to 3.6 percent, payable semi-annually.	$ 1,315,000
$1,935,000 Building Authority Kellogg Community College Refunding Bonds, Series 2003, dated October 1, 2003, due in annual installments ranging from $235,000 to $265,000 through November 1, 2011, with interest ranging from 2.25 to 3.375 percent, payable semi-annually.	1,240,000
$950,000 Building Authority Bonds, Series 2002, dated July 25, 2002, due in annual installments ranging from $25,000 to $75,000 through July 1, 2021, with interest ranging from 4.9 to 5.85 percent, payable semi-annually.	835,000
$18,850,000 Building Authority - Medical Care Facility Bonds, dated August 1, 2006, due in annual installments ranging from $350,000 to $1,750,000 through April 1, 2025, with interest ranging from 4.25 to 4.5 percent, payable semi-annually.	18,850,000
Total Direct County Obligations	$ 22,240,000

NOTE H: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

Advance Refunding - Prior

On October 1, 2003 the County defeased the entire outstanding balance, $1,850,000, of the 1996 Building Authority Bonds which were due and payable November 1, 2011. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority 2003 Refunding Bonds in the amount of $1,935,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2006, bonds due and payable November 1, 2011 for 1996 Building Authority Bonds in the amount of $1,240,000 are considered defeased.

On December 8, 2003 the County defeased the entire outstanding balance, $1,775,000, of the 1993 Building Authority Bonds which were due and payable through December 1, 2012. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority 2003 Refunding Bonds in the amount of $1,860,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2006, bonds due and payable December 1, 2012 for 1993 Building Authority Bonds in the amount of $1,300,000 are considered defeased.

Accumulated Compensated Absences - Governmental Activities

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to $369,389 and $189,488 for vacation and sick, respectively, at December 31, 2006. The amounts of $373,222 and $185,655 have been reported as current and noncurrent liabilities, respectively.

Capital Leases - Governmental Activities

Barry County Central Dispatch has entered into a lease purchase agreement, under act 99 PA of 1933, as amended, to finance the acquisition of mobile data terminals. The liability for the terminals is recorded in the government-wide financial statements. The cost of the terminals amounted to $890,456. This lease has been recorded at the present value of the future minimum lease payments as of the date of their inception which includes interest at a rate of 4.39 percent payable annually. This lease qualifies as a capital lease for accounting purposes because substantially all of the benefits and risks inherent in the ownership of the property rest with the County Central Dispatch.	$ 296,636
Barry County Substance Abuse has entered into a lease purchase agreement, under act 99 PA of 1933, as amended, to finance the acquisition of office furniture and equipment. The liability for the office furniture and equipment is recorded in the government-wide financial statements. The cost of the office furniture and equipment amounted to $55,857. The noninterest bearing capital lease has been recorded at the present value of the future minimum lease payments as of the date of their inception. This lease qualifies as a capital lease for accounting purposes because substantially all of the benefits and risks inherent in the ownership of the property rest with the Agency.	$ 29,084

By Statute, the County legal debt limit is restricted to ten percent (10%) of the equalized value of property in the County. At December 31, 2006, the County's debt limit amounts to $161,328,294, and the long-term debt subject to the limitation is $32,661,066.

NOTE H: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONTINUED

Thornapple Manor Fund - General Obligation Bonds - Business-type Activities

Bonds payable at December 31, 2006 for the Medical Care Facility business-type activities are as follows:

$2,395,000 Building Authority - Medical Care Facility Bonds, dated September 1, 1994, due in annual installments ranging from $125,000 to $225,000 through July 1, 2017, with interest ranging from 5.4 to 6.0 percent, payable semi-annually.	$ 1,850,000

COMPONENT UNIT - ROAD COMMISSION

Accumulated Employee Benefit Payable

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation, sick leave and longevity under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes amounted to $103,873 and $155,496 for vacation and sick, respectively, at December 31, 2006. This amount, $259,369, has been reported as a noncurrent liability.

Lease Purchase Agreement

Two (2) Lease Purchase Agreements were entered into for equipment, due in one annual installment of $51,724 principal, no interest, in 2007.	$ 51,724

COMPONENT UNIT - BOARD OF PUBLIC WORKS

Significant details regarding outstanding long-term debt (including current portions) are presented below:

The County through the Board of Public Works has constructed a water tower for Yankee Springs Township and sewage disposal systems for Thornapple and Barry Townships, Gun Lake Sewer Authority, Southwest Barry Sewer Authority. The County is leasing them to the local municipalities, who are operating, maintaining, and managing the systems. General Obligation bonds were sold with the full faith and credit of the local municipalities, and County pledged to the payment pursuant to Act 185, Public Acts of Michigan 1957, as amended. The principal and interest on bonds outstanding are to be paid out of money received from the local municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the respective bond issues, ownership of the assets will revert to the local municipalities.

Bonds payable at December 31, 2006, per respective construction projects serviced from the Debt Service Funds of the Board of Public Works are as follows:

$4,665,000 Southwest Barry County Sewage Disposal System Refunding Bonds dated May 1, 2004, due in annual installments ranging from $750,000 to $850,000 through November 1, 2010, with interest ranging from 2.35 to 3.15 percent, payable semi-annually.	$ 3,200,000
$1,870,000 Middleville Sanitary Sewer System Refunding Bonds dated October 15, 2003, due in annual installments ranging from $170,000 to $220,000 through November 1, 2014, with interest ranging from 2.25 to 3.8 percent, payable semi-annually.	1,520,000

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - BOARD OF PUBLIC WORKS - CONTINUED

$1,110,000 Barry Township-Fair Lake Sewage Disposal System Extension Bonds dated August 1, 1998 due in annual installment of $60,000 to $65,000 through May 1, 2017 with interest of 4.45 to 4.9 percent, payable semi-annually.	$ 705,000
$1,125,000 Middleville Sanitary Sewer System Bonds dated February 1, 1999, due in annual installments ranging from $50,000 to $75,000 through October 1, 2018, with interest ranging from 4.15 to 4.8 percent, payable semi-annually.	800,000
$650,000 Water Supply System Bonds dated June 26, 2003, due in annual installments ranging from $25,000 to $40,000 through October 1, 2024, with interest at 2.5 percent, payable semi-annually.	593,281
$1,040,000 Water Supply System Bonds Series A dated August 23, 2006, due in annual installments ranging from $40,000 to $65,000 through April 1, 2027, with interest at 2.125 percent, payable semi-annually. As of December 31, 2006 the County had only drawn $607,526.	607,526
$205,000 Water Supply System Bonds Series B dated August 23, 2006, due in annual installments ranging from $10,000 to $15,000 through October 1, 2026, with interest at 2.125 percent, payable semi-annually.	205,000
$465,000 Fawn Lake Extension Note, dated July 25, 2006, due in annual installments ranging from $20,000 to $25,000 through April 1, 2026, with interest ranging from 4.125 to 4.4 percent, payable semi-annually.	465,000
	$ 8,095,807

Advance Refunding - Prior

On May 1, 2004 the County defeased the entire outstanding balance, $4,665,000, of the 1993 Southwest Barry County Sewage Disposal System General Obligation Limited Tax Bonds which were due and payable May 1, 2010. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Southwest Barry County Sewage Disposal System General Obligation Limited Tax 2004 Refunding Bonds in the amount of $4,665,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2006, bonds due and payable May 1, 2010 for 1993 Southwest Barry County Sewage Disposal System General Obligation Limited Tax Bonds in the amount of $3,300,000 are considered defeased.

COMPONENT UNIT - DRAINAGE DISTRICTS

Significant details regarding outstanding long-term debt (including current portions) are presented below:

The County has irrevocably pledged its full faith and credit as collateral for the following drain notes and amounts owed to other governmental units. These projects, except for the Collier-Mud Creek project, which is administered by Eaton County, are administered by the Barry County Drain Commission for various local drainage districts. The drain obligations were issued to finance the various Construction Funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

NOTE H: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT - DRAINAGE DISTRICTS - CONTINUED

Notes payable and amounts owed to other governmental units at December 31, 2006 per respective Drain projects serviced from the Debt Service Funds of the Drainage Districts are as follows:

Drain Notes

$11,000 Coats Grove Drain Note dated October 25, 2006, due in annual installments of $3,667 through June 1, 2009, with interest of 4.35 percent, payable annually.	$ 11,000

Due to other governmental units

$1,300,000 Collier-Mud Creek Intercounty Drain Drainage District Bonds, dated February 1, 1998, were issued for a project administered in Eaton County. The liability is split between Eaton, Barry, and Ionia Counties. The Barry County drainage district liability for this bond issue amounts to 24.18% of the face amount of the bonds. Payment is due in annual installments of $31,216 through May 1, 2007 less any prepaids paid directly to Eaton County.	31,216
TOTAL DRAINAGE DISTRICTS DRAIN NOTES AND OTHER OBLIGATIONS	$ 42,216

COMPONENT UNIT - AIRPORT

Loan Payable

The component unit Airport (Special Revenue) Fund, a joint venture between Barry County and the City of Hastings is party to a long-term loan agreement. The proceeds of the loan were used to construct airplane taxi streets and an access road.

Significant details regarding outstanding long-term debt (including current portions) are presented below:

$100,000 Airport installment loan payable dated August 20, 2002, due in annual installments ranging from $10,142 to $12,143 with interest of 4.6 percent, payable annually.	$ 55,599

The annual requirements to pay the debt principal and interest outstanding for the following bonds and loans are as follows:

Primary Government

Year Ending December 31,	Direct County Obligations		Capital Lease - Substance Abuse	Capital Lease - Central Dispatch	
	Principal	Interest	Principal	Principal	Interest
2007	$ 930,000	$ 1,185,253	$ 7,932	$ 296,636	$ 13,022
2008	1,005,000	1,011,761	7,932	-	-
2009	1,160,000	971,363	7,932	-	-
2010	1,220,000	924,848	5,288	-	-
2011	1,310,000	874,006	-	-	-
2012-2016	5,315,000	3,608,645	-	-	-
2017-2021	6,600,000	2,247,719	-	-	-
2022-2026	6,550,000	608,625	-	-	-
	$24,090,000	$11,432,220	$ 29,084	$ 296,636	$ 13,022

NOTE H: LONG-TERM DEBT - CONTINUED

Component Units

Year Ending December 31,	Road Commission Lease Purchase	Drainage Districts Drain Bonds and Notes		Board of Public Works Water and Sewer Bonds		Airport Loans Payable	
	Principal	Principal	Interest	Principal	Interest	Principal	Interest
2007	$ 51,724	$ 34,883	$ 1,039	$1,070,000	$ 227,270	$ 10,142	$ 2,558
2008	-	3,667	320	1,175,000	200,271	10,609	2,090
2009	-	3,666	159	1,210,000	167,951	11,097	1,603
2010	-	-	-	1,260,000	132,320	11,608	1,093
2011	-	-	-	430,000	107,129	12,143	559
2012-2016	-	-	-	1,895,000	325,906	-	-
2017-2021	-	-	-	762,526	121,034		
2022-2026	-	-	-	293,281	102,902	-	-
	$ 51,724	$ 42,216	$ 1,518	$8,095,807	$1,384,783	$ 55,599	$ 7,902

NOTE I: EMPLOYEE RETIREMENT SYSTEM

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. 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 System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time County employees are covered by the retirement system with exception of the Road Commission employees. The Road Commission employees are covered under a separate retirement plan. The retirement plan also includes employees that work for County departments, which are excluded from the financial statements.

The benefits and conditions outlined below are for general information only. Public Act 427 of 1984, as amended, covers the benefits and conditions of the Municipal Retirement systems.

Normal Retirement:

Age 50 with 25 or more years of credited service
Age 55 with 15 or more years of credited service
Age 60 with 10 or more years of credited service
Mandatory Retirement: None

Deferred Retirement:

The termination of membership before age 60, other than by retirement or death, after 10 years of credited service is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

Funding Policy

The County is required to contribute at an actuarially determined rate. The current rate is 5.32% to 40.86% of annual covered payroll, depending on the department or bargaining unit. County employees are required to contribute 0.0% to 5.33% of their annual covered payroll, depending on the department or bargaining unit. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County Board of Commissioners, depending on the MERS contribution program adopted by the County.

