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	Newaygo County	Newaygo

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
September 30, 2006	December 8, 2006	February 24, 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 Report

Certified Public Accountant (Firm Name)	Telephone Number		
REHMANN ROBSON	616-975-4100		
Street Address	**City**	**State**	**Zip**
2330 EAST PARIS AVENUE SE	GRAND RAPIDS	MI	49546

Authorizing CPA Signature	Printed Name	License Number
Stephen W. Blann	Stephen W. Blann, CPA, CGFM	24801

COUNTY OF NEWAYGO, MICHIGAN

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2006

COUNTY OF NEWAYGO, MICHIGAN
Annual Financial Report
For the Year Ended September 30, 2006

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COUNTY OF NEWAYGO, MICHIGAN
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INTRODUCTORY SECTION

COUNTY OF NEWAYGO, MICHIGAN
List of Elected Officials
September 30, 2006

COMMISSIONERS

Ronald W. Sanders, District 1
Rosswell H. Fulton, Jr., District 2
Stanley J. Nieboer, District 3
James F. Maike, Jr., District 4
Adam Wright, District 5
Pat Gardner, District 6
Daniel D. Powell, District 7

COUNTY OFFICIALS

Laurel J. Breuker, Clerk
Holly Moon, Treasurer
Normal L. Ochs, Surveyor
Cynthia J. Sullivan, Drain Commissioner
Chrystal Roach, Prosecutor
Linda M. Landheer, Reg. of Deeds
Michael S. Mercer, Sheriff

DISTRICT COURT JUDGE

H. Kevin Drake

CIRCUIT COURT JUDGES

Anthony A. Monton, Chief Judge
Terrance R. Thomas

PROBATE COURT JUDGE

Graydon W. Dimkoff

Office of Administration

P.O. BOX 885
1087 NEWELL
WHITE CLOUD, MICHIGAN 49349
FAX (231) 689-7205

January 12, 2007

Board of Commissioners and the citizens of the County of Newaygo:

The Annual Financial Report of the County of Newaygo, Michigan, for the fiscal year ended September 30, 2006 is submitted herewith. The financial statements included in this report have been audited by Rehmann Robson, an independent firm of certified public accountants. The report is prepared for the purpose of disclosing the County's financial condition to its residents, elected officials, and other interested parties.

The financial statements have been prepared in compliance with applicable state statutes and Generally Accepted Accounting Principles (GAAP) as stated in the Governmental Accounting Standards Board statements and interpretations. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. As management, we believe that the data, as presented, is accurate in all material aspects, and that it is presented in such a manner as to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its funds.

The independent audit of the financial statements of the County of Newaygo was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the County of Newaygo's separately issued Single Audit Report.

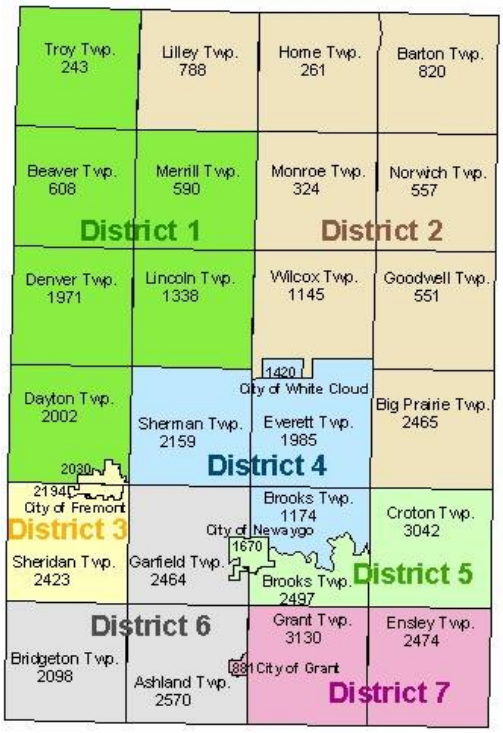
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of Newaygo's MD&A can be found in the financial section of this report, immediately following the independent auditors' opinion.

NEWAYGO COUNTY AND ITS SERVICES

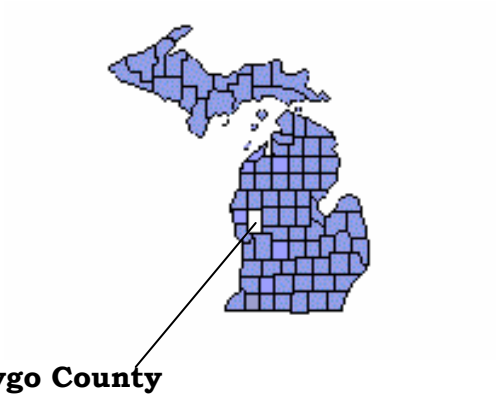
General Information

Until 1836, the Newaygo area was inhabited by mainly Native Americans. The lumbering industry took its foothold in the territory at this time and began drawing people into the area. In 1851, Newaygo became an official county of the State of Michigan. The estimated 2005 population was 50,019 with substantial growth expected for future years. Newaygo County encompasses an area of approximately 842 square miles and is located in the western Lower Peninsula. The County is comprised of 4 cities, 1 village, and 24 townships.

Newaygo County by Commissioner



The County is located in the west-central part of Michigan's Lower Peninsula. With 234 natural lakes and ponds, 356 miles of rivers and streams, and 349,132 acres of forest land, Newaygo County has become a prime area for recreational activities including hunting, fishing, canoeing/boating, hiking and camping. The County is also located in close proximity to the City of Grand Rapids, and has recently become a part of the Grand Rapids Metropolitan Statistical Area.



The Board of Commissioners is the governing board and policy-making body of the County of Newaygo. While many of its powers, duties and responsibilities are prescribed by law, and diffused through the wide-spread use of commissions, boards, committees, and independently elected county officials, the board is in charge of approving county policy and the budget as well as oversight of the County Administrator. The County Administrator is responsible for carrying out the policies, motions, resolutions and ordinances of the Board of Commissioners, for overseeing day-to-day operations of the governmental unit, and for appointing and supervising the heads of various departments. The Board of Commissioners is a seven-member board that is elected from single-member districts, determined by population, on a two-year term, partisan basis. From within its ranks, the board elects a Chairman and Vice-Chairman.

The financial reporting entity of the County of Newaygo includes all funds of the primary government as well as many of its component units. Component units are legally separate entities for which the primary government is financially accountable. The County provides a full range of services that are either mandated by State statute, or authorized by the County Board of Commissioners. These services include legislative, judicial, public safety, public works, health, welfare, cultural, recreational, capital improvements, and general administrative services including vital statistics and record keeping for births, deaths, and property.

The County adopts its annual budget in accordance with the State Uniform Budgeting and Accounting Act. The general, special revenue and debt service funds are under formal budgetary control. All departments and budgetary centers of the County are required to submit budget requests to the County Administrator. The Administrator then develops and presents a proposed budget to the Board for review. The Board generally holds public hearings in August and a final budget is approved prior to September 30, the close of the County's fiscal year. The appropriated budget is prepared by fund and department. Budget amendments and transfers of appropriations less than $25,000 require Administrator approval. Board approval is required for all others.

ECONOMIC OVERVIEW OF NEWAYGO COUNTY

The expansion and diversification of the Newaygo County economy continued in 2006 as employment, population and property values continued to climb. In general, the economic condition of the County is strong, especially in light of negative trends in manufacturing employment at the national and state level. Some of the highlights of the year include:

- Continued strong growth in population
- Strong increase in the number of residents with a job
- A decrease in the County unemployment rate, for the third consecutive year
- Strong retention of existing manufacturing jobs
- Strong growth in equalized valuations

Agriculture as a Key Industry

For Newaygo County, and many of our rural counties throughout the state, agriculture is a key industry. Agriculture is the biggest industry in Newaygo County, with tourism being a close second. Annually, Newaygo County farms produce over $60 million in sales, nearly three times the rate of the state on a per capita basis. In addition, the County's single largest employer is engaged in agricultural food processing and it is estimated that at least 20 percent of Newaygo County's direct economic output is tied to the agriculture. However, the indirect impact of the dollars circulating through the economy would raise the percentage even higher.

Gerber Products, known throughout the world for baby food, is the County's largest employer and is in the agricultural food processing business. Gerber began as a family owned business in Fremont, Michigan in 1928. Today, Gerber Products is headquartered in New Jersey and is part of Novartis, a multi-national corporation headquartered in Switzerland. They employ over 1,200 workers, including Gerber Life Insurance.

Population

Newaygo County has been and continues to be one of the fastest growing counties in the nation and State of Michigan. From 1990 to 2000, the population of Newaygo County grew from 38,206 to 47,874, an increase of 9,668 or 25.3 percent. It is important to note, that during the 1990's, only 249 counties in the U.S. (out of 3,141) grew at a faster rate and added more people than Newaygo County. In Michigan, only two counties grew faster and added more people during this period.

Recent estimates put the population of Newaygo County at 50,019 as of July 1, 2005. This is an increase of 4.5 percent since the 2000 Census and represents a growth rate that is more than twice as fast as the state, and on par with the nation. The strong population growth of the past 10+ years is reflective of the outstanding quality of life that Newaygo County offers.

Employment

Employment trends in Newaygo County continue to be positive especially in light of the continued slump in the manufacturing sector across the nation and within the state.

During 2006, employment based on residence in Newaygo County grew by 296 to a level of 22,271. This represents an increase over the previous year of 1.3 percent, faster than the state at 0.2 percent and slightly below the U.S. at 1.9 percent. The number of unemployed residents fell by 26 during the year. The combination of job growth and a reduction in the number of unemployed persons led to a decrease in the County's unemployment rate for the third straight year from 7.2 percent in 2005 to 7.0 percent in 2006. Newaygo County's unemployment rate in 2006 remained slightly above the state and national rate of 6.8 percent and 4.6 percent, respectively.

Given Newaygo County's close proximity to major employment centers in Grand Rapids and Muskegon, it is not surprising that almost half of the labor force living in Newaygo County work outside the County borders. Although some of this can be attributable to people moving to Newaygo County and keeping their jobs in other employment centers, job growth as measured by the place of business has been very strong in Newaygo County over the last 10+ years. A study by Wayne State University showed that of the State of Michigan's 83 counties, Newaygo County was one of only 19 (9th overall) to add jobs from 2000 to 2003.

Since 1999, manufacturing employment in the United States has fallen by about 23 percent and has dropped 31 percent in the State of Michigan. In contrast, manufacturing in Newaygo County has fallen just 5 percent during this same period. However, given this slight drop, manufacturing employment in Newaygo County still remains at or above 1990 levels. These items are attributable to a diversified manufacturing base and a strong retention program. Manufacturing employment within the County has been bolstered by concentrating on the manufacture of goods that weren't hit as hard by recent recessions and also by a strong retention program through the Newaygo County Economic Development Office (NCEDO) in partnership with state and local officials.

Employment performance in Newaygo County can be summarized as follows:

- Impressive employment growth as measured by both place of residence and place of business
- Strong overall manufacturing trends
- Relatively high, but declining, unemployment rate that is primarily due to strong local labor force growth over the last few years.

Major Employers

Employer	*City*	*Product/Service*	*Employees*
Gerber Products	Fremont	Baby Food	1,300
Dura Automotive	Fremont	Metal Stampings & Assemblies	535
Magna Donnelly Corporation	Newaygo	Automotive Doors & Mirrors	505
Gerber Memorial Health Services	Fremont	Health Care Services	470
Wm Bolthouse Farms	Grant	Vegetables	250 Seasonal
County of Newaygo	White Cloud	County Government	200
Wal-Mart	Fremont	Retail Department Store	195
Gerber Life Insurance Company	Fremont	Life Insurance	165
Newaygo Medical Care Facility	Fremont	Health Care Services	150
North American Refractories	White Cloud	Refractory Products & Furnace Linings	125
Pine Medical Group	Fremont	Health Care Services	110
Transitional Health Services	Fremont	Health Care Services	105
Valspar (Lilly) Industries	Fremont	Lubricants & Oil Additives	100
TOTAL EMPLOYERS	13	TOTAL EMPLOYEES	4,210

Source: Michigan Works! West Central

Property Values

According to the State of Michigan Department of Treasury, equalized values (50 percent of full market value) increased by 5.6 percent in Newaygo County in 2006 compared to 5.0 percent for the state. Since 1999, equalized values in Newaygo County have grown 84.4 percent, significantly higher than the state growth rate of 67.2 percent.

Equalized values on a per capita basis were $37,263 in 2006, compared to $43,121 for the state. However, much of the differential between Newaygo County and the state is in commercial and industrial property values and is fairly typical for a rural county. Commercial development typically follows population growth and Newaygo County is beginning to see an increase in commercial developments. In recent years, a new Wal-Mart Supercenter has been built in Fremont and a new multi-use development is underway in the City of Newaygo.

Technology

Newaygo County is fortunate to be one of the most technologically advanced rural areas in the country. A fiber optic cable telecommunication network exists that supports data, video, and voice communication capabilities that are available to all county residents. The network connects schools, municipal buildings, libraries, the hospital, private non-profit agencies, and area businesses making accessible universal Internet connectivity, technology labs, two-way interactive video classrooms, and telecommunications services. In addition, broadband internet connections are available in most areas of the County through cable, DSL and recently wireless service.

Future Prognosis

Recovery from the state recession that started in the first quarter of 2001 has been delayed in part due to uncertainties stemming from the war in Iraq, including the possibility of terrorists' attacks here in the U.S., and the increasing price of oil, as well as fundamental changes in the way goods are manufactured. There are three main factors that could further affect the state's economy over the next few years: 1) continuing conflict in the Middle East; 2) minimal consumer spending; and 3) delays in revamping from a manufacturing state to a knowledge-based services state.

The federal and state budget deficits continue to remain at a crisis level and therefore the shifting of activities and requirements to the local level continues to be an issue. Newaygo County continues to experience a significant loss in support, but not a reduction in requirements regarding the delivery of services. The elimination of state revenue sharing and other reductions at both the state and federal levels have had disastrous effects on local governments throughout the state and Newaygo County certainly has felt these changes.

However, the difficult decisions in the past years, relative to reductions in spending and other proactive fiscal policies by the Board of Commissioners and Administration have begun to lay the ground work for a viable future for the County. Although the state has given mixed signals regarding the reimplementation of revenue sharing for counties, the County has already begun to reduce costs and streamline services in preparation for the possibility that the funding will not be replaced. Although these changes will take years to fully implement and come to fruition, management is confident that they will help make the County of Newaygo more efficient and better suited to continue to provide public services on the limited resources anticipated in the future. Unfortunately, one thing is certain, should revenues continue to decrease, inevitably, corresponding reductions in services will follow.

MAJOR INITIATIVES

Facility and Related Improvements

The County has either funded or is in the process of funding several major maintenance initiatives for county facilities:

- Replaced two roof top HVAC systems on the Jail at a cost of over $33,000.
- Installed a new air conditioner in the Server Room in the Administration Building at a cost of $7,234.
- A new generator was added to the Jail at a cost of $78,500.
- New air conditioning units in the Animal Shelter at a cost of $10,310
- New air conditioning units in the Sheriff's Department at a cost of $5,240.
- Rooftop HVAC unit replacement on the Courthouse at a cost of $52,398.
- Reheat coils placed in the Administration Building at a cost of $9,502.
- New entry doors installed in the Administration Building at a cost of $1,350.
- Expansion of the Health Services Building at a construction cost of $1,400,000*
- Renovations at the Sheriff's Department at a construction cost of $7,124*
- Construction of a North Admin. parking lot at a cost of $65,230
- Renovations at the MSU Extension offices at a construction cost of $15,000*
- Sports park renovations at a construction cost of $12,000*
- Installation and construction of a sea wall and docks at Sandy Beach at a cost of $55,452
- New carpeting installed in two areas of the courthouse at a cost of $2,687
- Rekeying of all buildings on campus at a cost of $3,551*
- Installation of fans in the courtrooms at a cost of $1,400
- Installation of card key access at the Sheriff's Department at a cost of $4,421
- Installation of card key access within the courthouse at a cost of $5,121
- Installation of a fire suppressant system within the Administration computer room at a cost of $8,353

* Estimated Cost

Technology Updates and Program Changes

- 800 MHz Grant:

  Newaygo County received a $298,000 grant from the federal government Homeland Security to purchase 800 MHz radios that could be tied into the State of Michigan's 800 MHz system. The program was initiated by the Newaygo County Sheriff's Office and Central Dispatch to enhance the communications within the public safety system. The system will provide for more safety for public safety officers and a better communications network. In fact, this system has been tested and the portable radios are so efficient that there is a 98% communication capability within the County. There are very few dead spots and the enhanced access allows the public safety officers to communicate while in buildings. The collaboration between the State Police allowing the County to use its towers for the 800 MHz system, coupled with the grant and the ability to provide the 800 MHz radios to all police within the County has enhanced Newaygo County Public Safety personnel's abilities to provide better public safety.

- Upgrade of Data Cabling Wiring:

  We upgraded the data cabling wiring in the Courthouse complex to allow for the enhanced speed capabilities for the digital network. The Courts received a grant to enhance their data capabilities, but this grant only covered a portion of the Courthouse system. The County supplemented the grant to upgrade the entire Courthouse to the most current wiring system available.

- Upgrade of Data Backup and Storage System

  The County upgraded its data storage and backup system during the 2005 year. This has provided for the better management of data and has allowed for future growth. In addition, improved backup of critical data is automated, consistent, and more reliable.

- In Car Computers for Public Safety Officers

  In 2005, Mobile Data Terminals (M.D.T.) were provided to the Newaygo County Sheriff Department, Fremont Police Department, Newaygo Police Department, Grant Police Department, Hesperia Police Department, and White Cloud Police Department out of the FY 2004 Homeland Security Grant Law Enforcement Terrorism Prevention Program Funding. The Newaygo County Local Emergency Planning Team (LEPT), which consists of key emergency response representatives from various agencies serving Newaygo County, worked together to identify strengths and weaknesses within the County and

Homeland Security project priorities based on identified weaknesses to improve response capabilities. Before M.D.Ts were installed in officer's patrol cars, all information requests regarding individuals, vehicles, or license plates, etc. had to be requested through the Central Dispatch center, requiring the dispatcher to look up the information from various sources. The M.D.T project has increased Law Enforcement capabilities County-wide by providing easier access to remote database files, such as the Law Enforcement Information Network (L.E.I.N), which in turn results in improved officer safety and enhanced communications capabilities.

Respectfully submitted,

Tobi G. Lake
County Administrator

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Responsibility for the integrity of the financial data presented rests with the County. I believe the data to be accurate in all material aspects. These financial statements are prepared in accordance with Generally Accepted Accounting Principles applicable to county governments and State statutes.

The County maintains a system of internal controls to provide reasonable assurance that the books and records reflect authorized transactions of the County.

Rehmann Robson, the County's independent certified public accountants, have audited the accompanying financial statements, and the supplemental financial information has been subjected to the auditing procedures applied in their audit. Rehmann Robson's opinion is included in the financial section of this report.

Tobi G. Lake
Administrator

ACKNOWLEDGEMENT

I would like to express our gratitude to all members of the Newaygo County Board of Commissioners for their interest and support in planning and conducting financial operations of the County of Newaygo in a responsible and progressive manner.

Tobi G. Lake
Administrator

FINANCIAL SECTION

REHMANN ROBSON
Certified Public Accountants
A member of THE REHMANN GROUP

INDEPENDENT AUDITORS' REPORT

December 8, 2006

The Board of Commissioners
County of Newaygo, Michigan
White Cloud, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Newaygo, Michigan,*** as of and for the year ended September 30, 2006, which collectively comprise the basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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.

As described in Note I.A. to the financial statements, management has elected to omit the financial position and results of operations of the Newaygo County Road Commission and Medical Care Facility from the County's financial statements. Accounting principles generally accepted in the United States of America require that these two entities be included in the County's financial statements as discretely presented component units. The amount by which this departure would affect the assets, net assets, and revenues of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the Newaygo County Road Commission and Medical Care Facility, as described above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the County of Newaygo County, Michigan as of September 30, 2006, or the changes in financial position for the year then ended.

Finally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Newaygo, Michigan, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

an independent member of
BAKER TILLY
INTERNATIONAL

The Management's Discussion and Analysis on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006, on our consideration of the County of Newaygo, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The Introductory Section, as listed in the table of contents, was not audited by us and, accordingly, we do not express an opinion on it.

Rehmann Lohan

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the County of Newaygo, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ii-xi, of this report.

FINANCIAL HIGHLIGHTS

1 The assets of the County exceeded its liabilities at the close of the 2005-2006 fiscal year by $23,511,598 (net assets). Of this amount, $12,854,959 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
2 As of the close of the 2005-2006 fiscal year, the County's governmental funds reported combined ending fund balances of $10,568,470. Approximately 93% of this total amount or $9,827,155 is available for spending at the government's discretion (unreserved and undesignated fund balance).
3 At the end of the 2005-2006 fiscal year, unreserved and undesignated fund balance for the general fund was $672,927 or 5.64% of total general fund expenditures (including operating transfers).
4 The audit for the 2005-2006 represents significant changes regarding the make up and inclusion of funds within the Governmental Funds and Component Units when compared to previous years.
5 The 2005-2006 fiscal year audit classifies billed, but unpaid property taxes as deferred revenues. Therefore, there are significant changes in the fund balances of the General Fund when compared to previous years and a budgetary/accounting basis reconciliation has been included for clarification.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of five components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, (3) Component Unit Financial Statements, and (4) Notes to the Financial Statements (5) Other Information. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are

reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash* flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Newaygo County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, recreation and culture, community and economic development, and other functions. The business-type activities include the administration of the delinquent property tax system, public works projects, and the building authority.

The government-wide financial statements include not only the County itself (known as the primary government), but also includes two legally separate entities: Newaygo County Central Dispatch Authority (E-911) and the Drain Commission. Financial information for the component units are reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 14-16 of this report.

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

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

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

The County maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, county jail, revenue sharing reserve, and medical care facility construction funds, each of which is considered to be a major fund. The non-major governmental funds are split into 3 debt service, 4 capital projects, a permanent/cemetery trust, and 34 special revenue funds. Data for the non-major funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-25 of this report.

Proprietary funds. The County maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report the same functions as business-type activities in the government-wide financial statements. The County maintains eight enterprise funds. The 2000 and prior delinquent tax revolving, 2005 delinquent tax revolving, and sanitary sewer construction funds are classified as major funds. The remaining 5 are non-major funds and are used to account for the delinquent tax revolving funds for the years 2001, 2002, 2003, and 2004, and to account for the building authority.

The County maintains internal service funds to account for and allocate costs internally among the County's various functions. The County uses 24 internal service funds to account for functions such as economic development, building demolition, information services, duplicating, drains, purchasing, telecommunications, motor/equipment pool, food services, building and grounds, contingencies, campus security and protected self-funded benefits and insurances (both liability and employee fringe benefits and insurances). Because these services predominantly benefit governmental functions, they have been included with governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 91-93 of this report.

Component Unit Financial Statements. Component units are legally separate entities for which the County is financially accountable. Although Newaygo County has four component units, due to the lack of available financial data the County has elected to omit both the Newaygo County Road Commission and the Newaygo County Medical Care Facility.

The remaining component units, The Newaygo County Drain Commission and the Newaygo County Central Dispatch Authority are discretely presented. The Dispatch Authority operates the emergency-911 service for the County Board of Commissioners and it is financially accountable to the County.

Pursuant to the Michigan Drain Code of 1956 all drain districts are legally separate entities and are financially accountable to the County. Therefore, the various drainage districts, the drain revolving fund and the different lake associations are listed under the Drain Commission as a discretely presented component unit.

The component unit financial statements can be found on pages 30-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-55 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information.* This is limited to combining statements and schedules. Combining and individual fund statements and schedules can be found on pages 56-93 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Newaygo County, assets exceeded liabilities by $23,511,598 at the close of the most recent fiscal year.

Newaygo County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and other assets	$ 17,154,109	$ 19,403,118	$ 17,424,138	$ 8,529,841	$ 34,578,247	$ 27,932,959
Capital assets, net	12,806,128	12,918,391	8,015	-	12,814,143	12,918,391
Total assets	29,960,237	32,321,509	17,432,153	8,529,841	47,392,390	40,851,350
Liabilities						
Long-term liabilities	12,538,947	10,484,211	7,489,180	-	20,028,127	10,484,211
Other liabilities	1,169,124	1,684,890	2,683,541	1,682,310	3,852,665	3,367,200
Total liabilities	13,708,071	12,169,101	10,172,721	1,682,310	23,880,792	13,851,411
Net assets						
Invested in capital assets, net of related debt	5,368,858	10,288,391	8,015	-	5,376,873	10,288,391
Restricted	5,279,766	1,667,046	-	-	5,279,766	1,667,046
Unrestricted	5,603,542	8,196,971	7,251,417	6,847,531	12,854,959	15,044,502
Total net assets	$ 16,252,166	$ 20,152,408	$ 7,259,432	$ 6,847,531	$ 23,511,598	$ 26,999,939

The largest amount of County assets is cash and investments with capital assets a very close second. This level of cash and investments is considered favorable as most entities report capital assets as their largest asset.

Capital assets include land, buildings, vehicles and equipment less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt should be provided from other sources, since the capital assets themselves cannot readily be used to liquidate these liabilities. The County levies dedicated millages in the winter (December) and, in accordance with State statute, has begun to move the County's general operating tax levy from the winter to the summer (July). The shift started with a 1/3rd levy in July 2005 and will be complete by the July 2007.

In addition to the net assets invested in capital assets, net of debt, certain other restrictions on the use of net assets apply due primarily to legal guidelines. These restricted net assets total $5,279,766. The remaining balance of *unrestricted net assets* ($12,854,959 or 55%) may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

Newaygo County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Revenues						
Program revenues:						
Charges for services	$ 5,764,183	$ 4,415,814	$ 1,729,671	$ 170,827	$ 7,493,854	$ 4,586,641
Operating grants and contributions	4,379,809	3,398,747	-	-	4,379,809	3,398,747
Capital grants and contributions	-	140,944	-	-	-	140,944
General revenues:						
Property taxes	10,610,154	9,717,586	(34,268)	-	10,575,886	9,717,586
Grants and contributions not restricted to specific programs	323,430	1,831,724	-	1,884,830	323,430	3,716,554
Unrestricted investment earnings	561,975	152,331	275,601	-	837,576	152,331
Gain on sale of capital assets	-	5,312	-	-	-	5,312
Total revenues	21,639,551	19,662,458	1,971,004	2,055,657	23,610,555	21,718,115
Expenses						
Legislative	288,819	199,353	-	-	288,819	199,353
Judicial	3,268,793	3,028,764	-	-	3,268,793	3,028,764
General government	4,001,688	3,159,304	-	-	4,001,688	3,159,304
Public safety	6,763,822	6,235,087	-	-	6,763,822	6,235,087
Public works	150,476	2,854	-	-	150,476	2,854
Health and welfare	10,337,661	3,109,592	-	-	10,337,661	3,109,592
Recreation and cultural	265,399	129,812	-	-	265,399	129,812
Other governmental activities	358,887	344,703	-	-	358,887	344,703
Interest on long-term debt	397,955	255,105	-	-	397,955	255,105
Delinquent tax collections/forfeitures	-	-	854,035	545,914	854,035	545,914
Building authority	-	-	109,258	-	109,258	-
Public works projects	-	-	302,103	-	302,103	-
Total expenses	25,833,500	16,464,574	1,265,396	545,914	27,098,896	17,010,488
Change in net assets before transfers	(4,193,949)	3,197,884	705,608	1,509,743	(3,488,341)	4,707,627
Transfers	293,707	504,900	(293,707)	(504,900)	-	-
Change in net assets	(3,900,242)	3,702,784	411,901	1,004,843	(3,488,341)	4,707,627
Net assets, beginning of year, as restated	20,152,408	16,449,624	6,847,531	5,842,688	26,999,939	22,292,312
Net assets, end of year	$ 16,252,166	$ 20,152,408	$ 7,259,432	$ 6,847,531	$ 23,511,598	$ 26,999,939

The Statement of Activities shows that the primary government's net assets decreased by $3,900,242 in 2006. This decrease is due to the recognition of the $9,000,000 bond sale for the medical care facility as a liability. Unfortunately, since the subsequent construction is within a component unit, the construction is not classified as an asset of the County. The medical care facility construction fund spent $5,709,826 under capital outlay during the fiscal year. This amount is presented as a decrease in assets. Were it not for the medical care facility construction, net assets would have increased over $2,000,000.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier the County of Newaygo uses fund accounting to ensure and demonstrate compliance with finance–related legal requirements.