Annual Pension Cost

For the year ended December 31, 2006 the County's annual pension cost of $1,187,741 for the plan was equal to the County's required contribution. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2004, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Three (3) year trend information

	Year Ended December 31,		
	2003	2004	2005
Actuarial value of assets	$ 21,025,746	$ 22,817,148	$ 24,516,645
Actuarial accrued liability (AAL) (entry age)	29,580,622	33,226,393	35,111,319
Unfunded AAL	8,554,876	10,409,245	10,594,674
Funded ratio	71%	69%	70%
Covered payroll	11,267,166	11,851,341	12,327,804
UAAL as a percentage of covered payroll	76%	88%	86%
Annual pension cost	987,062	1,069,299	1,187,741
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

COMPONENT UNIT - ROAD COMMISSION

The Barry County Board of Road Commissioners has a 401-K, single employer defined contribution plan, available to all employees of the Road Commission. A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will received depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and the forfeitures of other participant's account. All employees who are at least 21 years old and have completed six months of service are eligible to participate.

NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

The plan allows each employee to determine his/her own contribution, up to 60% of his or her salary, according to current provisions of the Internal Service Code. The Road Commission contributes 10% of the employees' salary. These contributions are not dependent of the participation of the employees. The plan uses the accrual basis of accounting with investments stated at market.

Employees are allowed to borrow from their account and at December 31, 2006, the outstanding loan balances were $83,407. Employee and employer contributions are paid to the plan on each payroll date (bi-weekly) and for the year ending December 31, 2006; the Road Commission's contribution to the plan was $160,186. Employee contributions to the plan were $164,016 for 2006. Total 2006 payroll of the Road Commission was $1,912,918, and total covered payroll was $1,817,107. The Road Commission's contributions represent 8.82% of covered payroll and the employees' contributions represent 9.03% of covered payroll.

NOTE J: CONTINGENT LIABILITIES

The County participates in a number of Federal and State assisted grant programs that are subject to compliance audits. The Single Audit of the Federal programs and the periodic program compliance audits of many of the State programs have not yet been conducted, completed, or resolved. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

There are various legal actions pending with the County. Due to the inconclusive nature of many of the actions, it is not possible for Legal Counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any. Those actions for which a reasonable estimate can be determined of the County's potential liability and that would not be covered by insurance and reserves, if any, are considered by County Management and Legal Counsel to be immaterial.

NOTE K: RISK MANAGEMENT

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Primary Government

The County is self-insured for health, workers' compensation, and disability. Each participating fund of the County makes payments to the respective self-insurance Internal Service Fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as fringe benefit charges in the paying fund and charges for services in the receiving fund.

As a benefit to its employees, Barry County has contracted with Blue Cross Blue Shield of Michigan for its prescription drug and medical benefits program. BCBSM provides claims administration for the prescription drug and medical benefits and stop-loss insurance protection for the medical benefits.

The employees pay a fixed copay per prescription and Barry County pays the Blue Cross Blue Shield negotiated discounted balance. Barry County is also responsible to pay for the first $50,000 of eligible medical claims per policy year per covered contract. The County is insured for covered medical claims in excess of $50,000, per contract per policy year, not to exceed the policy limits of $5 million per member per lifetime, at which time Barry County has fulfilled its obligation to the employee (contract holder).

NOTE K: RISK MANAGEMENT

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

Primary Government - continued

The County is completely self-insured for disability benefits. The plan covers all employees except employees at the Mental Health and Medical Care facilities. The Disability Benefits Plan provides benefits of 67% of current wages, for a period not to exceed 52 weeks. Benefits commence on the eighth day after a disabling injury or illness. The program is administered by PBS, which furnishes claims review and processing.

The County is self-insured for workers' compensation up to $325,000 for each loss up to an aggregate amount of $1,000,000. The County is insured for the amount of claims in excess of such limitation to a maximum of $5,000,000 for each occurrence. The County is then self-insured for annual aggregate claims in excess of insurance coverage. The program is administered by a Service Agency that furnishes claims review and processing.

The County is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately.

The administration of the Authority is directed by a nine (9) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Barry County with loss protection for general and auto liability, motor vehicle physical damage, and property damage. Under most circumstances the County's maximum loss per occurrence is limited as follows:

Maximum Retention Type of Risk	Per Occurrence
General and auto liability	$ 75,000
Motor vehicle physical damage	15,000
Property coverage	10,000

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

Liability insurance claims are expenses as incurred. The liability is determined by the Michigan Municipal Risk Management Authority management based on an actuarial study performed using historical data and available insurance industry statistics. The liability includes a reserve for reported claims, and reported legal expenses as well as incurred but not reported claims.

NOTE K: RISK MANAGEMENT - CONTINUED

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

Primary Government - continued

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Barry County incurs a loss in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The County has not been informed of any special assessments being required.

In addition, the Authority has accumulated resources to create and fund an internal Stop Loss Fund. The Stop Loss Fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of $178,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of $178,000 net of reinsurance recoveries are paid entirely from the Internal Stop Loss Fund. If at any time the Stop Loss Fund is insufficient to fund Barry County's losses, the remaining liability shall become the responsibility of the Authority as a whole.

At December 31, 2006, the County had funds on deposit of $194,471 with the Authority and reserves for reported claims of $9,280.

Blended Component Unit

Thornapple Manor is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees.

Thornapple Manor, as part of the County, participates in the Michigan Municipal Risk Management Authority (risk pool) for claims relating to general and auto liability (including medical malpractice), auto physical damage and property loss claims. The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

Thornapple Manor is insured for workers' compensation claims via a policy with a commercial carrier.

Thornapple Manor is insured against potential professional liability claims under an occurrence-basis policy, whereby all claims resulting from incidents that occur during the policy period are covered up to insured limits, regardless of when the claims are reported to the insurance carrier. There are no known outstanding or pending claims at December 31, 2006.

Thornapple Manor, as part of the county, is self insured for employee medical benefit claims. Thornapple Manor estimates the liability (included in accounts payable) for employee medical benefit claims incurred through the end of the year, including both those claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past year were as follows:

	2006
Estimated liability - Beginning of the year	$ -
Estimated claims incurred, including changes in estimates	846,643
Claims payments	(846,643)
Estimated liability - End of the year	$ -0-

NOTE K: RISK MANAGEMENT - CONTINUED

COMPONENT UNIT - ROAD COMMISSION

Barry County Road Commission is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters.

Barry County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protections, claims administration and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

Barry County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission also has self-insurance for worker's compensation as a member of the County Road Association Self-Insurance Fund. The Road Commission's employee medical benefits insurance is purchased through Blue Cross and Blue Shield.

At December 31, 2006, there were no claims that exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years.

NOTE L: PROPERTY TAXES AND TAX RECEIVABLE

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

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy has shifted from winter to summer.

The County's Winter 2005 and Summer 2006 ad valorem taxes were levied and collectible on December 1, 2005 and July 1, 2006, respectively. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's Winter 2005 and Summer 2006 tax levies have been recognized as revenue in the current fiscal year. The 2005 taxable value of Barry County amounted to $1,613,282,942 on which ad valorem taxes levied for County general operating purposes consisted of 3.6453 mills for Winter 2005 and 3.6267 mills for Summer 2006. For the Winter 2005, the County levied 0.2276 mills for Parks and Recreation, 0.4943 mills for the Commission on Aging, 0.2500 mills for Transit, and 0.7500 mills for Central Dispatch.

NOTE L: PROPERTY TAXES AND TAX RECEIVABLE - CONTINUED

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the Trust and Agency Fund for distribution to the General, Special Revenue, Debt Service, and Enterprise Funds. The property tax levied December 1 are accrued as current tax receivable with the appropriate deferral, and are budgeted as revenue in the subsequent year in the General, Parks and Recreation, Commission on Aging, Central Dispatch (Special Revenue), and Transit (Enterprise) Funds.

Taxes receivable recorded in the respective funds at December 31, 2006, are as follows:

		Special Revenue			Debt Service	Enterprise	
Taxes Receivable	General	Central Dispatch	Parks and Recreation	Commission on Aging	Thornapple Manor Addition	Delinquent Tax Revolving Funds	Total
Current	$ 3,034,234	$ 1,681,354	$ 386,993	$ 840,592	$ 861,217	$ -	$ 6,804,390
Delinquent	-	-	-	-	-	1,167,718	1,167,718
	$ 3,034,234	$ 1,681,354	$ 386,993	$ 840,592	$ 861,217	$ 1,167,718	$ 7,972,108

The delinquent taxes receivable represents unpaid real property taxes in the Delinquent Tax Revolving Funds.

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

These receivables are pledged to a bank for the payment of the notes payable, the proceeds of which were used to liquidate the amounts owed to the General, Special Revenue and Enterprise Funds and other taxing authorities. Subsequent collection on the delinquent taxes receivable, plus interest and administration fees thereon, and investment earnings are used to service the notes payable.

At the end of three (3) years any real property taxes not collected are charged back to the General, Special Revenue, and Enterprise Funds and all other taxing authorities affected. Past experience has indicated that such chargebacks should not be material and, as a result there has been no establishment of an amount for uncollectible taxes receivable in any of the funds. This activity is accounted for in the Delinquent Tax Revolving Funds.

NOTE M: FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance that the County has set aside for specific purposes.

The following are the various fund balance reserves as of December 31, 2006:

PRIMARY GOVERNMENT	
General Fund	
Reserved for other purposes	
Advances to fiduciary funds	$ 1,000
Thornapple Manor Addition Fund	
Reserved for other purposes	
Debt service	$ 338,362

NOTE M: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

PRIMARY GOVERNMENT - CONTINUED	
Nonmajor governmental funds	
Reserved for other purposes	
Grant expenditures	$ 28,900
Perpetual care	25,571
Debt service	121,996
	$ 176,467
COMPONENT UNITS	
Drainage Districts	
Reserved for debt service	$ 103,098
Board of Public Works	
Reserved for debt service	32,301
Airport Commission	
Reserved for prepaids	294
Reserved for capital improvements	20,386
	20,680
TOTAL COMPONENT UNITS	$ 156,079

The following are the various fund balance designations as of December 31, 2006:

PRIMARY GOVERNMENT	
Designated for other purposes	
Central Dispatch	
Designated for capital expenditures	$ 125,000
Building Authority Thornapple Manor Addition	
Designated for capital expenditures	13,927,467
	$14,052,467
COMPONENT UNITS	
Drainage Districts	
Designated for capital expenditures	$ 46,643
Board of Public Works	
Designated for capital expenditures	722,333
TOTAL COMPONENT UNITS	$ 768,976

NOTE N: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2006:

PRIMARY GOVERNMENT	
Governmental activities	
Restricted for	
Public safety	
Central dispatch	$ 1,059,468
Local corrections officers training	16,150
Victims Services Unit	20,478
Community corrections	6,461
Justice training	11,063
Drug law enforcement	28,698
Special investigation	27,329
Crime victims rights week	37,588
Middleville police services	21,146
	$ 1,228,381
Restricted for	
Debt service	
Friend of the Court renovation	$ 10,689
Thornapple Manor Addition	60,903
Building Authority Courts and Law	108,062
	$ 179,654
Other purposes	
Revenue Sharing Reserve	$ 5,923,064
Animal Shelter Donation	204,103
New Building	15,431
Perpetual Care	25,571
Friend of the Court	111,448
Solid waste planning	139,123
Register of Deeds automation	212,663
Budget stabilization	125,908
Law library	33,532
Childcare activities	1,101,809
CDBG Housing	28,900
Museum building	69,080
COA building	11,247
Building rehabilitation	964,444
Commission on Aging	225,499
Adult Drug Court	52,715
Juvenile Drug Court	9,287
Workers' Compensation	297,111
Health Insurance	379,932
Fringe Benefits	1,510,444
Life insurance	982

NOTE N: RESTRICTED NET ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONTINUED	
Governmental activities - continued	
Restricted for	
Other purposes - continued	
Disability	$ 31,576
Retirement	229,028
Dental and Optical	26,939
Unemployment	11,131
	$11,740,967
Business-type activities	
Other purposes - Medical Care activities	
Thornapple Manor	$ 4,575,958
COMPONENT UNITS	
Restricted for debt service	
Drainage Districts	$ 102,807
Restricted for other purposes	
Drainage Districts	
Restricted for drainage projects	$ 46,643
Board of Public Works	
Restricted for BPW projects	754,634
Road Commission	
Restricted for county roads	3,649,176
Airport	
Restricted for airport activities	19,721
Economic Development	
Restricted for economic development	4,166
	$ 4,474,340

NOTE O: FLEXIBLE BENEFITS PLAN

In January 1989 the County implemented a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Code. No formal plan documents were present for the plan. The plan, available to all employees who are eligible for medical, dental, and other benefit plans provided by the County, permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to required premium payments, or medical expense reimbursement benefits. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee's elected cash alternative will be considered a taxable benefit under the Flexible Benefit Plan.