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

The County general fund is the chief operating fund of the County. When utilizing the Non-GAAP Budgetary Basis, at the end of the 2005-2006 fiscal year, the County's ending fund balance for the general fund was $1,165,474. The fund balance increase was relatively insignificant in scope, but reflects continued efforts on behalf of Administration and County departments to develop accurate budgets and operate within them.

When the funds are looked at individually, using the non-GAAP budgetary basis, we find the general fund added over $90,000 to unrestricted fund balance. Non-major funds nearly doubled their collective fund balances from $2,440,020 at the beginning of the year to an ending balance of $4,014,010. Although the non-major funds saw a significant increase in fund balances, $1.3 million was related to the sale of bonds for the expansion of the Health and Human Services Building.

Revenues

Program charges for services

Program charges for services in the governmental funds totaled $5,345,296. The amount was generated by general fund charges of $2,479,083, county jail fund charges of $1,374,632, and non-major fund charges of $1,491,581. The total marks a significant increase from the previous year, which reported $4,415,814 from charges for services. Over two-thirds of the increase was reported within the general fund.

Program operating grants and contributions

A major portion of this activity is generated in the general fund consisting of the court equity funds and of the special revenue fund amounts like friend of the court, community development, child care and social services. Program operating grants and contributions increased $940,562 over the previous fiscal year.

Property taxes

On a budgetary basis, taxes totaled $10.6 million in 2006, compared with $9.7 million in 2005, $7.2 million in 2004 and $6.8 million in 2003. A large part of the increase is due to gains throughout the County in taxable value from new construction.

Investment earnings

Investment earnings within the general fund tripled in 2006 from $71,173 in 2005 to $235,830.

These increases were attributable to renewed efforts to maximize the returns in investments and the emergence of stronger financial markets.

Expenditures

Legislative Expenditures
Legislative expenditures were $288,819.

Judicial Expenditures
Judicial expenditures were $3,279,341 which included general fund expenditures and non-major other governmental funds. The main components of the expenditures were:

General Fund	$2,533,075
Non major (FOC)	$ 746,266

The judicial expenditures were 21% of the total expenditures for the general fund (including operating transfers). The percentage is consistent with the previous years' totals.

General Government Expenditures
General government expenditures were $3,426,057. Within the general fund the general government category totaled $3,239,767, equating to 27% of the total expenditures (including operating transfers). This presented total is consistent with previous years'. Some of the departments included within the general government category include the Prosecutor, Administrator, Accounting, County Clerk, Budget, Treasurer, Equalization, Personnel, and Payroll. The largest expenditure within the general government category is the Prosecutor at $675,681 approximately 21% of the total.

Public Safety Expenditures
Public safety expenditures totaled $3,750,205, of which $880,843 was in the general fund and $2,869,362 was within the non-major governmental funds. The larger amounts in the non-major governmental funds represent the Sheriff's road patrol in the amount of $1,409,465; the Building Inspection Department at $501,410; the Animal Control Department at $152,465; County Jail Trustee Management at $123,074; Emergency Services at $146,804 and the Transportation Fund for the Jail at $151,316.

Public Works Expenditures
Public works expenditures were $150,476. The public works expenditures reflect a small drop from the previous year.

Health and Welfare Expenditures
Health and welfare expenditures totaled $7,562,423. The general fund amount was $790,281; the County jail totaled $2,973,880, and non-major funds totaled $3,798,262. The major expenditure items in that category involved the Commission on Aging at $1,504,353, Social Services at $650,069, and Child Care at $1,519,564.

Community and Economic Development Expenditures
Community and economic development expenditures were $358,887 which includes programs related to economic development, energy grants, planning and zoning, land use, and senior

citizens handicap grants and loans. These programs relate to either housing projects for senior citizens and low income individuals, activity to expand the economic activity within the County, or land use and planning issues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund amended budget revenues reflect anticipated revenue as a result of a change in State statute. Just prior to the beginning of the 2004-2005 fiscal year, legislation was passed that eliminated state revenue sharing payments and required a shifting of the tax levy. The legislation mandated a full winter levy in December of 2004 and a one-third levy in July of 2005. Every year after an additional one-third levy will be moved, until 2007, when the entire levy will be on the summer tax levy. The mandate called for a cut in revenue sharing payments and the establishment of a designated fund for the extra three one-third levies. The amended budget reflects the County's reactions to those items.

The final amended general fund budget called for $8,200,000 in property tax revenues. When the actual amount of property taxes collected within the general fund ($6,338,036) is combined with the actual amount of property taxes collected but deposited within the revenue sharing reserve fund ($1,967,659), the total received is approximately $105,000 over the collective budgeted amount.

In the coming years, recent changes in the State of Michigan statutes will make it more difficult to budget the amount of anticipated property taxes. Annual budgets will be forced to predict the taxable value and subsequent Headlee Rollback well over a year prior to the numbers being known. This will cause more conservative estimates of the anticipated property tax revenue and a greater disparity between the budgeted and actual figures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2006 amounted to $12,806,128 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and vehicles.

Some of the capital assets included:

- Beginning of expansion of the Health Services Building at a construction cost of $1,400,000*
- Renovations at the Sheriff's Department at a construction cost of $7,124*
- Construction of a North Admin. parking lot at a cost of $65,230

- Beginning of renovations at the MSU Extension offices at a construction cost of $15,000*
- Installation and construction of a sea wall and docks at Sandy Beach at a cost of $55,452
- New carpeting installed in two areas of the courthouse at a cost of $2,687
- Rekeying of all buildings on campus at a cost of $3,551*
- Installation of fans in the courtrooms at a cost of $1,400
- Installation of card key access at the Sheriff's Department at a cost of $4,421
- Installation of card key access within the courthouse at a cost of $5,121
- Installation of a fire suppressant system within the Administration computer room at a cost of $8,353

* Estimated Cost

County of Newaygo's Capital Assets
(Net of Depreciation)

	2005-2006	2004-2005	2003-2004	2002-2003
Land and land improvements	$ 1,241,871	$ 1,259,331	$ 1,274,361	$ 1,264,882
Buildings and Construction	10,509,914	10,467,570	10,725,769	10,386,206
Office Equipment	862,999	991,338	949,109	1,053,405
Vehicles	191,344	200,152*	200,057	669,385

*Note: The deprecation schedule for 2002-2003 was based on 8 years depreciation. The 2003-2004 to current schedule is based on 3 years depreciation.

Additional information on the County's capital assets can be found in note I.D.4 on page 37 and note III.E on pages 45-47 of this report.

Long-term debt
At the end of the current fiscal year, the County had outstanding bonds in the amount of $19,374,180. At a minimum, all the bonds are backed by the County's faith and credit.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III.F beginning on page 47 of this report.

ECONOMIC FACTORS AND BUDGETS AND RATES FOR 2007

The following factors were considered in preparing the County's budget for the 2007 fiscal year.

- The deterioration of the State's economy will likely result in additional decreases in state funding. The actual magnitude of the decrease will depend on the economy within the State of Michigan and continued budgetary cuts at the federal level.

Highlights of the 2006-2007 budget are as follows:

- Cost reductions throughout many facets of the budget.
- Budget balanced without the use of significant amounts of delinquent tax funds.
- Renewed efforts to attain the most accurate portrait of revenues and expenditures in the budget development phases.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Tobi G. Lake, Administrator, 1087 Newell Street, P.O. Box 885, White Cloud, Michigan 49349.

BASIC FINANCIAL STATEMENTS

COUNTY OF NEWAYGO, MICHIGAN
Statement of Net Assets
September 30, 2006

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 9,132,096	$ 2,439,290	$ 11,571,386	$ 641,335
Investments	5,689,168	4,417,982	10,107,150	-
Receivables	2,298,268	9,893,338	12,191,606	647,376
Advance to component units	300,000	400,528	700,528	-
Internal balances	(273,000)	273,000	-	-
Prepaid items and other assets	7,577	-	7,577	-
Capital assets not being depreciated	1,411,987	-	1,411,987	-
Capital assets being depreciated, net	11,394,141	8,015	11,402,156	455,869
Total assets	29,960,237	17,432,153	47,392,390	1,744,580
Liabilities				
Accounts payable	1,169,124	152,576	1,321,700	16,912
Advance from primary government	-	-	-	700,528
Note payable	-	2,530,965	2,530,965	-
Long-term liabilities:				
Due within one year	502,174	395,000	897,174	-
Due in more than one year	12,036,773	7,094,180	19,130,953	-
Total liabilities	13,708,071	10,172,721	23,880,792	717,440
Net assets				
Invested in capital assets, net of related debt	5,368,858	8,015	5,376,873	455,869
Restricted for:				
Property tax acceleration	2,343,391	-	2,343,391	-
Community and economic development	800,716	-	800,716	-
Health and welfare	732,704	-	732,704	-
Other state mandated programs	387,650	-	387,650	-
Public safety	330,174	-	330,174	-
Debt service	195,862	-	195,862	-
Captial projects	489,269	-	489,269	-
Unrestricted	5,603,542	7,251,417	12,854,959	571,271
Total net assets	$ 16,252,166	$ 7,259,432	$ 23,511,598	$ 1,027,140

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Primary government				
Governmental activities:				
Legislative	$ 288,819	$ 74	$ -	$ (288,745)
Judicial	3,268,793	940,545	844,393	(1,483,855)
General government	4,001,688	2,052,883	693,693	(1,255,112)
Public safety	6,763,822	2,101,897	526,488	(4,135,437)
Public works	150,476	24,349	238,891	112,764
Health and welfare	10,337,661	341,078	1,948,569	(8,048,014)
Recreation and cultural	265,399	261,127	25,000	20,728
Community and economic development	358,887	42,230	102,775	(213,882)
Interest on long-term debt	397,955	-	-	(397,955)
Total governmental activities	25,833,500	5,764,183	4,379,809	(15,689,508)
Business-type activities:				
Delinquent tax administration	854,035	994,771	-	140,736
Public works projects	302,103	417,720	-	115,617
Building authority	109,258	317,180	-	207,922
Total business-type activities	1,265,396	1,729,671	-	464,275
Total primary government	$ 27,098,896	$ 7,493,854	$ 4,379,809	$ (15,225,233)
Component units				
Central Dispatch Authority	$ 992,265	$ 721,373	$ 101,813	$ (169,079)
Drain Commission	344,018	328,373	-	(15,645)
Total component units	$ 1,336,283	$ 1,049,746	$ 101,813	$ (184,724)

continued…

COUNTY OF NEWAYGO, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended September 30, 2006

Functions/Programs	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Changes in net assets				
Net (expense) revenue	$ (15,689,508)	$ 464,275	$ (15,225,233)	$ (184,724)
General revenues:				
Property taxes	10,610,154	(34,268)	10,575,886	-
Grants and contributions not restricted to specific programs	323,430	-	323,430	-
Unrestricted investment earnings	561,975	275,601	837,576	-
Transfers - internal activities	293,707	(293,707)	-	-
Total general revenues and transfers	11,789,266	(52,374)	11,736,892	-
Change in net assets	(3,900,242)	411,901	(3,488,341)	(184,724)
Net assets, beginning of year, as restated	20,152,408	6,847,531	26,999,939	1,211,864
Net assets, end of year	$ 16,252,166	$ 7,259,432	$ 23,511,598	$ 1,027,140

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

COUNTY OF NEWAYGO, MICHIGAN
Balance Sheet
Governmental Funds
September 30, 2006

	General	County Jail	Revenue Sharing Reserve	Medical Care Facility Construction	Nonmajor Funds	Totals
Assets						
Cash and cash equivalents	$ -	$ -	$ 2,343,391	$ 473,547	$ 3,699,211	$ 6,516,149
Investments	2,145,228	-	-	3,045,815	-	5,191,043
Receivables:						
Accounts	639	32,121	-	-	741,516	774,276
Taxes	896,883	-	-	-	-	896,883
Due from other governments	78,862	312,557	-	-	215,248	606,667
Due from other funds	25,725	-	-	-	32,507	58,232
Advances to other funds	-	-	-	-	10,000	10,000
Advances to component units	300,000	-	-	-	-	300,000
Prepaids	7,577	-	-	-	-	7,577
Total assets	$ 3,454,914	$ 344,678	$ 2,343,391	$ 3,519,362	$ 4,698,482	$ 14,360,827
Liabilities and fund balances						
Liabilities						
Interfund payable	$ 2,112,598	$ 253,587	$ -	$ -	$ 41,651	$ 2,407,836
Accounts payable	100,908	53,518	-	-	247,089	401,515
Accrued expenditures	75,054	26,370	-	-	64,719	166,143
Due to other governments	-	-	-	-	68,000	68,000
Due to other funds	880	-	-	-	13,013	13,893
Advances from other funds	-	-	-	-	250,000	250,000
Deferred revenue	484,970	-	-	-	-	484,970
Total liabilities	2,774,410	333,475	-	-	684,472	3,792,357
Fund balances						
Reserved for long-term receivables	-	-	-	-	733,738	733,738
Reserved for prepaids	7,577	-	-	-	-	7,577
Unreserved:						
Undesignated	672,927	11,203	2,343,391	3,519,362	-	6,546,883
Undesignated, reported in nonmajor:						
Special revenue funds	-	-	-	-	1,506,303	1,506,303
Debt service funds	-	-	-	-	356,332	356,332
Capital projects funds	-	-	-	-	1,417,637	1,417,637
Total fund balances	680,504	11,203	2,343,391	3,519,362	4,014,010	10,568,470
Total liabilities and fund balances	$ 3,454,914	$ 344,678	$ 2,343,391	$ 3,519,362	$ 4,698,482	$ 14,360,827

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

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets
September 30, 2006

Fund balances - total governmental funds	$ 10,568,470
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets not being depreciated	1,411,987
Add: capital assets being depreciated, net	10,992,111
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance.	
Add: deferred property taxes	484,970
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	
Add: net assets of governmental activities accounted for in internal service funds	5,494,045
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Subtract: bonds payable	(11,885,000)
Subtract: compensated absences	(653,947)
Subtract: accrued interest on long-term liabilities	(160,470)
Net assets of governmental activities	$ 16,252,166

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2006

	General	County Jail	Revenue Sharing Reserve	Medical Care Facility Construction	Nonmajor Funds	Totals
Revenue						
Taxes	$ 6,259,171	$ -	$ 1,967,659	$ -	$ 2,223,354	$ 10,450,184
Intergovernmental:						
Federal	107,202	-	-	-	764,766	871,968
State	1,044,440	-	-	-	1,543,109	2,587,549
Local	75,433	-	-	-	452,069	527,502
Licenses and permits	34,580	-	-	-	-	34,580
Fines and forfeits	75,624	-	-	-	17,761	93,385
Charges for services	2,479,083	1,374,632	-	-	1,491,581	5,345,296
Interest and rentals	235,830	-	81,017	229,189	118,204	664,240
Contributions from private sources	-	-	-	-	561,281	561,281
Other revenue/reimbursements	41,656	255,654	-	-	46,286	343,596
Total revenue	10,353,019	1,630,286	2,048,676	229,189	7,218,411	21,479,581
Expenditures						
Current:						
Legislative	288,819	-	-	-	-	288,819
Judicial	2,533,075	-	-	-	746,266	3,279,341
General government	3,239,767	-	-	-	186,290	3,426,057
Public safety	880,843	-	-	-	2,869,362	3,750,205
Public works	13,053	-	-	-	137,423	150,476
Health and welfare	790,281	2,973,880	-	-	3,798,262	7,562,423
Community and economic development	151,661	-	-	-	207,226	358,887
Recreation and cultural	-	-	-	-	253,040	253,040
Other	161,999	-	-	-	-	161,999
Debt service:						
Principal	-	-	-	-	230,000	230,000
Interest	-	-	-	-	261,776	261,776
Capital outlay	158,108	-	-	5,709,827	238,461	6,106,396
Total expenditures	8,217,606	2,973,880	-	5,709,827	8,928,106	25,829,419
Revenue over (under) expenditures	2,135,413	(1,343,594)	2,048,676	(5,480,638)	(1,709,695)	(4,349,838)
Other financing sources (uses)						
Transfers in	1,518,300	1,402,885	-	-	2,467,337	5,388,522
Transfers out	(3,722,717)	(48,217)	(844,754)	-	(483,652)	(5,099,340)
Proceeds from issuance of debt	-	-	-	9,000,000	1,300,000	10,300,000
Total other financing sources (uses)	(2,204,417)	1,354,668	(844,754)	9,000,000	3,283,685	10,589,182
Net change in fund balances	(69,004)	11,074	1,203,922	3,519,362	1,573,990	6,239,344
Fund balances, beginning of year, as restated	749,508	129	1,139,469	-	2,440,020	4,329,126
Fund balances, end of year	$ 680,504	$ 11,203	$ 2,343,391	$ 3,519,362	$ 4,014,010	$ 10,568,470

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

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2006

Net change in fund balances - total governmental funds	$ 6,239,344
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: capital outlay	435,039
Subtract: depreciation expense	(462,454)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Add: net change in property tax revenues	159,970
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is a expenditure in the governmental funds, but the repayment reduces long term-liabilities.	
Add: principal payments on long-term liabilities	230,000
Subtract: bond proceeds received	(10,300,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Subtract: change in accrued interest on bonds	(136,179)
Add: decrease in the accrual of compensated absences	55,264
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities:	
Add: interest revenue from governmental internal service funds	45,888
Add: gain on disposal of capital assets in governmental internal service funds	1,466
Subtract: net operating income from governmental activities accounted for in internal service funds	(173,105)
Add: internal activities (transfers) accounted for in internal service funds	4,525
Change in net assets of governmental activities	$ (3,900,242)

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenue				
Taxes				
Real and personal property taxes	$ 8,200,000	$ 8,200,000	$ 6,338,036	$ (1,861,964)
Other taxes	74,438	74,438	81,105	6,667
Total taxes	8,274,438	8,274,438	6,419,141	(1,855,297)
Licenses and permits				
Permits	46,117	46,117	34,580	(11,537)
Intergovernmental				
Federal grants	95,000	95,000	107,202	12,202
State grants	958,392	981,744	1,044,440	62,696
Contributions from local governments	74,147	81,563	75,433	(6,130)
Total intergovernmental	1,127,539	1,158,307	1,227,075	68,768
Fines and forfeits				
Fines and forfeits	92,000	92,000	75,624	(16,376)
Charges for services				
Circuit Court	2,381,708	2,406,904	2,479,083	72,179
Interest and rentals				
Interest revenue	83,500	103,935	135,065	31,130
Rentals	106,383	107,584	100,765	(6,819)
Total interest and rentals	189,883	211,519	235,830	24,311
Other revenue/reimbursements				
Reimbursements	22,500	22,500	25,038	2,538
Private contributions	4,000	5,000	5,000	-
Other revenue	3,530	3,530	11,618	8,088
Total other revenue/reimbursements	30,030	31,030	41,656	10,626
Total revenue	12,141,715	12,220,315	10,512,989	(1,707,326)

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COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual (Continued)
General Fund
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Expenditures				
Legislative				
Board of Commissioners	$ 308,631	$ 309,146	$ 288,819	$ (20,327)
Judicial				
Circuit Court	1,231,085	1,189,857	1,152,071	(37,786)
District Court	961,416	961,416	921,999	(39,417)
Jury Board	13,389	13,389	13,690	301
Probate Court	408,515	409,661	404,546	(5,115)
Court Guardian	30,680	37,280	40,769	3,489
Total judicial	2,645,085	2,611,603	2,533,075	(78,528)
General government				
Administrator	291,019	259,859	239,298	(20,561)
Civil Counsel	18,670	25,770	23,873	(1,897)
Clerk	260,282	260,772	260,271	(501)
Accounting	152,966	152,966	129,806	(23,160)
Budgeting	-	-	-	-
Equalization	426,030	432,290	425,110	(7,180)
Reigster of deeds	320,039	320,039	305,585	(14,454)
Prosecutor	709,223	709,223	675,681	(33,542)
Board of Review	14,156	14,156	12,993	(1,163)
Cooperative extension	185,523	185,523	184,922	(601)
Personnel	64,139	64,139	62,034	(2,105)
Surveyor	119,815	116,278	155,543	39,265
Treasurer	318,429	326,324	326,764	440
Drain Commissioner	197,823	197,823	195,021	(2,802)
Other general government	249,318	249,968	242,866	(7,102)
Total general government	3,327,432	3,315,130	3,239,767	(75,363)
Public safety				
Sheriff's Department	718,636	767,264	757,413	(9,851)
Regional Drug Force Contract	16,243	48,243	48,243	-
Marine Law Enforcement	63,210	63,210	62,854	(356)
Other public safety	9,079	9,079	12,333	3,254
Total public safety	807,168	887,796	880,843	(6,953)

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COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual (Continued)
General Fund
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Expenditures (continued)				
Public works				
Department of Public Works	$ 40,000	$ 20,411	$ 13,053	$ (7,358)
Health and welfare				
Health Department	309,268	314,780	308,245	(6,535)
Mental Health	221,500	234,255	232,755	(1,500)
Medical Care Facility Maintenance of Effort	89,000	89,000	90,916	1,916
Substance Abuse	68,781	70,128	70,128	-
Medical Examiner	75,051	87,301	88,237	936
Total health and welfare	763,600	795,464	790,281	(5,183)
Community and economic development				
Planning and zoning	114,006	152,856	151,661	(1,195)
Other				
Capital outlay	98,174	198,348	158,108	(40,240)
Non-departmental expenditures	162,282	162,282	161,999	(283)
Total other	260,456	360,630	320,107	(40,523)
Total expenditures	8,266,378	8,453,036	8,217,606	(235,430)
Revenue over expenditures	3,875,337	3,767,279	2,295,383	(1,471,896)
Other financing sources (uses)				
Transfers in	1,635,065	1,715,019	1,518,300	(196,719)
Transfers out	(5,557,402)	(5,553,096)	(3,722,717)	1,830,379
Total other financing (uses)	(3,922,337)	(3,838,077)	(2,204,417)	1,633,660
Net change in fund balance	(47,000)	(70,798)	90,966	161,764
Fund balance, beginning of year	1,074,508	1,074,508	1,074,508	-
Fund balance, end of year (budgetary basis)	$ 1,027,508	$ 1,003,710	1,165,474	$ 161,764
Accounting basis difference			(484,970)	
Fund balance, end of year (GAAP basis)			$ 680,504	

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
County Jail
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Charges for services	$ 1,194,237	$ 1,322,998	$ 1,374,632	$ 51,634
Reimbursements	98,590	102,590	113,100	10,510
Other	150,000	150,000	142,554	(7,446)
Total revenue	1,442,827	1,575,588	1,630,286	54,698
Expenditures				
Health and welfare	2,827,362	2,964,006	2,973,880	9,874
Revenue (under) expenditures	(1,384,535)	(1,388,418)	(1,343,594)	44,824
Other financing sources (uses)				
Transfers in	1,404,002	1,402,885	1,402,885	-
Transfers out	(29,467)	(29,467)	(48,217)	(18,750)
Total other financing sources (uses)	1,374,535	1,373,418	1,354,668	(18,750)
Net change in fund balance	(10,000)	(15,000)	11,074	26,074
Fund balances, beginning of year	129	129	129	-
Fund balances, (deficit) end of year	$ (9,871)	$ (14,871)	$ 11,203	$ 26,074

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual
Revenue Sharing Reserve Fund
For the Year Ended September 30, 2006

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Taxes	$ 1,945,769	$ 1,967,659	$ 1,967,659	$ -
Interest	-	-	81,017	81,017
Total revenue	1,945,769	1,967,659	2,048,676	81,017
Other financing sources (uses)				
Transfers out	(844,754)	(844,754)	(844,754)	-
Net change in fund balance	1,101,015	1,122,905	1,203,922	81,017
Fund balances, beginning of year	1,139,469	1,139,469	1,139,469	-
Fund balances end of year	$ 2,240,484	$ 2,262,374	$ 2,343,391	$ 81,017

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Net Assets
Proprietary Funds
September 30, 2006

	Business-type Activities					Governmental Activities
	2000 and Prior Delinquent Tax	2005 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	$ 532,810	$ 697,280	$ 12	$ 1,209,188	$ 2,439,290	$ 5,023,783
Investments	923,384	-	-	1,086,762	2,010,146	498,125
Interfund receivable	2,407,836	-	-	-	2,407,836	-
Accounts receivable	-	-	-	-	-	1,423
Due from other governments	-	-	-	-	-	19,019
Current portion of leases receivable	-	-	395,000	-	395,000	-
Due from other funds	23,000	-	-	-	23,000	-
Total current assets	3,887,030	697,280	395,012	2,295,950	7,275,272	5,542,350
Noncurrent assets:						
Capital assets being depreciated, net	8,015	-	-	-	8,015	402,030
Long-term advances to other funds	250,000	-	-	-	250,000	-
Long-term advances to component units	322,939	-	-	77,589	400,528	-
Delinquent taxes receivable	3,277	2,000,132	-	286,176	2,289,585	-
Leases receivable, net of current portion	-	-	7,208,753	-	7,208,753	-
Total noncurrent assets	584,231	2,000,132	7,208,753	363,765	10,156,881	402,030
Total assets	4,471,261	2,697,412	7,603,765	2,659,715	17,432,153	5,944,380
Liabilities						
Current liabilities:						
Accounts payable	750	6,349	-	30,892	37,991	196,655
Accrued expenses	-	-	114,585	-	114,585	176,341
Due to other funds	-	-	-	-	-	67,339
Note payable	-	2,530,965	-	-	2,530,965	-
Current portion of long-term debt	-	-	395,000	-	395,000	-
Total current liabilities	750	2,537,314	509,585	30,892	3,078,541	440,335
Long-term liabilities:						
Long-term advances from other funds	-	-	-	-	-	10,000
Long-term debt, net of current portion	-	-	7,094,180	-	7,094,180	-
Total long-term liabilities	-	-	7,094,180	-	7,094,180	10,000
Total liabilities	750	2,537,314	7,603,765	30,892	10,172,721	450,335
Net assets						
Invested in capital assets	8,015	-	-	-	8,015	402,030
Unrestricted	4,462,496	160,098	-	2,628,823	7,251,417	5,092,015
Total net assets	$ 4,470,511	$ 160,098	$ -	$ 2,628,823	$ 7,259,432	$ 5,494,045

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2006

	Business-type Activities					Governmental Activities
	2000 and Prior Delinquent Tax	2005 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues						
Land sale proceeds	$ -	$ -	$ -	$ 114	$ 114	$ -
Charges for services	9,339	100,157	417,720	69,489	596,705	2,036,627
Rents	17,500	-	-	317,180	334,680	-
Interest and penalties on delinquent taxes	1,919	93,783	-	437,285	532,987	-
Reimbursements	-	-	-	230,917	230,917	3,019,876
Total operating revenues	28,758	193,940	417,720	1,054,985	1,695,403	5,056,503
Operating expenses						
Supplies and operating expenses	13,231	13,666	-	793,768	820,665	5,014,036
Land sale disbursements	-	-	-	83,383	83,383	-
Depreciation	891	-	-	-	891	215,572
Total operating expenses	14,122	13,666	-	877,151	904,939	5,229,608
Operating income (loss)	14,636	180,274	417,720	177,834	790,464	(173,105)
Non-operating revenues (expenses)						
Interest revenue	170,244	38,178	-	67,179	275,601	45,888
Interest expense	-	(58,354)	(302,103)	-	(360,457)	-
Gain on disposal of capital assets	-	-	-	-	-	1,466
Total non-operating revenue (expense)	170,244	(20,176)	(302,103)	67,179	(84,856)	47,354
Income (loss) before transfers	184,880	160,098	115,617	245,013	705,608	(125,751)
Transfers in (out)						
Transfers in	12,276	-	-	-	12,276	865,899
Transfers out	(45,000)	-	-	(260,983)	(305,983)	(861,374)
Total transfers	(32,724)	-	-	(260,983)	(293,707)	4,525
Net income (loss)	152,156	160,098	115,617	(15,970)	411,901	(121,226)
Net assets, beginning of year, as restated	4,318,355	-	(115,617)	2,644,793	6,847,531	5,615,271
Net assets, end of year	$ 4,470,511	$ 160,098	$ -	$ 2,628,823	$ 7,259,432	$ 5,494,045