The plan is administered by Barry County.

NOTE P: POST-EMPLOYMENT HEALTH CARE BENEFITS

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

In addition to providing pension benefits, the County provides certain health care benefits and life insurance, in accordance with union agreements and/or personnel policies to employees who have retired. The County has a self-insured health program which pays for claims (less deductible and co-pay) in accordance with the group that the employee retired from. For most retirees this is for the ages 60 to 65, and no retiree contribution is required. For some Sheriff Department retirees, the age is 50 or 55, but they must contribute to the program. At age 65, all retirees must contribute to the program in order to continue coverage. The activity related to the process is accounted for in the Fringe Benefits (Internal Service) Fund. The fund charges the applicable fund that the employee worked for a cost related to each retiree based on administratively determined percentage. The Internal Service Fund recognizes these charges as revenue and the payments of insurance as expense. Currently, seventeen (17) retirees meet those eligibility requirements. Expenditures for post-employment health care benefits are recognized when claims are paid. During the year, expenditures of $240,580 were recognized for post-employment health care.

The County also pays the life insurance premium for those retirees who ask for coverage under a $5,000 policy. The total monthly premium was $1.90 until the cost increases to $5 per month at which time the retiree must absorb the difference. In 2006 fifty-three (53) retirees were covered at a cost of $1,186 to the County. Expenditures are recognized as the insurance premiums become due.

COMPONENT UNIT - ROAD COMMISSION

As of January 1, 2003, Barry County Road Commission changed their policy for providing hospitalization medical coverage for their employees following retirement. Per the policy in place as of December 31, 2002, Barry County Road Commission provided hospitalization medical coverage and life insurance on a complimentary basis for any employee who retired at age 55 with at lease eight years of service. Barry County Road Commission continues to provide life insurance using the same parameters. Four (4) current employees and one (1) who retired during the year ended December 31, 2003, were grandfathered in under the previous policy.

As of January 1, 2005, Barry County Road Commission added a policy for providing $10 per month for every year of service for their association employees retiring from January 1, 2003 to November 1, 2006. These employees must be at least 55 years of age and have at least 20 years of service. This would become effective upon retirement or January 1, 2005, which ever comes latest. Amount shall be paid until the employee is deceased. If a slot is open for health insurance through the Road Commission and the retiree chooses to be carried through the Road Commission, the current Health Insurance Cancellation Policy will apply. This is contingent upon the Employee's Association acceptance. All other current employees receive no health benefits upon retirement.

The benefits are provided based on requirements of employee contracts and are financed on a pay-as-you-go basis. For the year ended December 31, 2006, Barry County Road Commission expended $155,519 for 26 participants currently eligible to received benefits.

UPCOMING REPORTING CHANGE

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

NOTE Q: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the body of the financial statements, the County's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the County have been adopted at the activity level for the General Fund and the fund level for the Special Revenue Funds.

During the year ended December 31, 2006, the County incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	Amounts Appropriated	Amounts Expended	Variance
General Fund			
General government			
Legal counsel	$ 90,000	$ 90,543	$ 543
Public safety			
Marine safety	112,364	112,483	119
Health and welfare			
District Health Department	421,370	421,513	143
Capital outlay	48,929	68,315	19,386
Other financing uses - transfers out			
Building rehabilitation	-	447,840	447,840
Data processing	-	223,920	223,920
Vehicle	-	223,920	223,920
Health insurance	-	223,920	223,920
Central Dispatch			
Debt service	-	309,659	309,659

NOTE R: ENDOWMENT FUND HELD BY THIRD PARTIES

COMPONENT UNIT - THORNAPPLE MANOR

Thornapple Manor is the beneficiary of a trust, which is maintained by an outside trustee, the Barry Community Foundation. The balance in the trust was approximately $69,000 at December 31, 2006. Approximately $51,000 of this balance is available for distribution to the Facility.

NOTE S: RESTATEMENT OF NET ASSETS

Beginning net assets for governmental activities have been restated for the current year financial statements. The restatement related to Central Dispatch capital assets and related capital lease that were not included in the prior year's financial statements.

GOVERNMENTAL ACTIVITIES	
Net assets, beginning	$ 24,136,724
Capital assets (net)	816,252
Capital lease payable	(580,798)
Restated net assets, beginning	$ 24,372,178

REQUIRED SUPPLEMENTARY INFORMATION

Barry County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND OTHER FINANCING SOURCES

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current and delinquent property taxes	$ 8,541,158	$ 11,400,996	$ 11,781,876	$ 380,880
Payments in lieu of taxes	4,000	4,000	4,613	613
Mobile home park taxes	4,000	4,000	6,165	2,165
Industrial and commercial facility tax	11	11	87	76
Total taxes	8,549,169	11,409,007	11,792,741	383,734
Licenses and permits				
Gun permits	5,000	5,000	5,642	642
Dog licenses	86,500	86,500	95,573	9,073
Marriage license fees	8,700	8,700	8,530	(170)
Planning services	72,000	65,000	51,610	(13,390)
Total licenses and permits	172,200	165,200	161,355	(3,845)
Intergovernmental - Federal/State				
Emergency management	62,390	87,054	91,313	4,259
Community oriented policing	-	4,042	4,043	1
ADC maintenance assistance	98,491	87,000	76,319	(10,681)
Cooperative reimbursement				
Friend of the court	623,125	492,773	511,137	18,364
Prosecuting attorney	94,176	115,000	33,329	(81,671)
Probate court judge	133,919	133,919	171,337	37,418
Circuit court judge	45,724	45,724	45,724	-0-
District court judge	45,724	45,724	45,724	-0-
State court fees	309,230	309,230	310,932	1,702
Jury fees	3,000	3,000	3,968	968
District court case flow assistance	-	13,000	14,590	1,590
Voter aid registration	1,000	1,000	925	(75)
Sheriff secondary road patrol	88,576	92,244	88,728	(3,516)
Sheriff equipment grant	-	4,823	9,352	4,529
Byrne justice assistance grant	-	-	10,858	10,858
Cigarette tax	33,322	33,322	33,520	198
Marine safety	32,031	70,085	101,697	31,612
Convention and tourism tax	140,114	139,290	139,290	-0-
Liquor law enforcement	-	5,728	5,356	(372)
Other	700	700	1,464	764
Total intergovernmental - Federal/State	1,711,522	1,683,658	1,699,606	15,948

Barry County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES - CONTINUED				
Charges for services				
Circuit Court	$ 191,000	$ 194,050	$ 167,944	$ (26,106)
District Court	527,200	527,200	520,452	(6,748)
Friend of the Court	60,000	45,000	41,219	(3,781)
Probate Court	30,140	30,000	25,258	(4,742)
County Treasurer	1,610	1,360	3,171	1,811
County Clerk	92,755	70,905	69,937	(968)
Register of Deeds	300,250	300,610	243,015	(57,595)
Real estate transfer tax	225,000	225,000	226,111	1,111
Mapping department	10,500	9,800	13,557	3,757
Juvenile Court	18,500	18,140	26,431	8,291
Sheriff Department	80,500	80,420	79,782	(638)
Record copying	87,100	87,100	71,383	(15,717)
Pay phone commissions	20,000	20,000	14,736	(5,264)
Other sales	15,600	15,610	21,110	5,500
Other	9,000	9,000	8,095	(905)
Total charges for services	1,669,155	1,634,195	1,532,201	(101,994)
Fines and forfeits				
Bond forfeitures	11,000	11,000	13,815	2,815
Ordinance fines and costs	16,000	16,000	15,087	(913)
Total fines and forfeits	27,000	27,000	28,902	1,902
Interest and rents				
Interest on investments	100,000	350,000	397,098	47,098
Rents	54,760	59,760	68,332	8,572
Total interest and rents	154,760	409,760	465,430	55,670
Other				
Reimbursements and refunds	61,817	79,688	79,551	(137)
Other	1,500	1,500	1,804	304
Total other	63,317	81,188	81,355	167
TOTAL REVENUES	12,347,123	15,410,008	15,761,590	351,582

Barry County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OTHER FINANCING SOURCES				
Transfers in				
Delinquent tax revolving	$ 140,000	$ 140,000	$ -	$ (140,000)
Revenue sharing reserve	992,764	992,764	1,010,370	17,606
TOTAL OTHER FINANCING SOURCES	1,132,764	1,132,764	1,010,370	(122,394)
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 13,479,887	$ 16,542,772	$ 16,771,960	$ 229,188

Barry County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND OTHER FINANCING USES BY ACTIVITY

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
General government				
Board of commissioners	$ 224,693	$ 224,693	$ 214,753	$ 9,940
Trial court	1,484,643	1,487,162	1,358,204	128,958
Jury board	4,925	4,925	3,925	1,000
Probate court	713,813	715,834	703,783	12,051
Adult probation	13,080	13,080	12,893	187
County administrator	254,773	254,773	248,676	6,097
Elections	54,350	54,350	50,066	4,284
Legal counsel	60,000	90,000	90,543	(543)
Clerk	464,570	464,570	400,305	64,265
Equalization	202,611	204,491	203,954	537
Prosecuting attorney	688,609	705,379	624,931	80,448
Register of deeds	175,328	183,316	176,223	7,093
Land information services	254,226	258,470	229,674	28,796
Treasurer	241,408	243,008	239,370	3,638
Cooperative extension	142,521	142,521	133,712	8,809
Courthouse and grounds	446,769	447,828	418,073	29,755
Drain commissioner	128,061	129,677	127,739	1,938
Other	190,275	274,428	228,885	45,543
Total general government	5,744,655	5,898,505	5,465,709	432,796
Public safety				
Sheriff	2,076,088	2,201,353	2,186,724	14,629
Secondary road patrol	88,784	101,639	90,405	11,234
Highway safety grant	16,000	10,751	8,146	2,605
Marine safety	95,313	112,364	112,483	(119)
Emergency services	88,015	135,904	97,183	38,721
Jail	1,520,574	1,452,448	1,269,974	182,474
Animal control	219,745	219,745	201,001	18,744
Total public safety	4,104,519	4,234,204	3,965,916	268,288
Public works				
Department of public works	2,584	50,184	40,248	9,936
Health and welfare				
District Health department	421,370	421,370	421,513	(143)
Health department building	102,080	102,326	92,270	10,056
Soldiers and sailors relief	8,000	32,891	27,745	5,146
Medical examiner	76,050	116,050	104,512	11,538
Substance abuse	70,057	70,057	69,645	412
Veterans counselor	27,238	31,250	30,529	721
Veterans burials	39,966	39,966	37,852	2,114
Mental health	154,400	154,500	154,500	-0-
Total health and welfare	899,161	968,410	938,566	29,844

Barry County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Community and economic development				
Planning department	$ 271,322	$ 333,071	$ 321,246	$ 11,825
Recreation and cultural	7,500	7,500	-	7,500
Other				
Insurance and bonds	316,625	316,625	288,952	27,673
Capital outlay	15,274	48,929	68,315	(19,386)
TOTAL EXPENDITURES	11,361,640	11,857,428	11,088,952	768,476
OTHER FINANCING USES				
Transfers out				
Adult drug court	26,667	26,667	26,667	-0-
Juvenile drug court	22,736	22,736	22,736	-0-
Building authority courts and law	249,563	249,563	249,563	-0-
Friend of the court	831,979	848,581	848,581	-0-
Remonumentation	8,400	8,400	8,400	-0-
Building rehabilitation	-	-	447,840	(447,840)
Friend of the court renovation	72,513	72,513	72,513	-0-
Solid waste	1,500	1,500	1,500	-0-
Child care probate	460,906	515,093	515,093	-0-
Child care welfare	500	2,500	2,500	-0-
Social welfare	8,000	8,500	8,500	-0-
Revenue sharing reserve	426,983	2,788,855	2,788,855	-0-
Park	8,000	8,000	8,000	-0-
McKeown bridge park	500	500	500	-0-
Agricultural preservation	-	10,000	10,000	-0-
Data processing	-	-	223,920	(223,920)
Vehicle	-	-	223,920	(223,920)
Health insurance	-	-	223,920	(223,920)
TOTAL OTHER FINANCING USES	2,118,247	4,563,408	5,683,008	(1,119,600)
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 13,479,887	$ 16,420,836	$ 16,771,960	$ (351,124)