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2006

	Business-type Activities					Governmental Activities
	2000 and Prior Delinquent Tax	2005 Delinquent Tax	Sanitary Sewer Construction	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities						
Cash received from customers and users	$ 35,458	$ 2,736,518	$ 303,135	$ 3,291,389	$ 6,366,500	$ -
Cash received from interfund services	-	-	-	-	-	5,050,399
Cash payment for interfund services	(2,407,836)				(2,407,836)	-
Cash payments to suppliers for goods and services	(12,785)	(7,317)	(3,996)	(2,412,648)	(2,436,746)	(4,077,281)
Cash payments to employees for services	-	-	-	-	-	(629,628)
Cash payments to purchase delinquent taxes	-	(4,542,710)	-	-	(4,542,710)	-
Net cash provided by (used in) operating activities	(2,385,163)	(1,813,509)	299,139	878,741	(3,020,792)	343,490
Cash flows from non-capital financing activities						
Proceeds from issuance of note payable	-	4,030,965	-	-	4,030,965	-
Principal payments on note payable	-	(1,500,000)	-	-	(1,500,000)	-
Interest payments on note payable	-	(58,354)	-	-	(58,354)	-
Transfers in	12,276	-	-	-	12,276	865,899
Transfers (out)	(45,000)	-	-	(260,983)	(305,983)	(861,374)
Net cash provided by (used in) non-capital financing activities	(32,724)	2,472,611	-	(260,983)	2,178,904	4,525
Cash flows from capital and related financing activities						
Interest payments on long-term debt	-	-	(302,103)	-	(302,103)	-
Proceeds from sale of capital assets	-	-	-	-	-	9,934
Purchases of capital assets	(8,906)	-	-	-	(8,906)	(152,133)
Net cash used in capital and related financing activities	(8,906)	-	(302,103)	-	(311,009)	(142,199)
Cash flows from investing activities						
Purchase of investments	-	-	-	(590,506)	(590,506)	(498,125)
Sale of investments	2,176,959	-	-	-	2,176,959	-
Interest income	170,244	38,178	-	67,179	275,601	45,888
Payment on long-term advances to other funds	125,000	-	-	-	125,000	-
Payment on long-term advances to component units	7,001	-	-	-	7,001	-
Net cash provided by (used in) investing activities	2,479,204	38,178	-	(523,327)	1,994,055	(452,237)
Net increase (decrease) in cash and cash equivalents	52,411	697,280	(2,964)	94,431	841,158	(246,421)
Cash and cash equivalents, beginning of year	480,399	-	2,976	1,114,757	1,598,132	5,270,204
Cash and cash equivalents, end of yea	$ 532,810	$ 697,280	$ 12	$ 1,209,188	$ 2,439,290	$ 5,023,783
Cash flows from operating activities						
Operating income (loss)	$ 14,636	$ 180,274	$ 417,720	$ 177,834	$ 790,464	$ (173,105)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	891	-	-	-	891	215,572
(Increase) decrease in:						
Interfund receivable	(2,407,836)					
Accounts receivable	-	-	(114,585)	-	-	1,487
Taxes receivable	6,700	(2,000,132)	-	2,236,404	242,972	-
Due from other governmental units	-	-	-	-	-	(7,574)
Accounts payable	750	6,349	(2,964)	(1,535,497)	(1,531,362)	130,458
Accrued expenses	(304)	-	(1,032)	-	(1,336)	157,927
Due to other funds	-	-	-	-	-	18,725
Net cash provided by (used in) operating activities	$ (2,385,163)	$ (1,813,509)	$ 299,139	$ 878,741	$ (3,020,792)	$ 343,490

Non-cash transactions
There were no non-cash transactions during the fiscal year.

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

COUNTY OF NEWAYGO, MICHIGAN
Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2006

Assets	
Cash and cash equivalents	$ 5,705,590
Accounts receivable	15,532
Due from other governmental units	863,608
Total assets	$ 6,584,730
Liabilities	
Accounts payable	$ 32,649
Due to other governments	6,409,206
Undistributed receipts	142,875
Total liabilities	$ 6,584,730

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

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Component Units
September 30, 2006

	Central Dispatch Authority	Drain Commission	Total
Assets			
Cash and cash equivalents	$ 77,269	$ 564,066	$ 641,335
Receivables	54,245	593,131	647,376
Capital assets being depreciated, net	186,390	269,479	455,869
Total assets	317,904	1,426,676	1,744,580
Liabilities			
Accounts payable and accrued liabilities	16,912	-	16,912
Advance from primary government	-	700,528	700,528
Total liabilities	16,912	700,528	717,440
Net assets			
Invested in capital assets	186,390	269,479	455,869
Unrestricted	114,602	456,669	571,271
Total net assets	$ 300,992	$ 726,148	$ 1,027,140

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

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended September 30, 2006

	Central Dispatch Authority	Drain Commission	Total
Expenses			
Central dispatch	$ 992,265	$ -	$ 992,265
County drains	-	344,018	344,018
Total expenses	992,265	344,018	1,336,283
Program revenues			
Charges for services	721,373	328,373	1,049,746
Operating grants and contributions	101,813	-	101,813
Total program revenues	823,186	328,373	1,151,559
Change in net assets	(169,079)	(15,645)	(184,724)
Net assets, beginning of year, as restated	470,071	741,793	1,211,864
Net assets, end of year	$ 300,992	$ 726,148	$ 1,027,140

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

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF NEWAYGO, MICHIGAN

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Newaygo, Michigan (the "County" or "government") was incorporated in 1851 and covers an area of 864 square miles. The County operates under a seven-member elected Board of Commissioners and an appointed County Administrator/Controller.

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

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

The Building Authority is governed by a three-member board appointed by the Newaygo County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. It is reported as an Enterprise Fund and has a September 30 year-end. A separate report is not prepared for the Building Authority.

Discretely Presented Component Units:

Newaygo County Central Dispatch Authority (the "Authority") – The Authority was established by resolution by the County Board of Commissioners. It establishes policy and reviews operations of the E-911 service for the County Board of Commissioners. The County Commission appoints the members of the Authority's Board. The Authority is financially accountable to the County, as defined by GASB Statement No. 14, and is disclosed as a component unit, accordingly. The Authority has a September 30 year end.

Newaygo County Drain Commission (the "Drain Commission") – All drainage districts established pursuant to the Michigan Drain Code of 1956 are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commission of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GASB Statement No. 14, and is disclosed as a component unit, accordingly. The Drain Commission has a September 30 year end.

In addition, the County has two component units, as defined by GAAP, which are excluded from these financial statements. The Newaygo County Road Commission and Medical Care Facility are administratively separate from the rest of the County, and engage other auditors to audit their stand-alone financial statements. While these entities are required to be a part of the County's financial reporting entity in accordance with GAAP, management believes that both component units are operationally independent of the County, and that their inclusion will be misleading.

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

The *county jail fund* accounts for the operations of the County Jail Facility. Primary revenue sources for this fund are rental fees, charges for housing prisoners, and an appropriation from the general fund.

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

The *medical care facility construction* fund accounts for the expenditure of bond proceeds related to the rehabilitation of the Medical Care Facility.

The County reports the following major proprietary funds:

The *2000 and prior delinquent tax revolving fund* accounts for the collection and administration of delinquent property taxes levied in the year 2000 and prior levies.

The *2005 delinquent tax revolving fund* accounts for the collection and administration of delinquent property taxes levied in year 2005.

The *sanitary sewer construction fund* accounts for special assessment debt issued on behalf of local units, dollars received from the local units for the payment of principal and interest on this debt, and expenditures of bond proceeds.

Additionally, the County reports the following fund types:

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

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

Capital projects funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

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

Internal service funds account for operations that provide services (such as equipment rentals and self-insurance) to other departments or agencies of the government, on a cost-reimbursement basis.

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

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

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

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

Restricted net assets are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law.

D. Assets, liabilities and equity

1. Deposits and investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial papers, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

Investment income resulting from funds in the pooled cash fund is allocated to the general fund based on County policy, expect for the revenue sharing reserve special revenue fund which received a proportionate share of investment earnings based on average cash balance.

2. Receivables and payables

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

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

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

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	25-40
Land improvements	10-20
Machinery and equipment	5-10
Vehicles	3-5
Bike paths and trailways	20
Drain infrastructure	20

5. Compensated absences

Eligible employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. Sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term obligations

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

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

7. Fund equity

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is at the activity level in the general fund and at the functional level for the special revenue funds.

All departments and budgetary centers of the county are required to submit budget requests to the County Administrator. The Administrator then develops and presents a proposed budget to the Board for review. The Board generally holds public hearings in August and a final budget is approved prior to September 30, the close of the county's fiscal year. The appropriated budget is prepared by fund and department. Budget amendments and transfers of appropriations less than $25,000 require Administrator approval. Board approval is required for all others.

B. Budget/GAAP Reconciliation

The County has prepared its budget for the general fund recognizing the full amount of the July 1 property tax levy as revenue in the current year. GAAP requires that property taxes not collected by November 30 (60 days after year end) be deferred as "unavailable", and recognized in the following fiscal year. As the County intends to rely on the July 1 levy to fund current year operations, management believes it is appropriate to follow this budgetary (non-GAAP) basis in its internal accounting for property taxes, and disclose the difference between the budgetary basis and GAAP in the notes to the financial statements.

The Statement of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund is presented on the same basis of accounting used in preparing the adopted budget. The following schedule reconciles the amounts on that statement to the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.

	Budgetary Basis	Accounting Basis Difference	GAAP Basis
General Fund			
Deferred revenue	$ -	$ 484,970	$ 484,970
Property tax revenue	6,419,141	(159,970)	6,259,171
Fund balance, beginning of year	1,074,508	(325,000)	749,508
Fund balance, end of year	1,165,474	(484,970)	680,504

C. Deficit fund balance

At September 30, 2006 the County reported a deficit fund balance of $248,971 in the public works construction fund, and a deficit of $217,900 in the drain fund.

D. Excess of expenditures over budget

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on an activity level basis in the General Fund, and at the functional level for other governmental funds, which is the legal level of control.

Expenditures in the combining and individual fund financial statements have been presented at a level of detail greater than the level of legal budgetary control.

During the year ended September 30, 2006 the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Expenditures	Budget Variance
General fund:			
Judicial – jury board	$ 13,389	$ 13,690	$ (301)
Judicial – court guardian	37,280	40,769	(3,489)
General government – surveyor	116,278	155,543	(39,265)
General government – treasurer	326,324	326,764	(440)
Public safety – other	9,079	12,333	(3,254)
Health and welfare – Medical Care Facility Maintenance Effort	89,000	90,916	(1,916)
Health and welfare – medical examiner	87,301	88,237	(936)
County jail fund:			
Health and welfare	2,964,016	2,973,880	(9,874)
Transfers out	29,476	48,217	(18,750)
Nonmajor governmental funds:			
Animal control fund – public safety	146,200	152,465	(6,265)
Transport fund – public safety	148,841	151,316	(2,475)
Homestead exemption audit – general government	6,000	23,344	(17,344)
Social services – health and welfare	475,740	650,069	(174,329)
Child care – health and welfare	1,210,496	1,519,564	(309,069)

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The County maintains pooled and individual fund demand deposits, certificates of deposit and short-term investment accounts for the primary government and discretely presented component units. Certain imprest demand deposit accounts are also maintained by discretely presented component units.

Following is a reconciliation of deposit and investment balances as of September 30, 2006:

	Primary Government	Component Units	Total
Cash on hand	$ 585	$ -	$ 585
Carrying amount of checking and savings accounts	17,298,686	641,335	17,940,021
Carrying amount of certificates of deposit	4,347,804	-	4,347,804
Carrying amount of investments	5,737,051	-	5,737,051
Total	**$ 27,384,126**	**$ 641,335**	**$ 28,025,461**
Statement of net assets			
Cash and cash equivalents	$ 11,571,386	$ 641,335	$ 12,212,721
Investments	10,107,150	-	10,107,150
	21,678,536	641,335	22,319,871
Statement of fiduciary net assets			
Cash and cash equivalents	5,705,590	-	5,705,590
Total	**$ 27,384,126**	**$ 641,335**	**$ 28,025,461**

The County chooses to disclose its investments by specifically identifying each. As of year end, the County had the following investments.

Investment	Maturity Date	Interest Rate	Fair Value	Rating
FNMA	11/09/06	2.500%	$ 99,813	S&P AAA
FHLB	09/06/07	4.250%	99,781	S&P AAA
FHLB	10/30/08	3.250%	99,188	S&P AAA
FHLMC	10/15/09	5.650%	197,192	S&P AAA
FNMA	02/15/13	4.500%	29,512	S&P AAA
FHLMC	01/09/07	4.510%	158,804	S&P AAA
Commercial Paper	03/28/07	5.191%	341,718	A1P1
FHLB	11/01/06	4.500%	90,000	S&P AAA
FNMA	11/08/06	5.000%	1,298,700	S&P AAA

Investment	Maturity Date	Interest Rate	Fair Value	Rating
FHLB	09/21/07	5.200%	$ 882,652	S&P AAA
FHLB	11/08/07	4.750%	498,125	S&P AAA
FHLB	12/28/06	5.100%	499,530	S&P AAA
FHLB	11/28/06	2.600%	248,910	S&P AAA
FNMA	10/21/08	5.000%	199,938	S&P AAA
FHLB	08/17/06	4.850%	100,125	S&P AAA
FHLB	12/28/07	3.875%	99,719	S&P AAA
FHLB	02/25/10	4.000%	198,562	S&P AAA
FHLB	02/20/08	2.500%	99,188	S&P AAA
FHLB	02/22/01	5.150%	99,344	S&P AAA
FHLB	03/29/07	2.500%	198,250	S&P AAA
FHLB	12/19/08	5.500%	98,219	S&P AAA
FHLB	09/21/07	5.200%	99,781	S&P AAA
			$ 5,737,051	

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates have been identified above for the County's investments.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the County's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, $22,395,395 of the County's bank balance of $23,295,395 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County's investment policy does not specifically address this risk, although the County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. As of September 30, 2006, none of the County's investments were exposed to risk since the securities are held in the County's name by the counterparty.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy limits investments in a single financial institution of a single security type (with the exception of U.S. Treasury securities and authorized pools) to 70% of the total investment portfolio. All investments held at year end are reported above.