Barry County, Michigan

Central Dispatch Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 1,183,040	$ 1,183,040	$ 1,185,975	$ 2,935
Intergovernmental - Federal/State	132,500	132,500	118,555	(13,945)
Interest	16,000	16,000	65,881	49,881
Other	-	-	448	448
TOTAL REVENUES	1,331,540	1,331,540	1,370,859	39,319
EXPENDITURES				
Current				
Public safety	1,377,602	1,377,602	1,218,332	159,270
Capital outlay	382,000	382,000	68,380	313,620
Debt service	-	-	309,659	(309,659)
TOTAL EXPENDITURES	1,759,602	1,759,602	1,596,371	163,231
NET CHANGE IN FUND BALANCE	(428,062)	(428,062)	(225,512)	202,550
Fund balance, beginning of year	1,284,980	1,284,980	1,284,980	-0-
Fund balance, end of year	$ 856,918	$ 856,918	$ 1,059,468	$ 202,550

Barry County, Michigan

Revenue Sharing Reserve

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Interest	$ -	$ -	$ 110,116	$ 110,116
EXPENDITURES	-	-	-	-0-
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	110,116	110,116
OTHER FINANCING SOURCES (USES)				
Transfers in	2,788,855	2,788,855	2,788,855	-0-
Transfers out	(992,764)	(992,764)	(1,010,370)	(17,606)
TOTAL OTHER FINANCING SOURCES (USES)	1,796,091	1,796,091	1,778,485	(17,606)
NET CHANGE IN FUND BALANCE	1,796,091	1,796,091	1,888,601	92,510
Fund balance, beginning of year	4,034,463	4,034,463	4,034,463	-0-
Fund balance, end of year	$ 5,830,554	$ 5,830,554	$ 5,923,064	$ 92,510

Barry County, Michigan

Commission on Aging

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 740,211	$ 740,211	$ 778,836	$ 38,625
Intergovernmental - Federal/State	312,754	312,754	379,433	66,679
Charges for services	129,234	129,234	107,118	(22,116)
Interest and rents	255	255	1,697	1,442
Other	25,821	25,821	26,379	558
TOTAL REVENUES	1,208,275	1,208,275	1,293,463	85,188
EXPENDITURES				
Current				
Health and welfare	1,113,583	1,081,039	1,054,738	26,301
Capital outlay	19,350	19,350	13,728	5,622
TOTAL EXPENDITURES	1,132,933	1,100,389	1,068,466	31,923
NET CHANGE IN FUND BALANCE	75,342	107,886	224,997	117,111
Fund balance, beginning of year	502	502	502	-0-
Fund balance, end of year	$ 75,844	$ 108,388	$ 225,499	$ 117,111

OTHER SUPPLEMENTARY INFORMATION

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

December 31, 2006

	Special		
	Parks and Recreation	Friend of the Court	Local Corrections Officer Training
ASSETS			
Cash and cash equivalents	$ 55,549	$ 135,719	$ 16,150
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	386,993	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	$ 442,542	$ 135,719	$ 16,150
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 6,380	$ -
Accrued liabilities	-	11,377	-
Due to other funds	1,800	6,514	-
Deferred revenue	386,993	-	-
TOTAL LIABILITIES	388,793	24,271	-0-
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Undesignated, reported in Special revenue funds	53,749	111,448	16,150
TOTAL FUND BALANCES	53,749	111,448	16,150
TOTAL LIABILITIES AND FUND BALANCES	$ 442,542	$ 135,719	$ 16,150

Revenue					
Solid Waste	Animal Shelter Donation	Community Resource Network	Abstract	Remonu-mentation	Museum Building
$ 139,883	$ 204,103	$ 7,285	$ 409,420	$ (44,140)	$ 69,080
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,345	-
-	-	-	-	54,041	-
-	-	-	-	-	-
$ 139,883	$ 204,103	$ 7,285	$ 409,420	$ 15,246	$ 69,080
$ 760	$ -	$ -	$ -	$ 15,246	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
760	-0-	-0-	-0-	15,246	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
139,123	204,103	7,285	409,420	-	69,080
139,123	204,103	7,285	409,420	-0-	69,080
$ 139,883	$ 204,103	$ 7,285	$ 409,420	$ 15,246	$ 69,080

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2006

	Special		
	Commission on Aging Building	Building Rehabilitation	McKeown Bridge Park
ASSETS			
Cash and cash equivalents	$ 449	$ 960,444	$ 5,271
Investments	10,798	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	$ 11,247	$ 960,444	$ 5,271
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ 34
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	34
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Undesignated, reported in Special revenue funds	11,247	960,444	5,237
TOTAL FUND BALANCES	11,247	960,444	5,237
TOTAL LIABILITIES AND FUND BALANCES	$ 11,247	$ 960,444	$ 5,271

Revenue					
New Building	Register of Deeds Automation	Budget Stabilization	Victim Services Unit	D.A.R.E. Program	School Liaison
$ 15,431	$ 212,663	$ -	$ 20,531	$ -	$ 11,118
-	-	125,477	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	431	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	20,822
$ 15,431	$ 212,663	$ 125,908	$ 20,531	$ -0-	$ 31,940
$ -	$ -	$ -	$ 53	$ -	$ -
-	-	-	-	-	1,022
-	-	-	-	-	637
-	-	-	-	-	-
-0-	-0-	-0-	53	-0-	1,659
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,431	212,663	125,908	20,478	-	30,281
15,431	212,663	125,908	20,478	-0-	30,281
$ 15,431	$ 212,663	$ 125,908	$ 20,531	$ -0-	$ 31,940

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2006

	Special		
	Drug Law Enforcement	Special Investigation	Crime Victims Rights Week
ASSETS			
Cash and cash equivalents	$ 28,698	$ 27,329	$ 79,564
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	10,369
Local	-	-	-
TOTAL ASSETS	$ 28,698	$ 27,329	$ 89,933
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	52,345
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	52,345
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Undesignated, reported in Special revenue funds	28,698	27,329	37,588
TOTAL FUND BALANCES	28,698	27,329	37,588
TOTAL LIABILITIES AND FUND BALANCES	$ 28,698	$ 27,329	$ 89,933

Revenue					
Law Library	CDBG Housing	Middleville Police Services	Community Corrections	Adult Drug Court	Juvenile Drug Court
$ 33,625	$ 23,482	$ 5,260	$ (22,204)	$ (39,391)	$ (56,167)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,153
-	5,418	-	30,111	94,887	63,038
-	-	23,240	-	-	-
$ 33,625	$ 28,900	$ 28,500	$ 7,907	$ 55,496	$ 11,024
$ 93	$ -	$ -	$ -	$ -	$ -
-	-	5,998	1,446	2,715	1,082
-	-	1,356	-	66	655
-	-	-	-	-	-
93	-0-	7,354	1,446	2,781	1,737
-	28,900	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,532	-	21,146	6,461	52,715	9,287
33,532	28,900	21,146	6,461	52,715	9,287
$ 33,625	$ 28,900	$ 28,500	$ 7,907	$ 55,496	$ 11,024

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2006

	Special		
	Michigan Justice Training	Social Welfare	Child Care Probate
ASSETS			
Cash and cash equivalents	$ 11,063	$ 124,278	$ 1,053,023
Investments	-	49,967	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	49,442
Local	-	-	-
TOTAL ASSETS	$ 11,063	$ 174,245	$ 1,102,465
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	3,759
Due to other funds	-	-	6,256
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	10,015
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Undesignated, reported in Special revenue funds	11,063	174,245	1,092,450
TOTAL FUND BALANCES	11,063	174,245	1,092,450
TOTAL LIABILITIES AND FUND BALANCES	$ 11,063	$ 174,245	$ 1,102,465

Revenue					
Child Care Welfare	Veteran's Trust	Diverted Felons	Master Land Use Plan	County Agriculture Preservation	Substance Abuse
$ 9,359	$ 585	$ 114,258	$ 50,609	$ 12,264	$ 32,754
-	-	-	-	-	-
-	-	-	-	-	40,381
-	-	-	-	-	-
-	-	-	-	-	-
-	2,115	-	-	-	-
-	-	-	-	-	11,594
-	-	-	-	-	-
$ 9,359	$ 2,700	$ 114,258	$ 50,609	$ 12,264	$ 84,729
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	16,385
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	16,385
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,359	2,700	114,258	50,609	12,264	68,344
9,359	2,700	114,258	50,609	12,264	68,344
$ 9,359	$ 2,700	$ 114,258	$ 50,609	$ 12,264	$ 84,729

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2006

	Debt		
	Friend of the Court Renovation	Building Authority KCC	Building Authority Courts and Law
ASSETS			
Cash and cash equivalents	$ 10,689	$ (250)	$ 111,307
Investments	-	-	-
Receivables			
Accounts	-	250	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	$ 10,689	$ -0-	$ 111,307
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	10,689	-	111,307
Unreserved			
Undesignated, reported in Special revenue funds	-	-	-
TOTAL FUND BALANCES	10,689	-0-	111,307
TOTAL LIABILITIES AND FUND BALANCES	$ 10,689	$ -0-	$ 111,307

Service	Permanent	
Building Authority Thornapple Manor Addition	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
$ -	$ 100	$ 3,829,191
-	25,192	211,434
-	-	40,631
-	-	386,993
-	279	710
-	-	11,613
-	-	318,900
-	-	44,062
$ -0-	$ 25,571	$ 4,843,534
$ -	$ -	$ 22,566
-	-	43,784
-	-	69,629
-	-	386,993
-0-	-0-	522,972
-	-	28,900
-	25,571	25,571
-	-	121,996
-	-	4,144,095
-0-	25,571	4,320,562
$ -0-	$ 25,571	$ 4,843,534

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	Special		
	Parks and Recreation	Friend of the Court	Local Corrections Officer Training
REVENUES			
Taxes	$ 359,440	$ -	$ -
Intergovernmental - Federal/State	-	-	-
Intergovernmental - local	-	-	-
Charges for services	100,519	21,190	11,443
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	12,240	14	-
TOTAL REVENUES	472,199	21,204	11,443
EXPENDITURES			
Current			
General government	-	833,926	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	501,653	-	-
Capital outlay	-	5,200	-
Debt service	-	-	-
TOTAL EXPENDITURES	501,653	839,126	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(29,454)	(817,922)	11,443
OTHER FINANCING SOURCES (USES)			
Capital lease	-	-	-
Transfers in	8,000	848,581	-
Transfers out	(662)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,338	848,581	-0-
NET CHANGE IN FUND BALANCES	(22,116)	30,659	11,443
Fund balances, beginning of year	75,865	80,789	4,707
Fund balances, end of year	$ 53,749	$ 111,448	$ 16,150

Revenue					
Solid Waste	Animal Shelter Donation	Community Resource Network	Abstract	Remonu-mentation	Museum Building
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	86,173	-
-	-	1,775	-	-	2,678
30,903	-	-	84,704	-	-
-	-	-	-	-	-
-	5,223	-	-	800	940
16,545	80,455	-	-	-	1,299
47,448	85,678	1,775	84,704	86,973	4,917
-	-	-	-	95,373	-
-	-	-	-	-	-
42,707	-	-	-	-	-
-	-	743	-	-	-
-	-	-	-	-	4,537
-	10,921	-	-	-	-
-	-	-	-	-	-
42,707	10,921	743	-0-	95,373	4,537
4,741	74,757	1,032	84,704	(8,400)	380
-	-	-	-	-	-
1,500	-	-	-	8,400	662
-	-	-	(60,000)	-	-
1,500	-0-	-0-	(60,000)	8,400	662
6,241	74,757	1,032	24,704	-	1,042
132,882	129,346	6,253	384,716	-	68,038
$ 139,123	$ 204,103	$ 7,285	$ 409,420	$ -0-	$ 69,080

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2006

	Special		
	Commission on Aging Building	Building Rehabilitation	McKeown Bridge Park Fund
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental - Federal/State	-	-	-
Intergovernmental - local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	369	-	-
Other	-	-	-
TOTAL REVENUES	369	-0-	-0-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	36,245	-
Health and welfare	-	-	-
Recreation and cultural	-	-	396
Capital outlay	-	25,311	-
Debt service	-	-	-
TOTAL EXPENDITURES	-0-	61,556	396
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	369	(61,556)	(396)
OTHER FINANCING SOURCES (USES)			
Capital lease	-	-	-
Transfers in	-	447,840	500
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	447,840	500
NET CHANGE IN FUND BALANCES	369	386,284	104
Fund balances, beginning of year	10,878	574,160	5,133
Fund balances, end of year	$ 11,247	$ 960,444	$ 5,237