B. Receivables

Receivables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Taxes (current)	$ 896,883	$ -
Taxes (delinquent)	-	2,289,585
Accounts	775,699	-
Due from other governments	625,686	-
Leases (Note III.F.)	-	7,603,753
	$ 2,298,268	**$ 9,893,338**

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

	Unavailable
Governmental Funds:	
Property taxes receivable	**$ 484,970**

C. Accounts payable

Accounts payable and accrued liabilities in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts	$ 598,170	$ 37,991
Accrued liabilities	342,484	-
Due to other governments	68,000	-
Accrued interest on long-term debt	160,470	114,585
	$ 1,169,124	**$ 152,576**

D. Interfund receivables and payables

The composition of interfund balances as of September 30, 2006, was as follows:

Due to and from primary government funds

	Due from fund	Due to fund
General fund	$ -	$ 880
Nonmajor governmental funds	32,507	13,013
2000 and prior delinquent tax fund	23,000	-
Nonmajor enterprise funds	-	-
Internal service funds	25,725	67,339
	$ 81,232	**$ 81,232**

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

Interfund receivables and payables

	Interfund Receivable	Interfund Payable
General fund	$ 2,112,598	$ -
County jail	253,587	-
Nonmajor governmental funds	41,651	-
2000 and prior delinquent tax fund	-	2,407,836
	$ 2,407,836	**$ 2,407,836**

The balances result from funds with negative balances in the County's pooled cash and investments.

Long-term advances between primary government funds

	Advances to Funds	Advances from Funds
General fund	$ -	$ -
Nonmajor governmental funds	10,000	250,000
2000 and prior delinquent tax	250,000	-
Internal service funds	-	10,000
	$ 260,000	**$ 260,000**

These advances are primarily to fund capital outlay initiatives and will be repaid as the fund collects special assessment revenue on the improvements.

Due to and from primary government and component units

	Due from Component Units	Due to Primary Government
General fund	$ 300,000	$ -
Nonmajor governmental funds	77,589	-
2000 and prior delinquent tax	322,939	-
Drain Commission	-	700,528
	$ 700,528	**$ 700,528**

For the year ended September 30, 2006, interfund transfers consisted of the following:

	Transfers Out	Transfers In
General fund	$ 3,722,717	$ 1,518,300
County jail	48,217	1,402,885
Revenue sharing reserve	844,754	-
Nonmajor governmental funds	483,652	2,467,337
2000 delinquent tax fund	45,000	12,276
Nonmajor enterprise funds	260,983	-
Internal service funds	861,374	865,899
	$ 6,266,697	**$ 6,266,697**

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

E. Capital assets

Capital assets activity for the primary government for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 1,052,586	$ -	$ -	$ 1,052,586
Construction in progress	-	359,401	-	359,401
Total capital assets not being depreciated	1,052,586	359,401	-	1,411,987
Capital assets, being depreciated:				
Buildings	15,048,535	1,700	-	15,050,235
Land improvements	599,741	1,996	-	601,737
Office equipment	2,346,846	77,661	(19,903)	2,404,604
Vehicles	1,168,926	133,467	(119,386)	1,183,007
Total capital assets being depreciated	19,164,048	214,824	(139,289)	19,239,583
Less accumulated depreciation for:				
Buildings	(4,580,965)	(318,757)	-	(4,899,722)
Land improvements	(392,996)	(19,456)	-	(412,452)
Office equipment	(1,355,508)	(199,366)	13,269	(1,541,605)
Vehicles	(968,774)	(140,444)	117,555	(991,663)
Total accumulated depreciation	(7,298,243)	(678,023)	130,824	(7,845,442)
Total capital assets being depreciated, net	11,865,805	(463,199)	(8,465)	11,394,141
Capital assets, net	$ 12,918,391	$ (103,798)	$ (8,465)	$ 12,806,128

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets, being depreciated:				
Equipment	$ -	$ 8,906	$ -	$ 8,906
Less accumulated depreciation for:				
Equipment	-	(891)	-	(891)
Capital assets, net	$ -	$ 8,015	$ -	$ 8,015

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

Depreciation of governmental activities by function:	
Judicial	$ 504
General government	339,614
Public safety	65,711
Health and welfare	44,265
Recreation and cultural	12,359
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	215,570
	$ 678,023
Depreciation of business-type activities by function:	
2000 and prior delinquent tax fund	**$ 891**

Discretely presented component units

Capital assets activity for the component units for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component Units				
Drain Commission				
Capital assets, being depreciated:				
Equipment	$ 564,893	$ 13,588	$ -	$ 578,481
Less accumulated depreciation for:				
Equipment	(281,857)	(27,145)	-	(309,002)
Capital assets, net	$ 283,036	$ (13,557)	$ -	$ 269,479

	Beginning Balance	Additions	Disposals	Ending Balance
E-911 Service				
Capital assets, being depreciated:				
Equipment	$ 287,295	$ -	$ -	$ 287,295
Less accumulated depreciation for:				
Equipment	(72,175)	(28,730)	-	(100,905)
Capital assets, net	$ 215,120	$ (28,730)	$ -	$ 186,390

F. Long-term debt

General Obligation Bonds. The government issues general obligation bonds to provide funds to construct major capital facilities and refund previously issued bonds. Such bonds are generally repaid from voter-approved property tax levies, interfund transfers and contributions from local municipalities. The County has pledged its full faith and credit for payment on the general obligation bonds. Also, under the terms of certain bond agreements, local units have pledged their full faith and credit to pay the County each year such amounts

General obligation bonds of business-type activities are offset by capital leases receivable from the local units of government for which the bonds were issued in the County's name. The terms of these capital leases, which relate to water and sewer systems constructed by the County on behalf of the local units, match the debt maturity requirements of the related bonds.

General obligation bonds outstanding at year end are as follows:

	Issuance Date	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds							
Governmental activities							
FIA Building Authority	1/1/1995	4.4%-4.7%	$ 1,275,000	$ -	$ 185,000	$ 1,090,000	$ 195,000
ISD Building Authority	5/1/1999	4.6%-4.65%	540,000	-	45,000	495,000	50,000
Medical Care Facility	12/1/2005	3.5%-5.0%	-	9,000,000	-	9,000,000	200,000
Mental Health Care Building	7/1/2006	5.0%	-	1,300,000	-	1,300,000	-
Total governmental activities			1,815,000	10,300,000	230,000	11,885,000	445,000
Business-type activities							
Chain of Lakes	12/1/2002	2.5%-4.55%	6,350,000	-	300,000	6,050,000	300,000
Hesperia Sanitary Sewer System	6/23/2005	1.63%	52,736	361,444	20,000	394,180	20,000
Hesperia Wastewater Project	1/2/1978	5.0%	325,000	-	25,000	300,000	25,000
White Cloud/Sherman Wastewater	1/2/1981	5.0%	795,000	-	50,000	745,000	50,000
Total business-type activities			7,522,736	361,444	395,000	7,489,180	395,000
Total Genreral Obligation Bonds			**$ 9,337,736**	**$ 10,661,444**	**$ 625,000**	**$ 19,374,180**	**$ 840,000**

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

Years Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2007	$ 445,000	$ 719,397	$ 395,000	$ 59,451
2008	480,000	697,936	420,000	52,877
2009	545,000	666,866	445,000	48,801
2010	615,000	631,722	445,000	44,727
2011	685,000	592,188	475,000	40,651
2012-2016	2,640,000	2,325,728	2,470,000	137,565
2017-2021	2,975,000	1,365,274	2,380,000	34,880
2022-2026	3,125,000	351,525	459,180	(450)
2027	375,000	48,750	-	-
Total	**$ 11,885,000**	**$ 7,399,386**	**$ 7,489,180**	**$ 418,502**

Changes in Long-Term Debt. Long-term liability activity for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	$ 1,815,000	$ 10,300,000	$ 230,000	$ 11,885,000	$ 445,000
Compensated absences	709,211	2,245	57,509	653,947	57,174
Total Governmental Activities	**$ 2,524,211**	**$ 10,302,245**	**$ 287,509**	**$ 12,538,947**	**$ 502,174**
Business-type activities					
General obligation bonds	**$ 7,522,736**	**$ 361,444**	**$ 395,000**	**$ 7,489,180**	**$ 395,000**

For the governmental activities, compensated absences are generally liquidated by the general fund.

G. Short-term debt

Notes Payable. The 2005 delinquent tax revolving fund issued a note payable for the 2005 property tax settlement. Short-term debt activity for the year ended September 30, 2006, was as follows:

	Issuance Date	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2005 Delinquent Tax Revolving Fund							
Note payable	5/16/2006	Varies	**$ -**	**$ 4,030,265**	**$ 1,500,000**	**$ 2,530,265**	**$ 2,530,265**

Debt service requirements for fiscal year 2007 to maturity for notes payable is estimated to be $29,262 based on the actual timing of principal payments, which vary based on cash flow.

IV. OTHER INFORMATION

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is insured with private carriers for employee health care, life insurance, and disability coverage. The County is a member of the Michigan Association of Counties Workers Compensation Fund (MACWCF) for its worker's compensation coverage. The County is an individual member of the Michigan Municipal Risk Management Authority (MMRMA) for its property and general liability insurance coverage.

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Changes in the estimated claims liability are as follows:

	2006	2005
Unpaid claims, beginning of year	$ 135,988	$ -
Incurred claims	221,687	285,859
Claim payments	(221,687)	(149,871)
Unpaid claims, end of year	**$ 135,988**	**$ 135,988**

Additionally, the County provides health and wellness benefits to its employees through a self-insurance program that is administered by the County. Premiums are paid into the Health and Wellness internal service fund by all other funds and are available to pay claims and administrative costs of the program. Interfund premiums are based primarily upon claims experience and are reported as quasi-external interfund transactions.

The County estimates the liability for its self-insured coverages and includes both those claims that have been reported as well as those that have not yet been reported. These estimates are prepared with the assistance of the County's third-party administrators for claims management and are recorded in the Self-Insurance internal service fund. Changes in the estimated claims liability are as follows:

	2006	2005
Unpaid claims, beginning of year	$ 164,805	$ -
Incurred claims	1,566,847	2,116,211
Claim payments	(1,566,847)	(1,951,406)
Unpaid claims, end of year	**$ -**	**$ 164,805**

B. Property taxes

Heretofore, County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2005, which provides a funding mechanism to replace state revenue sharing payments to counties, the County’s levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended September 30, 2006, the County recognized two-thirds of the December 1, 2005 levy and two-thirds of the July 1, 2006 levy, which represents two-thirds of the total levy for 2006. In 2007, and for each year thereafter, all of the County property tax will be levied July 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

The assessed and taxable value of real and personal property for the 2005 and 2006 levies, for which revenue was recognized in 2006, was $1,163,762,640 and $1,243,679,715, respectively. The general operating tax rate for this levy was 5.3984 mills and 5.3858 mills, respectively with an additional 0.9245 mills assessed for Sheriff Road Patrol operations, .0921 mills assessed for Veterans' affairs, .4622 mills assessed for Newaygo County commission on aging, and 0.4700 mills assessed to fund debt service payments on the medical care facility bonds.

C. Contingent liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

D. Employee retirement systems and plans

Plan description

Based on hire date, some of the primary government's full-time employees are eligible to participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer, defined benefit pension plan. The System is administered by the MERS retirement board. MERS provides retirement and disability benefits, as well as death benefits to plan members and beneficiaries. The plan is currently closed to all employees who are currently offered participation in the defined contribution plan instead.

Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917, or by calling (800) 767-6377.

Funding policy

The County is required to contribute at an actuarially determined rate; the current rate for the County is -% to 13.83% of annual covered payroll depending on the employee group. Participating employees are required to contribute -% to 2.94% of their annual salary depending on their assigned department. 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.

For the year ended September 30, 2006, the annual pension cost of $495,957 was equal to the required and actual contributions of the County. The required contributions were determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized over a range between 22-28 years, depending on the employee group, as a level percentage of projected payroll on an open basis. The latest actuarial valuation was performed as of December 31, 2005.

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2004	$ 506,378	100%	$ -
2005	498,105	100	-
2006	495,957	100	-

Schedule of Funding Progress

Actuarial Valuation Date 12/31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Actuarial Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
1995	$ 10,477,831	$ 8,570,703	$ 1,907,128	82%	$ 5,160,934	37%
1996	11,479,795	9,894,808	1,584,987	86	5,853,957	27
1997	12,521,711	11,420,252	1,101,459	91	5,911,442	19
1998	14,810,407	13,243,852	1,566,555	89	7,045,241	22
1999	11,472,799	11,850,248	(377,448)	103	4,365,145	-
2000	13,107,951	13,098,225	9,726	100	3,843,903	-
2001	13,578,401	13,638,948	(60,547)	100	3,643,766	-
2002	15,057,351	14,102,298	955,053	94	3,739,059	26
2003	17,051,369	15,165,680	1,885,689	89	3,770,113	50
2004	17,892,948	15,877,399	2,015,549	89	3,275,879	62
2005	19,276,655	16,600,409	2,676,246	86	3,296,087	81

Defined Contribution Pension Plan

The County provides pension benefits for substantially all of its full-time employees through the Newaygo County Defined Contribution Pension Plan, a defined contribution plan. The Newaygo County Board of Commissioners is the administrator of the plan and also establishes and amends the plan provisions and the contribution requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate immediately upon hire. By County Resolution, the plan requires the County to contribute, on behalf of each covered employee, 5.0% of the employees' compensation. The County is also required to match employee contributions up to 3.0% of compensation.