Revenue					
New Building	Register of Deeds Automation	Budget Stabilization	Victim Services Unit	D.A.R.E. Program	School Liaison
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	800	-	-
-	-	-	-	-	69,405
-	81,140	-	-	-	-
-	-	-	-	-	-
-	-	3,636	-	-	-
-	-	-	695	-	25,478
-0-	81,140	3,636	1,495	-0-	94,883
-	-	-	-	-	-
-	-	-	3,593	1,580	64,669
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,166	30,722	-	-	-	-
-	-	-	-	-	-
11,166	30,722	-0-	3,593	1,580	64,669
(11,166)	50,418	3,636	(2,098)	(1,580)	30,214
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
(11,166)	50,418	3,636	(2,098)	(1,580)	30,214
26,597	162,245	122,272	22,576	1,580	67
$ 15,431	$ 212,663	$ 125,908	$ 20,478	$ -0-	$ 30,281

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2006

	Special		
	Drug Law Enforcement	Special Investigation	Crime Victims Rights Week
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental - Federal/State	-	-	46,074
Intergovernmental - local	-	-	-
Charges for services	-	-	-
Fines and forfeits	21,536	3,290	-
Interest and rents	-	665	-
Other	-	-	-
TOTAL REVENUES	21,536	3,955	46,074
EXPENDITURES			
Current			
General government	-	-	-
Public safety	2,810	8,783	44,925
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	2,810	8,783	44,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,726	(4,828)	1,149
OTHER FINANCING SOURCES (USES)			
Capital lease	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-
NET CHANGE IN FUND BALANCES	18,726	(4,828)	1,149
Fund balances, beginning of year	9,972	32,157	36,439
Fund balances, end of year	$ 28,698	$ 27,329	$ 37,588

Revenue					
Law Library	CDBG Housing	Middleville Police Services	Community Corrections	Adult Drug Court	Juvenile Drug Court
$ -	$ -	$ -	$ -	$ -	$ -
-	31,145	-	122,630	158,180	117,482
-	-	222,049	-	-	-
-	101,445	-	-	22,485	-
6,500	-	-	-	-	-
-	119	-	-	-	-
-	-	23,698	-	-	1,384
6,500	132,709	245,747	122,630	180,665	118,866
10,098	-	-	-	191,181	132,387
-	-	230,201	128,580	-	-
-	-	-	-	-	-
-	120,830	-	-	-	-
-	-	-	-	-	-
-	-	20,135	-	-	-
-	-	-	-	-	-
10,098	120,830	250,336	128,580	191,181	132,387
(3,598)	11,879	(4,589)	(5,950)	(10,516)	(13,521)
-	-	-	-	-	-
-	-	-	-	26,667	22,736
-	-	-	-	-	-
-0-	-0-	-0-	-0-	26,667	22,736
(3,598)	11,879	(4,589)	(5,950)	16,151	9,215
37,130	17,021	25,735	12,411	36,564	72
$ 33,532	$ 28,900	$ 21,146	$ 6,461	$ 52,715	$ 9,287

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2006

	Special		
	Michigan Justice Training	Social Welfare	Child Care Probate
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental - Federal/State	7,131	4,084	411,366
Intergovernmental - local	-	-	43,476
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	1,684	-
Other	-	-	-
TOTAL REVENUES	7,131	5,768	454,842
EXPENDITURES			
Current			
General government	-	-	-
Public safety	9,866	-	-
Public works	-	-	-
Health and welfare	-	10,706	815,730
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	9,866	10,706	815,730
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,735)	(4,938)	(360,888)
OTHER FINANCING SOURCES (USES)			
Capital lease	-	-	-
Transfers in	-	8,500	517,593
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	8,500	517,593
NET CHANGE IN FUND BALANCES	(2,735)	3,562	156,705
Fund balances, beginning of year	13,798	170,683	935,745
Fund balances, end of year	$ 11,063	$ 174,245	$ 1,092,450

Revenue					
Child Care Welfare	Veteran's Trust	Diverted Felons	Master Land Use Plan	County Agriculture Preservation	Substance Abuse
$ -	$ -	$ -	$ -	$ -	$ -
-	18,225	36,669	-	-	342,322
-	-	-	-	-	73,645
-	-	-	-	-	193,596
-	-	-	-	-	-
-	-	-	-	-	114
-	-	-	-	-	11,739
-0-	18,225	36,669	-0-	-0-	621,416
-	-	-	13,856	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	15,525	25,950	-	-	630,646
-	-	-	-	1,401	-
-	-	6,663	-	-	31,728
-	-	-	-	-	-
-0-	15,525	32,613	13,856	1,401	662,374
-0-	2,700	4,056	(13,856)	(1,401)	(40,958)
-	-	-	-	-	31,728
-	-	-	60,000	10,000	-
-	-	-	-	-	-
-0-	-0-	-0-	60,000	10,000	31,728
-0-	2,700	4,056	46,144	8,599	(9,230)
9,359	-	110,202	4,465	3,665	77,574
$ 9,359	$ 2,700	$ 114,258	$ 50,609	$ 12,264	$ 68,344

Barry County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2006

	Debt		
	Friend of the Court Renovation	Building Authority KCC	Building Authority Courts and Law
REVENUES			
Taxes	$ -	$ -	$ -
Intergovernmental - Federal/State	-	-	-
Intergovernmental - local	-	284,599	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	200	-	2,591
Other	-	250	-
TOTAL REVENUES	200	284,849	2,591
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	72,000	284,849	236,143
TOTAL EXPENDITURES	72,000	284,849	236,143
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(71,800)	-0-	(233,552)
OTHER FINANCING SOURCES (USES)			
Capital lease	-	-	-
Transfers in	72,513	-	249,563
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	72,513	-0-	249,563
NET CHANGE IN FUND BALANCES	713	-0-	16,011
Fund balances, beginning of year	9,976	-	95,296
Fund balances, end of year	$ 10,689	$ -0-	$ 111,307

Service	Permanent	
Building Authority Thornapple Manor Addition	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
$ -	$ -	$ 359,440
-	-	1,382,281
-	-	697,627
-	-	647,425
-	-	31,326
-	-	16,341
-	-	173,797
-0-	-0-	3,308,237
-	1,508	1,278,329
-	-	495,007
-	-	78,952
-	-	1,620,130
-	-	507,987
-	-	141,846
237,075	-	830,067
237,075	1,508	4,952,318
(237,075)	(1,508)	(1,644,081)
-	-	31,728
237,075	-	2,520,130
-	-	(60,662)
237,075	-0-	2,491,196
-0-	(1,508)	847,115
-	27,079	3,473,447
$ -0-	$ 25,571	$ 4,320,562

Barry County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2006

	Delinquent Tax Revolving		
	2003	2004	2006
ASSETS			
Current assets			
Cash and cash equivalents	$ -	$ 257,088	$ 22,399
Accounts receivable	-	-	-
Delinquent taxes receivable	-	153,522	(21,028)
Due from other governmental units	-	-	-
Total current assets	-0-	410,610	1,371
Noncurrent assets			
Capital assets, net of accumulated depreciation	-	-	-
TOTAL ASSETS	-0-	410,610	1,371
LIABILITIES			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	495	-
TOTAL LIABILITIES	-0-	495	-0-
NET ASSETS			
Invested in capital assets	-	-	-
Unrestricted	-	410,115	1,371
TOTAL NET ASSETS	$ -0-	$ 410,115	$ 1,371

Foreclosure	Jail Commissary	Transit	Total
$ 93,598	$ (218)	$ 302,262	$ 675,129
-	218	9,431	9,649
-	-	-	132,494
-	-	33,520	33,520
93,598	-0-	345,213	850,792
-	-	646,690	646,690
93,598	-0-	991,903	1,497,482
-	-	8,576	8,576
440	-	20,792	21,727
440	-0-	29,368	30,303
-	-	646,690	646,690
93,158	-	315,845	820,489
$ 93,158	$ -0-	$ 962,535	$ 1,467,179

Barry County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2006

	Delinquent Tax Revolving		
	2003	2004	2006
OPERATING REVENUES			
Interest and penalties on taxes	$ 50,377	$ 156,795	$ 1,233
Charges for services	5,672	99,254	-
Other	-	-	-
TOTAL OPERATING REVENUES	56,049	256,049	1,233
OPERATING EXPENSES			
Operating expenses	-	-	-
Interest expense	-	15,835	-
Other	555	21,435	-
TOTAL OPERATING EXPENSES	555	37,270	-0-
OPERATING INCOME (LOSS)	55,494	218,779	1,233
NONOPERATING REVENUES			
Taxes	-	-	-
Intergovernmental	-	-	-
Interest revenue	1,272	3,221	138
TOTAL NONOPERATING REVENUES	1,272	3,221	138
INCOME (LOSS) BEFORE TRANSFERS	56,766	222,000	1,371
TRANSFERS (OUT)	(467,806)	-	-
CHANGE IN NET ASSETS	(411,040)	222,000	1,371
Net assets, beginning of year	411,040	188,115	-
Net assets, end of year	$ -0-	$ 410,115	$ 1,371

Foreclosure	Jail Commissary	Transit	Total
$ -	$ -	$ -	$ 208,405
5,220	55,161	150,934	316,241
101,735	-	-	101,735
106,955	55,161	150,934	626,381
15,379	72,570	804,072	892,021
-	-	-	15,835
-	-	-	21,990
15,379	72,570	804,072	929,846
91,576	(17,409)	(653,138)	(303,465)
-	-	392,934	392,934
-	-	331,105	331,105
1,582	-	2,188	8,401
1,582	-0-	726,227	732,440
93,158	(17,409)	73,089	428,975
-	-	-	(467,806)
93,158	(17,409)	73,089	(38,831)
-	17,409	889,446	1,506,010
$ 93,158	$ -0-	$ 962,535	$ 1,467,179

Barry County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

	Delinquent Tax Revolving		
	2003	2004	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	$ 217,599	$ 1,067,792	$ 22,261
Cash paid to employees	-	-	-
Cash paid to suppliers	(705)	(36,775)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	216,894	1,031,017	22,261
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes	-	-	-
Intergovernmental sources	-	-	-
Transfers out	(467,806)	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(467,806)	-0-	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment on borrowings	-	(1,036,000)	-
State and Federal capital assistance	-	-	-
Capital purchases	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-0-	(1,036,000)	-0-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,272	3,221	138
Maturity of investments	25,394	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	26,666	3,221	138
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(224,246)	(1,762)	22,399
Cash and cash equivalents, beginning of year	224,246	258,850	-
Cash and cash equivalents, end of year	$ -0-	$ 257,088	$ 22,399
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ 55,494	$ 218,779	$ 1,233
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	-
(Increase) decrease in receivables	161,550	811,743	21,028
(Decrease) in accounts payable	(150)	-	-
Increase (decrease) in accrued liabilities	-	495	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 216,894	$ 1,031,017	$ 22,261

Foreclosure	Jail Commissary	Transit	Total
$ 106,955	$ 54,943	$ 152,516	$ 1,622,066
-	-	(330,495)	(330,495)
(14,939)	(72,788)	(338,865)	(464,072)
92,016	(17,845)	(516,844)	827,499
-	-	392,934	392,934
-	-	318,176	318,176
-	-	-	(467,806)
-0-	-0-	711,110	243,304
-	-	-	(1,036,000)
-	-	23,575	23,575
-	-	(14,393)	(14,393)
-0-	-0-	9,182	(1,026,818)
1,582	-	2,188	8,401
-	-	-	25,394
1,582	-0-	2,188	33,795
93,598	(17,845)	205,636	77,780
-	17,627	96,626	597,349
$ 93,598	$ (218)	$ 302,262	$ 675,129
$ 91,576	$ (17,409)	$ (653,138)	$ (303,465)
-	-	144,348	144,348
-	(218)	1,582	995,685
-	(218)	(9,542)	(9,910)
440	-	(94)	841
$ 92,016	$ (17,845)	$ (516,844)	$ 827,499

Barry County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2006

	Data Processing	Telephone	Vehicle
ASSETS			
Current assets			
Cash and cash equivalents	$ 430,401	$ 56,524	$ 443,212
Prepaids	-	-	-
Due from other funds	-	3,601	-
Total current assets	430,401	60,125	443,212
Noncurrent assets			
Investments	-	-	-
Capital assets, net of accumulated depreciation	33,500	-	316,919
Total noncurrent assets	33,500	-0-	316,919
TOTAL ASSETS	463,901	60,125	760,131
LIABILITIES			
Current liabilities			
Accounts payable	335	2,166	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	335	2,166	-0-
NET ASSETS			
Invested in capital assets	33,500	-	316,919
Restricted for employee benefits	-	-	-
Unrestricted	430,066	57,959	443,212
TOTAL NET ASSETS	$ 463,566	$ 57,959	$ 760,131

Workers' Compensation	Health Insurance	Disability	Fringe Benefits
$ 297,645	$ 377,932	$ 31,768	$ 390,859
-	-	-	1,102
-	-	-	2,811
297,645	377,932	31,768	394,772
-	-	-	1,120,172
-	-	-	-
-0-	-0-	-0-	1,120,172
297,645	377,932	31,768	1,514,944
534	-	-	-
-	-	192	-
-	-	-	4,500
534	-0-	192	4,500
-	-	-	-
297,111	377,932	31,576	1,510,444
-	-	-	-
$ 297,111	$ 377,932	$ 31,576	$ 1,510,444

Barry County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS - CONTINUED

December 31, 2006

	Life Insurance	Retirement	Dental and Optical
ASSETS			
Current assets			
Cash and cash equivalents	$ 982	$ 229,028	$ (40,865)
Prepaids	-	-	-
Due from other funds	-	-	73,604
Total current assets	982	229,028	32,739
Noncurrent assets			
Investments	-	-	-
Capital assets, net of accumulated depreciation	-	-	-
Total noncurrent assets	-0-	-0-	-0-
TOTAL ASSETS	982	229,028	32,739
LIABILITIES			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	5,800
TOTAL LIABILITIES	-0-	-0-	5,800
NET ASSETS			
Invested in capital assets	-	-	-
Restricted for employee benefits	982	229,028	26,939
Unrestricted	-	-	-
TOTAL NET ASSETS	$ 982	$ 229,028	$ 26,939

Unemployment	Total
$ 11,131	$ 2,228,617
-	1,102
-	80,016
11,131	2,309,735
-	1,120,172
-	350,419
-0-	1,470,591
11,131	3,780,326
-	3,035
-	192
-	10,300
-0-	13,527
-	350,419
11,131	2,485,143
-	931,237
$ 11,131	$ 3,766,799

Barry County, Michigan

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2006

	Data Processing	Telephone	Vehicle
OPERATING REVENUES			
Charges for services	$ -	$ 49,170	$ -
Other	-	-	23,514
TOTAL OPERATING REVENUES	-0-	49,170	23,514
OPERATING EXPENSES			
Fringe benefits	-	-	-
Contracted services	44,397	30,498	11,942
Depreciation	22,483	-	90,715
Operating supplies	23,515	216	-
Other	1,014	-	-
TOTAL OPERATING EXPENSES	91,409	30,714	102,657
OPERATING INCOME (LOSS)	(91,409)	18,456	(79,143)
NONOPERATING REVENUES			
Interest revenue	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(91,409)	18,456	(79,143)
OTHER FINANCING SOURCES (USES)			
Transfers in	223,920	-	223,920
Transfers out	-	-	-
TOTAL FINANCING SOURCES (USES)	223,920	-0-	223,920
NET INCOME (LOSS)	132,511	18,456	144,777
Net assets, beginning of year	331,055	39,503	615,354
Net assets, end of year	$ 463,566	$ 57,959	$ 760,131

Workers' Compensation	Health Insurance	Disability	Fringe Benefits
$ 113,144	$ 1,876,114	$ -	$ 84,636
520	-	-	28,100
113,664	1,876,114	-0-	112,736
136,514	2,403,810	15,762	9,361
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
136,514	2,403,810	15,762	9,361
(22,850)	(527,696)	(15,762)	103,375
-	-	-	58,813
(22,850)	(527,696)	(15,762)	162,188
-	758,376	34,156	-
-	-	-	(568,612)
-0-	758,376	34,156	(568,612)
(22,850)	230,680	18,394	(406,424)
319,961	147,252	13,182	1,916,868
$ 297,111	$ 377,932	$ 31,576	$ 1,510,444

Barry County, Michigan

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - CONTINUED

Year Ended December 31, 2006

	Life Insurance	Retirement	Dental and Optical
OPERATING REVENUES			
Charges for services	$ 20,215	$ 1,128,993	$ -
Other	-	-	-
TOTAL OPERATING REVENUES	20,215	1,128,993	-0-
OPERATING EXPENSES			
Fringe benefits	19,435	1,230,177	741
Contracted services	-	-	-
Depreciation	-	-	-
Operating supplies	-	-	-
Other	-	-	-
TOTAL OPERATING EXPENSES	19,435	1,230,177	741
OPERATING INCOME (LOSS)	780	(101,184)	(741)
NONOPERATING REVENUES			
Interest revenue	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	780	(101,184)	(741)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL FINANCING SOURCES (USES)	-0-	-0-	-0-
NET INCOME (LOSS)	780	(101,184)	(741)
Net assets, beginning of year	202	330,212	27,680
Net assets, end of year	$ 982	$ 229,028	$ 26,939

Unemployment	Total
$ -	$ 3,272,272
16,930	69,064
16,930	3,341,336
12,898	3,828,698
-	86,837
-	113,198
-	23,731
-	1,014
12,898	4,053,478
4,032	(712,142)
-	58,813
4,032	(653,329)
-	1,240,372
-	(568,612)
-0-	671,760
4,032	18,431
7,099	3,748,368
$ 11,131	$ 3,766,799

Barry County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

	Data Processing	Telephone	Vehicle
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	$ -	$ 49,170	$ 23,514
Cash paid to suppliers	(89,675)	(31,057)	(13,059)
Cash paid for employee benefits	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(89,675)	18,113	10,455
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	223,920	-	223,920
Transfers out	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	223,920	-0-	223,920
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(24,277)	-	(112,209)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	-	-	-
Maturity of investments	-	-	-
Purchase of investments	-	-	-
NET CASH (USED) BY INVESTING ACTIVITIES	-0-	-0-	-0-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	109,968	18,113	122,166
Cash and cash equivalents, beginning of year	320,433	38,411	321,046
Cash and cash equivalents, end of year	$ 430,401	$ 56,524	$ 443,212
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ (91,409)	$ 18,456	$ (79,143)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	22,483	-	90,715
(Decrease) in accounts payable	(20,749)	(343)	(1,117)
Increase in accrued liabilities	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (89,675)	$ 18,113	$ 10,455

Workers' Compensation	Health Insurance	Disability	Fringe Benefits
$ 113,664	$ 1,876,114	$ -	$ 112,736
-	-	-	-
(138,191)	(2,403,810)	(15,570)	(9,361)
(24,527)	(527,696)	(15,570)	103,375
-	758,376	34,156	-
-	-	-	(568,612)
-0-	758,376	34,156	(568,612)
-	-	-	-
-	-	-	58,813
-	-	-	855,643
-	-	-	(1,120,172)
-0-	-0-	-0-	(205,716)
(24,527)	230,680	18,586	(670,953)
322,172	147,252	13,182	1,061,812
$ 297,645	$ 377,932	$ 31,768	$ 390,859
$ (22,850)	$ (527,696)	$ (15,762)	$ 103,375
-	-	-	-
(1,677)	-	-	-
-	-	192	-
$ (24,527)	$ (527,696)	$ (15,570)	$ 103,375

Barry County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2006

	Life Insurance	Retirement	Dental and Optical
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	$ 20,215	$ 1,128,993	$ -
Cash paid to suppliers	-	-	-
Cash paid for employee benefits	(19,435)	(1,230,177)	(741)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	780	(101,184)	(741)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	-
Transfers out	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-0-	-0-	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	-	-	-
Maturity of investments	-	-	-
Purchase of investments	-	-	-
NET CASH (USED) BY INVESTING ACTIVITIES	-0-	-0-	-0-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	780	(101,184)	(741)
Cash and cash equivalents, beginning of year	202	330,212	(40,124)
Cash and cash equivalents, end of year	$ 982	$ 229,028	$ (40,865)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ 780	$ (101,184)	$ (741)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	-
(Decrease) in accounts payable	-	-	-
Increase in accrued liabilities	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 780	$ (101,184)	$ (741)

Unemployment	Total
$ 16,930	$ 3,341,336
-	(133,791)
(12,898)	(3,830,183)
4,032	(622,638)
-	1,240,372
-	(568,612)
-0-	671,760
-	(136,486)
-	58,813
-	855,643
-	(1,120,172)
-0-	(205,716)
4,032	(293,080)
7,099	2,521,697
$ 11,131	$ 2,228,617
$ 4,032	$ (712,142)
-	113,198
-	(23,886)
-	192
$ 4,032	$ (622,638)

Barry County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2006

	Trust and Agency	Library	Inmate Trust	Total
ASSETS				
Cash and cash equivalents	$ 1,029,930	$ 54,645	$ 7,607	$ 1,092,182
Due from other governmental units	11	-	-	11
TOTAL ASSETS	$ 1,029,941	$ 54,645	$ 7,607	$ 1,092,193
LIABILITIES				
Undistributed collections payable	$ 639,056	$ 54,645	$ -	$ 693,701
Advances from primary government	-	-	1,000	1,000
Due to other governmental units				
Federal/State	194,767	-	-	194,767
Due to individuals and agencies	196,118	-	6,607	202,725
TOTAL LIABILITIES	$ 1,029,941	$ 54,645	$ 7,607	$ 1,092,193

Barry County, Michigan

Private Purpose Trust Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2006

	Cooperative Extension 4H	Norris Road Trees	Leadership Academy	Total
ASSETS				
Cash and cash equivalents	$ 7,099	$ 7,438	$ 1,672	$ 16,209
Accounts receivable	6,874	-	-	6,874
TOTAL ASSETS	$ 13,973	$ 7,438	$ 1,672	$ 23,083
NET ASSETS				
Held in trust for private purposes	$ 13,973	$ 7,438	$ 1,672	$ 23,083

Barry County, Michigan

Private Purpose Trust Funds

COMBINING STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2006

	Cooperative Extension 4H	Norris Road Trees	Leadership Academy	Total
ADDITIONS				
Intergovernmental - local	$ 38,270	$ -	$ 14,524	$ 52,794
DEDUCTIONS				
General government	32,827	-	18,080	50,907
CHANGE IN NET ASSETS	5,443	-0-	(3,556)	1,887
Net assets, beginning of year	8,530	7,438	5,228	21,196
Net assets, end of year	$ 13,973	$ 7,438	$ 1,672	$ 23,083

Barry County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DRAINAGE DISTRICTS

December 31, 2006

	Debt Service	Capital	
	Algonquin Lake Dam Project	Regular Drain	Revolving Drain
ASSETS			
Cash and cash equivalents	$ 415	$ 131,613	$ (108,471)
Investments	-	59,789	-
Special assessments receivable	26,049	30,449	-
Due from other funds	76,634	-	108,471
TOTAL ASSETS	$ 103,098	$ 221,851	$ -0-
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	$ -	$ 185,105	$ -
FUND BALANCES			
Reserved for debt service	103,098	-	-
Unreserved, designated for capital expenditures	-	36,746	-
TOTAL FUND BALANCES	103,098	36,746	-0-
TOTAL LIABILITIES AND FUND BALANCES	$ 103,098	$ 221,851	$ -0-

Projects Revolving Drain Maintenance	Total
$ 9,345	$ 32,902
552	60,341
-	56,498
-	185,105
$ 9,897	$ 334,846
$ -	$ 185,105
-	103,098
9,897	46,643
9,897	149,741
$ 9,897	$ 334,846

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO
THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2006

Total fund balance - governmental funds		$ 149,741
Amounts reported for the 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 the governmental fund.		
The cost of capital assets is	$ 2,020,037	
Accumulated depreciation is	(713,812)	
Capital assets, net		1,306,225
Long-term liabilities 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 and loans payable	42,216	
Accrued interest payable	291	
		(42,507)
Net assets of governmental activities		$ 1,413,459

Barry County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - DRAINAGE DISTRICTS

Year Ended December 31, 2006

	Debt Service	Capital	
	Algonquin Lake Dam Project	Regular Drain	Revolving Drain
REVENUES			
Interest	$ 66	$ 4,239	$ -
Other			
Special assessments	26,049	70,151	-
TOTAL REVENUES	26,115	74,390	-0-
EXPENDITURES			
Current			
Public works	3,168	97,161	215
Debt service			
Principal	37,100	-	-
Interest and fiscal charges	2,411	-	-
TOTAL EXPENDITURES	42,679	97,161	215
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,564)	(22,771)	(215)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	11,000	-
Transfers in	-	-	215
Transfers out	-	(215)	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	10,785	215
NET CHANGE IN FUND BALANCES	(16,564)	(11,986)	-0-
Fund balances, beginning of year	119,662	48,732	-
Fund balances, end of year	$ 103,098	$ 36,746	$ -0-