Participants may make voluntary contributions into the plan. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after four years of continuous service. The employee contributions become fully vested at the time of their contribution to the plan. County contributions for, and interest forfeited by, employees who leave employment before four years of service are used to reduce the County's current-period contribution requirement. Vesting is based on years of participation in the plan. If the employee withdraws from the plan, that period of time is not included as time vested.

The County made the required contribution to the plan, amounting to $284,953, and employee contributions were $109,284 for the year ended September 30, 2006.

E. Long-term lease

The County is a party to a long-term lease agreement for rental of a building to the Intermediate School District. The lease stipulates that fixed annual rentals will be paid to the County by the Intermediate School District and such rentals are pledged exclusively for payment of principal and interest on the Building Authority bonds. In addition, the Intermediate School district pledges its unlimited tax, full faith, and credit as security under the lease. Fixed annual rentals will cease after all bonds have been retired and advanced rentals repaid. The lease agreement provides, further, that after all bonds are retired and advanced rentals repaid, title to the land and buildings will vest to the Intermediate School District.

F. Restatements

Governmental activities

Beginning fund balance of the *Emergency Services Special Revenue Fund* was increased by $57,500 to record grant expenditures not accrued in fiscal year 2005.

In the prior year, the *Drains Capital Project Fund, Brooks Lake Board Fund, Hess Lake Improvement Fund, Diamond Lake Board Fund, Ryerson Lake Board Fund, and Engle Wright Lake Board Fund* were reported as governmental funds with combined fund balances of $(148,741). In the current year, the activities of these funds were reclassified as the drain commission discretely presented component unit.

The *Sanitary Sewer Construction Fund* reported restricted assets and bond proceeds in the amount of $437,716 for amounts not actually drawn down prior to year end. Beginning fund balance was decreased by this amount in the 2006 presentation.

The *Public Works Construction Fund* received an advance of $375,000 that was erroneously recorded as a component of fund balance instead of as an advance from other fund. Beginning fund balance was decreased by this amount in 2006.

The beginning fund balance of the *Motor Pool Internal Service Fund* was increased by $12,943 to adjust beginning capital asset balances to the correct amount.

Beginning net assets of governmental activities were increased by $2,137,197 to reflect 1) the *Emergency Services Fund* accrual adjustment described above, 2) the reclassification of several funds from governmental funds to a discretely presented component unit, as described above, 3) reclassification of special assessment debt from governmental activities to the *Sanitary Sewer Fund*, 4) to adjust beginning capital asset balances in the *Motor Pool Fund* as described above, and 5) to record beginning accrued interest payable on long-term debt which was not recorded in the prior year.

Business-type activities

The beginning fund balance of the *Sanitary Sewer Fund* (previously reported as a governmental fund, see above) was decreased by $115,617 to properly account for accrued interest payable on long-term debt which was not recorded in the prior year.

Component Units

Beginning net assets of the *Drain Commission Component Unit* (previously reported as governmental funds, see above) was increased by $864,069 to 1) record beginning fixed assets of $256,571, net of accumulated depreciation, and 2) to recognize revenue from certain long-term receivables incorrectly deferred in the prior year.

In the prior year, the *Newaygo County Central Dispatch Authority* and the *E-911 Services* component units were reported as separate funds. In the current year, these activities were combined into a single fund.

* * * * * *

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent Fund Cemetery Trust	Totals
Assets					
Cash and cash equivalents	$ 1,644,878	$ 356,332	$ 1,698,001	$ -	$ 3,699,211
Receivables:					
Accounts	741,516	-	-	-	741,516
Due from other governmental units	215,248	-	-	-	215,248
Due from other funds	32,507	-	-	-	32,507
Advances to other funds	10,000	-	-	-	10,000
Total assets	$ 2,644,149	$ 356,332	$ 1,698,001	$ -	$ 4,698,482
Liabilities and fund balances					
Liabilities					
Interfund payable	$ 41,651	$ -	$ -	$ -	$ 41,651
Accounts payable	218,464	-	28,625	-	247,089
Accrued expenditures	64,719	-	-	-	64,719
Due to other governments	68,000	-	-	-	68,000
Due to other funds	11,274	-	1,739	-	13,013
Advances from other funds	-	-	250,000	-	250,000
Total liabilities	404,108	-	280,364	-	684,472
Fund balances					
Reserved for long-term receivables	733,738	-	-	-	733,738
Unreserved, undesignated	1,506,303	356,332	1,417,637	-	3,280,272
Total fund balances	2,240,041	356,332	1,417,637	-	4,014,010
Total liabilities and fund balances	$ 2,644,149	$ 356,332	$ 1,698,001	$ -	$ 4,698,482

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent Fund Cemetery Trust	Totals
Revenue					
Taxes	$ 1,708,608	$ 514,746	$ -	$ -	$ 2,223,354
Intergovernmental:					
Federal grants	764,766	-	-	-	764,766
State grants and distributions	1,543,109	-	-	-	1,543,109
Contributions from local units	244,635	70,338	137,096	-	452,069
Charges for services	1,491,581	-	-	-	1,491,581
Fines and forfeits	17,761	-	-	-	17,761
Contributions from private sources	561,281	-	-	-	561,281
Rents	1,500	-	-	-	1,500
Interest	59,638	21,574	35,492	-	116,704
Reimbursements	46,286	-	-	-	46,286
Total revenue	6,439,165	606,658	172,588	-	7,218,411
Expenditures					
Current:					
Judicial	746,266	-	-	-	746,266
General government	186,050	-	-	240	186,290
Public safety	2,869,362	-	-	-	2,869,362
Public works	128,705	-	8,718	-	137,423
Health and welfare	3,798,262	-	-	-	3,798,262
Community and economic development	207,226	-	-	-	207,226
Recreation and cultural	253,040	-	-	-	253,040
Debt service:					
Principal	-	230,000	-	-	230,000
Interest	-	261,776	-	-	261,776
Capital outlay	78,871	-	159,590	-	238,461
Total expenditures	8,267,782	491,776	168,308	240	8,928,106
Revenue (under) expenditures	(1,828,617)	114,882	4,280	(240)	(1,709,695)
Other financing sources (uses)					
Issuance of long-term debt	-	-	1,300,000	-	1,300,000
Transfers in	1,975,887	241,450	250,000	-	2,467,337
Transfers (out)	(233,652)	-	(250,000)	-	(483,652)
Total other financing sources	1,742,235	241,450	1,300,000	-	3,283,685
Net changes in fund balances	(86,382)	356,332	1,304,280	(240)	1,573,990
Fund balances, beginning of year	2,326,423	-	113,357	240	2,440,020
Fund balances, end of year	$ 2,240,041	$ 356,332	$ 1,417,637	$ -	$ 4,014,010

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2006

	Newaygo County Mounted Division	Animal Control	Emergency Services	Crime Victim Rights	Sheriff Road Patrol
Assets					
Cash and cash equivalents	$ 2,090	$ 2,011	$ 62,850	$ -	$ 145,993
Accounts receivable	-	-	-	-	-
Due from other governmental units	-	-	23,463	8,114	-
Due from other funds	-	-	-	-	28,494
Advance to other funds	-	-	-	-	-
Total assets	$ 2,090	$ 2,011	$ 86,313	$ 8,114	$ 174,487
Liabilities and fund balances					
Liabilities					
Interfund payable	$ -	$ -	$ -	$ 4,054	$ -
Accounts payable	50	411	800	-	9,210
Accrued expenditures	-	1,449	540	627	15,822
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	-	-	2,274
Total liabilities	50	1,860	1,340	4,681	27,306
Fund balances					
Reserved for long-term receivables	-	-	-	-	-
Unreserved, undesignated	2,040	151	84,973	3,433	147,181
Total fund balances	2,040	151	84,973	3,433	147,181
Total liabilities and fund balances	$ 2,090	$ 2,011	$ 86,313	$ 8,114	$ 174,487

Law Enforcement	Temporary Sheriff	County Parks	Area Park Advisory Council	County Jail Trustees Management	Transport Fund	Elections	Friend of the Court
$ -	$ -	$ 32,516	$ 4,642	$ -	$ -	$ 24,511	$ 66,327
6,689	-	-	-	-	-	-	-
27,046	-	-	-	34,235	22,743	-	83,604
2,274	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 36,009	$ -	$ 32,516	$ 4,642	$ 34,235	$ 22,743	$ 24,511	$ 149,931
$ 2,274	$ -	$ -	$ -	$ 14,737	$ 20,548	$ -	$ -
84	-	5,882	371	130	70	66	1,468
3,101	-	2,499	-	1,806	2,096	401	9,237
-	-	-	-	-	-	-	-
-	-	9,000	-	-	-	-	-
5,459	-	17,381	371	16,673	22,714	467	10,705
-	-	-	-	-	-	-	-
30,550	-	15,135	4,271	17,562	29	24,044	139,226
30,550	-	15,135	4,271	17,562	29	24,044	139,226
$ 36,009	$ -	$ 32,516	$ 4,642	$ 34,235	$ 22,743	$ 24,511	$ 149,931

continued…

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
September 30, 2006

	Public Works	Recycling Project	Gypsy Moth Suppression	Newaygo County Economic Development	Community Development
Assets					
Cash and cash equivalents	$ -	$ 22,160	$ 39,741	$ -	$ 65,517
Accounts receivable	-	-	-	-	733,738
Due from other governmental units	-	-	-	-	3,350
Due from other funds	1,739	-	-	-	-
Advance to other funds	-	-	-	-	-
Total assets	$ 1,739	$ 22,160	$ 39,741	$ -	$ 802,605
Liabilities and fund balances					
Liabilities					
Interfund payable	$ 38	$ -	$ -	$ -	$ -
Accounts payable	-	10,696	-	-	1,062
Accrued expenditures	-	-	-	-	827
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	38	10,696	-	-	1,889
Fund balances					
Reserved for long-term receivables	-	-	-	-	733,738
Unreserved, undesignated	1,701	11,464	39,741	-	66,978
Total fund balances	1,701	11,464	39,741	-	800,716
Total liabilities and fund balances	$ 1,739	$ 22,160	$ 39,741	$ -	$ 802,605

Public Improvement	Building Safety and Permits	Homestead Exemption Audit	Register of Deeds Automation	Electronic Systems	Pride Youth Programs	Pride Youth Programs International	Drug Prevention
$ 7,944	$ 7,006	$ 25,086	$ 82,610	$ 41,734	$ -	$ -	$ -
-	-	-	-	1,089	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10,000	-	-	-	-	-	-
$ 7,944	$ 17,006	$ 25,086	$ 82,610	$ 42,823	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	1,836	23,816	3,013	2,255	-	-	-
-	5,982	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	7,818	23,816	3,013	2,255	-	-	-
-	-	-	-	-	-	-	-
7,944	9,188	1,270	79,597	40,568	-	-	-
7,944	9,188	1,270	79,597	40,568	-	-	-
$ 7,944	$ 17,006	$ 25,086	$ 82,610	$ 42,823	$ -	$ -	$ -

continued…

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Concluded)
September 30, 2006

	Drug Law Enforcement	County Law Library	Social Services	Child Care	Temporary Child Care
Assets					
Cash and cash equivalents	$ 28,595	$ 53,242	$ 140,012	$ 75,039	$ -
Accounts receivable	-	-	-	-	-
Due from other governmental units	8,194	-	-	650	-
Due from other funds	-	-	-	-	-
Advance to other funds	-	-	-	-	-
Total assets	$ 36,789	$ 53,242	$ 140,012	$ 75,689	$ -
Liabilities and fund balances					
Liabilities					
Interfund payable	$ -	$ -	$ -	$ -	$ -
Accounts payable	2,500	-	-	72,348	-
Accrued expenditures	1,237	-	-	2,317	-
Due to other governmental units	-	-	68,000	-	-
Due to other funds	-	-	-	-	-
Total liabilities	3,737	-	68,000	74,665	-
Fund balances					
Reserved for long-term receivables	-	-	-	-	-
Unreserved, undesignated	33,052	53,242	72,012	1,024	-
Total fund balances	33,052	53,242	72,012	1,024	-
Total liabilities and fund balances	$ 36,789	$ 53,242	$ 140,012	$ 75,689	$ -

Soldiers' Relief	Veterans' Trust	Commission on Aging	Total
$ 230,188	$ 108	$ 484,956	$ 1,644,878
-	-	-	741,516
-	-	3,849	215,248
-	-	-	32,507
-	-	-	10,000
$ 230,188	$ 108	$ 488,805	$ 2,644,149
$ -	$ -	$ -	$ 41,651
11	-	82,385	218,464
487	-	16,291	64,719
-	-	-	68,000
-	-	-	11,274
498	-	98,676	404,108
-	-	-	733,738
229,690	108	390,129	1,506,303
229,690	108	390,129	2,240,041
$ 230,188	$ 108	$ 488,805	$ 2,644,149

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Newaygo County Mounted Division	Animal Control	Emergency Services	Crime Victim Rights	Sheriff Road Patrol
Revenue					
Taxes	$ -	$ -	$ -	$ -	$ 1,068,333
Intergovernmental:					
Federal grants	-	-	127,279	-	-
State grants and distributions	-	-	-	34,100	-
Contributions from local units	-	-	-	-	-
Charges for services	-	48,021	-	-	44,771
Fines and forfeits	-	-	-	-	-
Contributions from private sources	1,990	4,274	-	-	-
Rents	-	-	-	-	-
Interest	-	-	-	-	-
Reimbursements	-	1,100	-	-	-
Total revenue	1,990	53,395	127,279	34,100	1,113,104
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	5,334	152,465	146,804	45,838	1,409,465
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	-	-	-	-	62,102
Total expenditures	5,334	152,465	146,804	45,838	1,471,567
Revenue over (under) expenditures	(3,344)	(99,070)	(19,525)	(11,738)	(358,463)
Other financing sources (uses)					
Transfers in	-	99,000	20,000	11,474	368,475
Transfers (out)	-	-	-	-	(79,432)
Total other financing sources (uses)	-	99,000	20,000	11,474	289,043
Net changes in fund balances	(3,344)	(70)	475	(264)	(69,420)
Fund balances, beginning of year	5,384	221	84,498	3,697	216,601
Fund balances, end of year	$ 2,040	$ 151	$ 84,973	$ 3,433	$ 147,181