Projects Revolving Drain Maintenance	Total
$ 300	$ 4,605
-	96,200
300	100,805
-	100,544
-	37,100
-	2,411
-0-	140,055
300	(39,250)
-	11,000
-	215
-	(215)
-0-	11,000
300	(28,250)
9,597	177,991
$ 9,897	$ 149,741

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended December 31, 2006

Net change in fund balances - total governmental funds		$ (28,250)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Depreciation expense		(35,908)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:		
(Decrease) in deferred revenue		(27,304)
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:		
Note proceeds	$ (11,000)	
Bond and note principal retirement	37,100	
		26,100
Some items 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. These activities consist of:		
Decrease in accrued interest payable		303
Change in net assets of governmental activities		$ (65,059)

Barry County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - BOARD OF PUBLIC WORKS

December 31, 2006

	Debt		
	Fawn Lake Sewer Debt	Southwest Barry/Fair Lake Sewer	1994 Middleville Sewer
ASSETS			
Cash and cash equivalents	$ 1,519	$ 349	$ 50
Investments	-	-	-
Interest receivable	-	-	-
TOTAL ASSETS	$ 1,519	$ 349	$ 50
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-
FUND BALANCES			
Reserved for debt service	-	349	50
Unreserved, designated for capital expenditures	1,519	-	-
TOTAL FUND BALANCES	1,519	349	50
TOTAL LIABILITIES AND FUND BALANCES	$ 1,519	$ 349	$ 50

Service				Capital Projects	
1999 Middleville Sewer	2004 Southwest Barry County Sewer	2003 Middleville Sewer	Yankee Springs Debt	2006 Middleville Water System	Fawn Lake Sewer Construction
$ 169	$ 4,506	$ 2,450	$ 399	$ 24,378	$ 445,156
-	-	-	-	-	-
-	-	-	-	-	-
$ 169	$ 4,506	$ 2,450	$ 399	$ 24,378	$ 445,156
$ -	$ -	$ -	$ -	$ -	$ 67,328
-	-	-	-	-	1,512
-0-	-0-	-0-	-0-	-0-	68,840
169	4,506	2,450	399	24,378	-
-	-	-	-	-	376,316
169	4,506	2,450	399	24,378	376,316
$ 169	$ 4,506	$ 2,450	$ 399	$ 24,378	$ 445,156

Barry County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - BOARD OF PUBLIC WORKS - CONTINUED

December 31, 2006

	Capital		
	Yankee Springs Water Tower	Freeport Water Supply System	1999 Middleville Construction
ASSETS			
Cash and cash equivalents	$ 1,525	$ -	$ -
Investments	-	-	200,433
Interest receivable	-	-	781
TOTAL ASSETS	$ 1,525	$ -0-	$ 201,214
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-
FUND BALANCES			
Reserved for debt service	-	-	-
Unreserved, designated for capital expenditures	1,525	-	201,214
TOTAL FUND BALANCES	1,525	-0-	201,214
TOTAL LIABILITIES AND FUND BALANCES	$ 1,525	$ -0-	$ 201,214

Projects	
Gun Lake Weed Assessment	Total
$ 1,759	$ 482,260
140,000	340,433
-	781
$ 141,759	$ 823,474
$ -	$ 67,328
-	1,512
-0-	68,840
-	32,301
141,759	722,333
141,759	754,634
$ 141,759	$ 823,474

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO
THE STATEMENT OF NET ASSETS - BOARD OF PUBLIC WORKS

December 31, 2006

Total fund balance - governmental funds		$ 754,634
Amounts reported for the governmental activities in the statement of net assets are different because:		
Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds. Long-term receivables at year-end consist of:		
Lease receivable		8,140,681
Long-term liabilities 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:		
Accrued interest payable	$ 44,874	
Bonds payable	8,095,807	
		(8,140,681)
Net assets of governmental activities		$ 754,634

Barry County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2006

	Debt		
	Fawn Lake Sewer Debt	Southwest Barry/Fair Lake Sewer	1994 Middleville Sewer
REVENUES			
Intergovernmental - local	$ -	$ 94,380	$ -
Special assessments	-	-	-
Interest	7	468	-
TOTAL REVENUES	7	94,848	-0-
EXPENDITURES			
Current			
Public works	-	-	-
Debt service			
Principal	-	60,000	-
Interest and fiscal charges	-	34,680	-
TOTAL EXPENDITURES	-0-	94,680	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7	168	-0-
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Transfer in	1,512	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,512	-0-	-0-
NET CHANGE IN FUND BALANCES	1,519	168	-0-
Fund balances, beginning of year	-	181	50
Fund balances, end of year	$ 1,519	$ 349	$ 50

Service				Capital Projects	
1999 Middleville Sewer	2004 Southwest Barry County Sewer	2003 Middleville Sewer	Yankee Springs Debt	2006 Middleville Water System	Fawn Lake Sewer Construction
$ 88,675	$ 804,830	$ 206,733	$ 40,457	$ -	$ -
-	-	-	-	-	-
251	3,903	1,032	122	3,739	1,956
88,926	808,733	207,765	40,579	3,739	1,956
-	525	-	-	791,887	84,478
50,000	715,000	155,000	25,000	-	-
38,976	96,128	51,432	15,457	-	4,650
88,976	811,653	206,432	40,457	791,887	89,128
(50)	(2,920)	1,333	122	(788,148)	(87,172)
-	-	-	-	812,526	465,000
-	-	-	-	-	-
-	-	-	-	-	(1,512)
-0-	-0-	-0-	-0-	812,526	463,488
(50)	(2,920)	1,333	122	24,378	376,316
219	7,426	1,117	277	-	-
$ 169	$ 4,506	$ 2,450	$ 399	$ 24,378	$ 376,316

Barry County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2006

	Capital		
	Yankee Springs Water Tower	Freeport Water Supply System	1999 Middleville Construction
REVENUES			
Intergovernmental - local	$ -	$ -	$ -
Special assessments	-	-	-
Interest	-	-	9,254
TOTAL REVENUES	-0-	-0-	9,254
EXPENDITURES			
Current			
Public works	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	-0-	-0-	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	9,254
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-
NET CHANGE IN FUND BALANCES	-0-	-0-	9,254
Fund balances, beginning of year	1,525	-	191,960
Fund balances, end of year	$ 1,525	$ -0-	$ 201,214

Projects	
Gun Lake Weed Assessment	Total
$ -	$ 1,235,075
140,827	140,827
-	20,732
140,827	1,396,634
84,322	961,212
-	1,005,000
-	241,323
84,322	2,207,535
56,505	(810,901)
-	1,277,526
-	1,512
-	(1,512)
-0-	1,277,526
56,505	466,625
85,254	288,009
$ 141,759	$ 754,634

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2006

Net change in fund balances - total governmental funds		$ 466,625
Amounts reported for governmental activities in the statement of activities are different because:		
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:		
Bond principal retirement	$ 1,005,000	
Bond proceeds	(1,277,526)	
		(272,526)
Some items 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. These activities consist of:		
Increase in lease receivable	272,144	
Decrease in accrued interest payable	382	
		272,526
Change in net assets of governmental activities		$ 466,625

Barry County, Michigan

Component Unit Funds

BALANCE SHEET - ECONOMIC DEVELOPMENT

December 31, 2006

	Special Revenue
ASSETS	
Cash and cash equivalents	$ 22,166
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 18,000
FUND BALANCE	
Unreserved	
Undesignated - reported in special revenue fund	4,166
TOTAL LIABILITIES AND FUND BALANCE	$ 22,166

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for this component unit is not required as the component unit's fund balance was equal to the component unit's net assets as of December 31, 2006.

Barry County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ECONOMIC DEVELOPMENT

Year Ended December 31, 2006

	Special Revenue
REVENUES	
Contributions from other governmental units	$ 60,000
EXPENDITURES	
Current	
Community and economic development	88,500
NET CHANGE IN FUND BALANCE	(28,500)
Fund balance, beginning of year	32,666
Fund balance, end of year	$ 4,166

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended December 31, 2006.

Barry County, Michigan

Component Unit Funds

BALANCE SHEET - AIRPORT COMMISSION

December 31, 2006

	Special Revenue
ASSETS	
Cash and cash equivalents	$ 21,138
Prepaids	294
TOTAL ASSETS	$ 21,432
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 752
FUND BALANCE	
Reserved for prepaids	294
Reserved for capital improvements	20,386
TOTAL FUND BALANCE	20,680
TOTAL LIABILITIES AND FUND BALANCE	$ 21,432

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET ASSETS - AIRPORT COMMISSION

December 31, 2006

Total fund balance - governmental fund		$ 20,680
Amounts reported for the 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 the governmental fund.		
The cost of capital assets is	$ 2,632,203	
Accumulated depreciation is	(1,908,846)	
Capital assets, net		723,357
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund. Long-term liabilities at year-end consist of:		
Accrued interest payable	959	
Loan payable	55,599	
		(56,558)
Net assets of governmental activities		$ 687,479

Barry County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - AIRPORT COMMISSION

Year Ended December 31, 2006

	Special Revenue
REVENUES	
Intergovernmental	
State/Federal	$ 280
Local	44,575
Charges for services	48,165
Other	2,504
TOTAL REVENUES	95,524
EXPENDITURES	
Current	
Public works	87,266
Debt service	
Principal	9,696
Interest	3,004
TOTAL EXPENDITURES	99,966
NET CHANGE IN FUND BALANCE	(4,442)
Fund balance, beginning of year	25,122
Fund balance, end of year	$ 20,680

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES - AIRPORT COMMISSION

Year Ended December 31, 2006

Net change in fund balance - governmental fund		$ (4,442)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	5,690	
Depreciation expense	(122,341)	
Excess of depreciation expense over capital outlay		(116,651)
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in the governmental fund, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:		
Loan principal retirement		9,696
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund. These activities consist of:		
Decrease in accrued interest payable		167
Change in net assets of governmental activities		$ (111,230)

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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

To the Board of Commissioners
Barry County
Hastings, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Barry County, Michigan as of and for the year ended December 31, 2006, and have issued our report thereon dated June 1, 2007. 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 Barry County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

2006-1 PRIOR PERIOD ADJUSTMENTS

Condition: As indicated in the basic financial statements, material amounts were recorded as prior period adjustments in the current year to correct errors from the prior year. Beginning net assets were adjusted by a net amount of $234,454 ($816,252 for the asset and $580,798 for the debt) to record capital assets and related debt that were purchased by the Central Dispatch. These capital assets and related debt were not included in the County's prior financial statements.

Criteria: These errors were not detected by the County's internal control over financial reporting in the prior year.

Effect: The prior year financial statements contained material misstatements that were not detected by management until after the December 31, 2005 financial statements were issued.

2006-1 PRIOR PERIOD ADJUSTMENTS - CONTINUED

Recommendation: We recommend the County review procedures in the areas where these errors were noted and take steps to ensure that there is no recurrence of similar issues.

Corrective Action Response: Management of the County is currently reviewing procedures related to identification of capital assets acquired through lease agreements to ensure that there is no recurrence of similar issues.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

2006-2 BUDGETS

Condition: As noted in the financial statements, some of the activities and funds of the County exceeded the amounts appropriated. The variances noted were in the General and Special Revenue Funds.

Criteria: Michigan Public Act 621 of 1978, as amended, provides that the County adopt formal budgets for all applicable General and Special Revenue Funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures.

Effect: The County has not maintained adequate control over budgetary compliance in accordance with State law in the certain funds where the overages occurred.

Recommendation: We recommend the County monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

Corrective Action Response: Management of the County is currently reviewing procedures related to budgetary compliance in accordance with State law.

The County's responses to the findings identified in our audit are described above. We did not audit the County's responses and, accordingly, we express no opinion on them.

We noted certain matters that we have reported to management and the Board of Commissioners of Barry County in a separate letter dated June 1, 2007.

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

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 1, 2007

Barry County, Michigan

SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS (FEDERAL AWARDS)

December 31, 2006

Barry County, Michigan

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

To the Board of Commissioners
of Barry County
Hastings, Michigan

Compliance

We have audited the compliance of Barry County 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 its major Federal program for the year ended December 31, 2006. Barry County's major Federal program is 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 its major Federal program is the responsibility of Barry County's management. Our responsibility is to express an opinion on Barry County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit 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 Barry County'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 of Barry County's compliance with those requirements.

In our opinion, Barry County complied, in all material respects, with the requirements referred to above that are applicable to the major Federal program for the year ending December 31, 2006.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Barry County as of and for the year ended December 31, 2006, and have issued our report thereon dated June 1, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Barry County's basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 1, 2007

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2006

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Current Year Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Office on Services to the Aging and Region III-B Area Agency on Aging			
Title IIIC	10.550		
Food Donation		06BCCOA1	$ 20,158
Food Donation		07BCCOA1	14,047
			34,205
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Michigan State Housing Development Authority			
Community Development Block Grant (CDBG) Program			
States Program	14.228		
05/06 (Housing)		MSC-2005-0769-HOA	31,145
U.S. DEPARTMENT OF JUSTICE			
Office of Community Oriented Policing Services (COPS) (Direct Programs)	16.710		
COPS FAST (98-06)		1998CMWX1259	4,043
The Drug Control and System Improvement Grant Program			
Passed through State Department of Community Health and the State Office of Drug Control Policy			
Byrne Justice Assistance Grants	16.738		
06/07 Adult Drug Court		SCAO-07-042	29,941
05/06 Adult Felony Drug Court [h]		SCAO-06-042	56,561
05/06 Juvenile Drug Court		72084-4-06-B	36,423
2006 Southwest Enforcement Team		70888-7-06-8	10,858
			133,783
U.S. DEPARTMENT OF TRANSPORTATION			
National Highway Traffic Safety Administration			
Passed through Michigan State Police			
Safety Incentive Grants for use of Seatbelts	20.600	PT-06-34	6,520
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the Michigan Department of Environmental Quality	66.468		
Drinking Water State Revolving Funds		N/A	319,242

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2006

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Current Year Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through State Department of Office on Services to the Aging and Region III-B Area Agency on Aging			
Title III-B Special Programs for the Aging [a]	93.044		
Grants for Supportive Services and Senior Centers			
FY 05/06		06BCCOA1	$ 7,281
FY 06/07		07BCCOA1	3,199
			10,480
Title III-C Special Programs for the Aging [a]	93.045		
FY 05/06 Nutrition Congregate		06BCCOA1	47,219
FY 06/07 Nutrition Congregate		07BCCOA1	17,845
FY 05/06 Nutrition Home Delivered Meals		06BCCOA1	14,545
FY 06/07 Nutrition Home Delivered Meals		07BCCOA1	5,700
			85,309
Passed through Michigan Department of Human Services			
Child Support Enforcement (Title IV-D) [d]	93.563		
Cooperative Reimbursement - Friend of the Court [b]			
06/07		CS/FOC-07-08001	142,345
05/06		CS/FOC-06-08001	368,792
Cooperative Reimbursement - Prosecuting Attorney [b]			
06/07		CS/PA-07-08002	10,094
05/06		CS/PA-06-08002	23,235
Incentive Payments [c]			
2006 Regular		N/A	76,319
			620,785
Title IV-E (WRAP Program)			
03/06	93.558	WRAP-04-08001	43,351
03/06	93.556	WRAP-04-08001	14,450
Passed through Bureau of Substance Abuse Services and Region 9 Substance Coordinating Agency [e] [f]			
05/06 Substance Abuse Services	93.959	N/A	259,418

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2006

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Current Year Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan State Police			
State Homeland Security [g]	97.004		
2006 SHSGP - Part II SAP		N/A	$ 4,064
2004 SHSGP		N/A	24,224
			28,288
Homeland Security Grant Program [g]	97.067		
2004 SHSGP		N/A	17,275
2005 SHSGP		N/A	4,927
2004 LETPP		N/A	5,028
FY06 EMPG		N/A	15,698
FY07 EMPG		N/A	6,023
			48,951
Pre-disaster Mitigation Grant	97.017	N/A	14,074
Passed through Michigan Department of Natural Resources	97.012		
Boating Safety Financial Assistance		N/A	25,800
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 1,679,844

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Barry County, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements, which are reconciled in Note C.

Federal Awards of the Barry County Road Commission, Barry County Transit, and Barry County Medical Care Facility are excluded from the accompanying Schedule of Expenditures of Federal Awards. These component units are audited by other auditors with reports issued under separate covers. Single Audits, where applicable, were conducted by those other auditors and included in the applicable reports. To view copies of those reports contact the respective administrative offices of the component units or the Barry County Administrators office.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a)-(g) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

(a) Programs considered a cluster by the U.S. Department of Health and Human Services.

(b) Reimbursements of these contracts are passed through the State Department of Human Services. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of total contract expenditures.

(c) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues.

(d) Denotes programs tested as "major programs".

(e) Reimbursement of this contract is passed through the Michigan Department of Community Health, Bureau of Substance Abuse Services, and Region 9 Substance Abuse Coordinating Agency. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 75% of total contract expenditures for primary prevention and 75% of total contract expenditures for treatment activities and 100% of total contract expenditures for women's specialty and women's specialty case management.

(f) This program is reported as of the fiscal year-end of September 30, 2006.

(g) Programs considered a cluster by the U.S. Department of Homeland Security.

(h) Reimbursement of this contract is passed through the State Department of Community Health. The amount reported on the Schedule of Expenditures of Federal Awards represents the Federal portion based on 66% of total contract expenditures.

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the Federal revenues reported in the December 31, 2006, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

	Federal/ State Revenue	Adjustments	Less State Revenue	Federal Expenditures
PRIMARY GOVERNMENT				
GENERAL FUND				
CRP - Prosecuting Attorney	$ 33,329	$ -	$ -	$ 33,329
CRP - Friend of the Court	511,137	-	-	511,137
Community Oriented Policing	4,043	-	-	4,043
Sheriff equipment	9,352	-	(2,832)	6,520
ADC Maintenance Assistance	76,319	-	-	76,319
Emergency Management	91,313	-	-	91,313
Marine Safety	101,697	-	(75,897)	25,800
Byrne Justice Assistance Grant	10,858	-	-	10,858
Other Programs	861,558	-	(861,558)	-
TOTAL GENERAL FUND	1,699,606	-0-	(940,287)	759,319
SPECIAL REVENUE FUNDS				
Substance Abuse	342,322	-	(82,904)	259,418
Commission on Aging	379,433	-	(249,439)	129,994
CDBG - Housing	31,145	-	-	31,145
Child Care Probate	411,366	-	(353,565)	57,801
Adult Drug Court	158,180	-	(71,678)	86,502
Juvenile Drug Court	117,482	-	(81,059)	36,423
Other Programs	440,341	-	(440,341)	-0-
TOTAL SPECIAL REVENUE FUNDS	1,880,269	-0-	(1,278,986)	601,283
COMPONENT UNIT FUNDS				
2006 Middleville Water System	-	812,526 (1)	(493,284)	319,242
	$ 3,579,875	$ 812,526	$(2,712,557)	$ 1,679,844

(1) The adjustment related to the Board of Public Works Debt Service (2006 Middleville Water System) Fund represents U.S. Environmental Protection Agency loan proceeds which are reported in the financial statements as other financing sources in accordance with accounting principles generally accepted in the United States of America (GAAP). These funds were recognized in the Schedule of Expenditures of Federal Awards as of December 31, 2006 as required by the U.S. Environmental Protection Agency.

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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

To the Board of Commissioners
of Barry County
Hastings, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Barry County, Michigan as of and for the year ended December 31, 2006, and have issued our report thereon dated June 1, 2007. 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 Barry County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. The results of our tests disclosed a deficiency that we consider to be a significant deficiency in internal control over financial reporting as described in the accompanying schedule of findings and questioned costs as 2006-1.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described in the accompanying schedule of findings and questioned costs is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2006-2.

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

We noted certain matters that we have reported to management and the Board of Commissioners of Barry County in a separate letter dated June 1, 2007.

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

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 1, 2007

Barry County, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weakness(es)?	X	Yes	_____	None reported
Noncompliance material to financial statements noted?	X	Yes	_____	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weakness(es)?	_____	Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified			
Any audit findings disclosed that are required to be reported with Section 501(a) of Circular A-133?	_____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.563	Child Support Enforcement (Title IV-D)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000			
Auditee qualified as low-risk auditee?	X	Yes	_____	No

Section II - Financial Statement Findings

2006-1 PRIOR PERIOD ADJUSTMENTS

Condition: As indicated in the basic financial statements, material amounts were recorded as prior period adjustments in the current year to correct errors from the prior year. Beginning net assets were adjusted by a net amount of $234,454 ($816,252 for the asset and $580,798 for the debt) to record capital assets and related debt that were purchased by the Central Dispatch. These capital assets and related debt were not included in the County's prior financial statements.

Criteria: These errors were not detected by the County's internal control over financial reporting in the prior year.

Effect: The prior year financial statements contained material misstatements that were not detected by management until after the December 31, 2005 financial statements were issued.

Section II - Financial Statement Findings - continued

2006-1 PRIOR PERIOD ADJUSTMENTS - CONTINUED

Recommendation: We recommend the County review procedures in the areas where these errors were noted and take steps to ensure that there is no recurrence of similar issues.

Corrective Action Response: Management of the County is currently reviewing procedures related to identification of capital assets acquired through lease agreements to ensure that there is no recurrence of similar issues.

2006-2 BUDGETS

Condition: As noted in the financial statements, some of the activities and funds of the County exceeded the amounts appropriated. The variances noted were in the General and Special Revenue Funds.

Criteria: Michigan Public Act 621 of 1978, as amended, provides that the County adopt formal budgets for all applicable General and Special Revenue Funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures.

Effect: The County has not maintained adequate control over budgetary compliance in accordance with State law in the certain funds where the overages occurred.

Recommendation: We recommend the County monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

Corrective Action Response: Management of the County is currently reviewing procedures related to budgetary compliance in accordance with State law.

Section III - Federal Award Findings and Questioned Costs

None

Barry County, Michigan

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2006

There were no findings disclosed for the past two years.

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MANAGEMENT LETTER

To the Board of Commissioners
of Barry County
Hastings, Michigan

Dear Ladies/Gentlemen:

As you know, we have recently completed our audit of the records of Barry County, Michigan for the year ended December 31, 2006. In connection with the audit, we feel that certain changes in your accounting procedures would be helpful in improving management's control and the operational efficiency of the accounting functions. These suggestions are a result of our evaluation of the internal control structure and our discussions with management.

1. Accrued interest should be recorded on certificates of deposit.

   During the course of our audit, we noted that accrued interest for the County's certificates of deposit is not being recorded in the general ledger. Generally accepted accounting principles require that investments be reported at fair market value, which includes the recording of investment income or gains/losses in the financial statements. These amounts are not reflected in the County's financial statements as they were not considered to be material to those statements.

   We suggest that accrued interest be recorded for the County's certificates of deposit at a minimum on an annual basis.

2. The County should provide information on increases and decreases for compensated absences.

   The County's liability for compensated absences is accrued and presented at the government-wide level as required by generally accepted accounting principles (GAAP). The County does not present, however, information on increases and decreases to this liability as required by Governmental Accounting Standards Board Statement Number 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*" (GASB 34) paragraph 119b.

   We suggest that the County provide this information in the future so that it may be included in the note disclosure as required by GAAP.

3. Negative cash balances should be adjusted.

   The County maintains a pooled cash account for approximately sixty (60) funds. During the course of normal operations, these funds sometimes borrow from the other funds in the pool which results in overdrafts as noted in Note B to the financial statements. Generally accepted accounting principles indicate that amounts such as these should not be reported as negative cash (as the County's practice has been) but rather should be reclassified as interfund liabilities. Likewise, an equivalent amount of some other fund's position in the pool should be reclassified as an interfund receivable.

   Management is responsible for determining the specific fund that will report the applicable receivables. No such adjustments have been made in the preparation of the County's financial statements for December 31, 2006.

   We suggest that the County analyze the pooled cash account and make the necessary adjustments in the general ledger to eliminate any negative balances by the end of each year.

4. All bank accounts should be recorded in the County's general ledger.

   During the course of our audit, we noted one (1) bank account that is not recorded in the County's general ledger. The account is a custodial account for funds due to the State maintained by the Friend of the Court. The balance in this account is not considered to be material to the financial statements. This issue was noted and reported in our audit comments for the prior year.

   We suggest that the County take the necessary steps to ensure that all bank accounts are properly identified and recorded in the County's general ledger.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements and this report does not affect our report on the financial statements dated June 1, 2007.

This report is intended solely for the use of management and the Board of Commissioners of Barry County and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you, and to provide assistance in the implementation of improvements.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 1, 2007