Law Enforcement	Temporary Sheriff	County Parks	Area Park Advisory Council	County Jail Trustees Management	Transport Fund	Elections	Friend of the Court
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	537,437
101,079	-	-	-	-	-	-	22,377
135,370	-	-	-	-	-	-	-
-	-	259,227	-	133,677	129,721	26,537	62,570
-	-	-	-	-	-	-	-
-	-	25,000	-	-	-	-	-
-	-	1,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	400	-	-	-	757	-
236,449	-	286,127	-	133,677	129,721	27,294	622,384
-	-	-	-	-	-	-	739,736
-	-	-	-	-	-	93,601	-
259,394	-	-	-	123,074	151,316	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	246,658	6,382	-	-	-	-
-	-	16,769	-	-	-	-	-
259,394	-	263,427	6,382	123,074	151,316	93,601	739,736
(22,945)	-	22,700	(6,382)	10,603	(21,595)	(66,307)	(117,352)
2,328	-	-	-	6,877	29,190	44,367	207,346
-	-	(28,639)	-	-	(7,720)	-	(41,695)
2,328	-	(28,639)	-	6,877	21,470	44,367	165,651
(20,617)	-	(5,939)	(6,382)	17,480	(125)	(21,940)	48,299
51,167	-	21,074	10,653	82	154	45,984	90,927
$ 30,550	$ -	$ 15,135	$ 4,271	$ 17,562	$ 29	$ 24,044	$ 139,226

continued…

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Public Works	Recycling Project	Gypsy Moth Suppression	Newaygo County Economic Development	Community Development
Revenue					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental:					
Federal grants	-	-	-	-	76,390
State grants and distributions	-	-	-	-	500
Contributions from local units	-	26,200	-	-	-
Charges for services	-	21,300	-	-	1,250
Fines and forfeits	-	-	-	-	-
Contributions from private sources	735	74,860	-	-	25,885
Rents	-	-	-	-	-
Interest	-	-	-	-	9,178
Reimbursements	3,049	-	-	-	40,980
Total revenue	3,784	122,360	-	-	154,183
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	17,398	111,307	-	-	-
Health and welfare	-	-	1,323	-	-
Community and economic development	-	-	-	11,000	196,226
Recreation and cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	17,398	111,307	1,323	11,000	196,226
Revenue over (under) expenditures	(13,614)	11,053	(1,323)	(11,000)	(42,043)
Other financing sources (uses)					
Transfers in	20,114	-	-	-	52,932
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	20,114	-	-	-	52,932
Net changes in fund balances	6,500	11,053	(1,323)	(11,000)	10,889
Fund balances, beginning of year	(4,799)	411	41,064	11,000	789,827
Fund balances, end of year	$ 1,701	$ 11,464	$ 39,741	$ -	$ 800,716

Public Improvement	Building Safety and Permits	Homestead Exemption Audit	Register of Deeds Automation	Electronic Systems	Pride Youth Programs	Pride Youth Programs International	Drug Prevention
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10,000	-	-	-	-	-	-
-	350,666	-	79,380	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
124	-	23,841	2,820	-	-	-	-
-	-	-	-	-	-	-	-
124	360,666	23,841	82,200	-	-	-	-
-	-	-	-	-	-	-	-
-	-	23,344	60,900	8,205	-	-	-
-	501,410	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	501,410	23,344	60,900	8,205	-	-	-
124	(140,744)	497	21,300	(8,205)	-	-	-
-	15,000	-	-	-	-	-	-
-	(22,645)	-	-	-	-	-	-
-	(7,645)	-	-	-	-	-	-
124	(148,389)	497	21,300	(8,205)	-	-	-
7,820	157,577	773	58,297	48,773	-	-	-
$ 7,944	$ 9,188	$ 1,270	$ 79,597	$ 40,568	$ -	$ -	$ -

continued…

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Drug Law Enforcement	County Law Library	Social Services	Child Care	Temporary Child Care
Revenue					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental:					
Federal grants	-	-	-	23,660	-
State grants and distributions	-	-	368,664	518,153	-
Contributions from local units	68,948	-	-	4,117	-
Charges for services	-	-	280,541	37,002	-
Fines and forfeits	8,761	9,000	-	-	-
Contributions from private sources	-	-	-	-	-
Rents	-	-	-	-	-
Interest	92	-	4,401	-	-
Reimbursements	-	-	-	-	-
Total revenue	77,801	9,000	653,606	582,932	-
Expenditures					
Current:					
Judicial	-	6,530	-	-	-
General government	-	-	-	-	-
Public safety	74,262	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	650,069	1,534,564	-
Community and economic development	-	-	-	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	74,262	6,530	650,069	1,534,564	-
Revenue over (under) expenditures	3,539	2,470	3,537	(951,632)	-
Other financing sources (uses)					
Transfers in	-	7,833	37,588	952,114	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	7,833	37,588	952,114	-
Net changes in fund balances	3,539	10,303	41,125	482	-
Fund balances, beginning of year	29,513	42,939	30,887	542	-
Fund balances, end of year	$ 33,052	$ 53,242	$ 72,012	$ 1,024	$ -

Soldiers' Relief	Veterans' Trust	Commission on Aging	Total
$ 106,265	$ -	$ 534,010	$ 1,708,608
-	-	-	764,766
-	956	497,280	1,543,109
-	-	-	244,635
-	-	16,918	1,491,581
-	-	-	17,761
-	-	428,537	561,281
-	-	-	1,500
-	-	19,182	59,638
-	-	-	46,286
106,265	956	1,495,927	6,439,165
-	-	-	746,266
-	-	-	186,050
-	-	-	2,869,362
-	-	-	128,705
101,638	1,315	1,509,353	3,798,262
-	-	-	207,226
-	-	-	253,040
-	-	-	78,871
101,638	1,315	1,509,353	8,267,782
4,627	(359)	(13,426)	(1,828,617)
29,042	-	72,207	1,975,887
-	-	(53,521)	(233,652)
29,042	-	18,686	1,742,235
33,669	(359)	5,260	(86,382)
196,021	467	384,869	2,326,423
$ 229,690	$ 108	$ 390,129	$ 2,240,041

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Newaygo County Mounted Division		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	2,000	1,990	(10)
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	2,000	1,990	(10)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	5,570	5,334	(236)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	5,570	5,334	(236)
Revenue over (under) expenditures	(3,570)	(3,344)	226
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	(3,570)	(3,344)	226
Fund balances, beginning of year	5,384	5,384	-
Fund balances, end of year	$ 1,814	$ 2,040	$ 226

Animal Control			Emergency Services		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	114,021	127,279	13,258
-	-	-	-	-	-
63,200	48,021	(15,179)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,000	4,274	(3,726)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,100	1,100	-	-	-
71,200	53,395	(17,805)	114,021	127,279	13,258
-	-	-	-	-	-
-	-	-	-	-	-
146,200	152,465	6,265	178,021	146,804	(31,217)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
146,200	152,465	6,265	178,021	146,804	(31,217)
(75,000)	(99,070)	(24,070)	(64,000)	(19,525)	44,475
75,000	99,000	24,000	20,000	20,000	-
-	-	-	-	-	-
75,000	99,000	24,000	20,000	20,000	-
-	(70)	(70)	(44,000)	475	44,475
221	221	-	84,498	84,498	-
$ 221	$ 151	$ (70)	$ 40,498	$ 84,973	$ 44,475

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Crime Victim Rights		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	36,400	34,100	(2,300)
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	36,400	34,100	(2,300)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	47,874	45,838	(2,036)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	47,874	45,838	(2,036)
Revenue over (under) expenditures	(11,474)	(11,738)	(264)
Other financing sources (uses)			
Transfers in	11,474	11,474	-
Transfers (out)	-	-	-
Total other financing sources (uses)	11,474	11,474	-
Net changes in fund balances	-	(264)	(264)
Fund balances, beginning of year	3,697	3,697	-
Fund balances, end of year	$ 3,697	$ 3,433	$ (264)

Sheriff Road Patrol			Law Enforcement		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ 1,086,938	$ 1,068,333	$ (18,605)	$ -	$ -	$ -
-	-	-	-	-	-
3,000	-	(3,000)	108,942	101,079	(7,863)
41,700	44,771	3,071	-	-	-
500	-	(500)	161,574	135,370	(26,204)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,132,138	1,113,104	(19,034)	270,516	236,449	(34,067)
-	-	-	-	-	-
-	-	-	-	-	-
1,452,245	1,409,465	(42,780)	276,709	259,394	(17,315)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
62,109	62,102	(7)	-	-	-
1,514,354	1,471,567	(42,787)	276,709	259,394	(17,315)
(382,216)	(358,463)	23,753	(6,193)	(22,945)	(16,752)
368,475	368,475	-	2,328	2,328	-
(79,432)	(79,432)	-	-	-	-
289,043	289,043	-	2,328	2,328	-
(93,173)	(69,420)	23,753	(3,865)	(20,617)	(16,752)
216,601	216,601	-	51,167	51,167	-
$ 123,428	$ 147,181	$ 23,753	$ 47,302	$ 30,550	$ (16,752)

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Temporary Sheriff		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	-	-	-
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	$ -	$ -	$ -

County Parks			Area Park Advisory Council		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
265,576	259,227	(6,349)	-	-	-
-	-	-	14,330	-	(14,330)
-	-	-	-	-	-
(15,000)	25,000	40,000	-	-	-
1,500	1,500	-	-	-	-
-	-	-	-	-	-
400	400	-	-	-	-
252,476	286,127	33,651	14,330	-	(14,330)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
256,224	246,658	(9,566)	14,330	6,382	(7,948)
45,800	16,769	(29,031)	-	-	-
302,024	263,427	(38,597)	14,330	6,382	(7,948)
(49,548)	22,700	72,248	-	(6,382)	(6,382)
-	-	-	-	-	-
-	(28,639)	(28,639)	-	-	-
-	(28,639)	(28,639)	-	-	-
(49,548)	(5,939)	43,609	-	(6,382)	(6,382)
21,074	21,074	-	10,653	10,653	-
$ (28,474)	$ 15,135	$ 43,609	$ 10,653	$ 4,271	$ (6,382)

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	County Jail Trustees Management		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	-	-	-
Charges for services	119,664	133,677	14,013
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	119,664	133,677	14,013
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	126,541	123,074	(3,467)
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	126,541	123,074	(3,467)
Revenue over (under) expenditures	(6,877)	10,603	17,480
Other financing sources (uses)			
Transfers in	6,877	6,877	-
Transfers (out)	-	-	-
Total other financing sources (uses)	6,877	6,877	-
Net changes in fund balances	-	17,480	17,480
Fund balances, beginning of year	82	82	-
Fund balances, end of year	$ 82	$ 17,562	$ 17,480

Transport Fund			Elections		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
133,971	129,721	(4,250)	21,000	26,537	5,537
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,500	757	(743)
133,971	129,721	(4,250)	22,500	27,294	4,794
-	-	-	-	-	-
-	-	-	120,023	93,601	(26,422)
148,841	151,316	2,475	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
148,841	151,316	2,475	120,023	93,601	(26,422)
(14,870)	(21,595)	(6,725)	(97,523)	(66,307)	31,216
22,590	29,190	6,600	44,367	44,367	-
(7,720)	(7,720)	-	-	-	-
14,870	21,470	6,600	44,367	44,367	-
-	(125)	(125)	(53,156)	(21,940)	31,216
154	154	-	45,984	45,984	-
$ 154	$ 29	$ (125)	$ (7,172)	$ 24,044	$ 31,216

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Friend of the Court		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	457,000	537,437	80,437
State	-	22,377	22,377
Charges for services	55,150	62,570	7,420
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	3,000	-	(3,000)
Total revenue	515,150	622,384	107,234
Expenditures			
Current:			
Judicial	744,199	739,736	(4,463)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	744,199	739,736	(4,463)
Revenue over (under) expenditures	(229,049)	(117,352)	111,697
Other financing sources (uses)			
Transfers in	237,944	207,346	(30,598)
Transfers (out)	(41,695)	(41,695)	-
Total other financing sources (uses)	196,249	165,651	(30,598)
Net changes in fund balances	(32,800)	48,299	81,099
Fund balances, beginning of year	90,927	90,927	-
Fund balances, end of year	$ 58,127	$ 139,226	$ 81,099

Public Works			Recycling Program		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,000	21,300	17,300
-	-	-	28,100	26,200	(1,900)
-	-	-	-	-	-
1,382	735	(647)	82,400	74,860	(7,540)
-	-	-	-	-	-
-	-	-	-	-	-
9,019	3,049	(5,970)	-	-	-
10,401	3,784	(6,617)	114,500	122,360	7,860
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
51,070	17,398	(33,672)	114,500	111,307	(3,193)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
51,070	17,398	(33,672)	114,500	111,307	(3,193)
(40,669)	(13,614)	27,055	-	11,053	11,053
18,941	20,114	1,173	-	-	-
-	-	-	-	-	-
18,941	20,114	1,173	-	-	-
(21,728)	6,500	28,228	-	11,053	11,053
(4,799)	(4,799)	-	411	411	-
$ (26,527)	$ 1,701	$ 28,228	$ 411	$ 11,464	$ 11,053

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Gypsy Moth Suppression		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	-	-	-
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	8,938	1,323	(7,615)
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	8,938	1,323	(7,615)
Revenue over (under) expenditures	(8,938)	(1,323)	7,615
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	(8,938)	(1,323)	7,615
Fund balances, beginning of year	41,064	41,064	-
Fund balances, end of year	$ 32,126	$ 39,741	$ 7,615

Newaygo County Economic Development			Community Development		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	108,663	76,390	(32,273)
-	-	-	(3,837)	500	4,337
-	-	-	1,000	1,250	250
25,000	-	(25,000)	-	-	-
-	-	-	-	-	-
-	-	-	35,000	25,885	(9,115)
-	-	-	-	-	-
-	-	-	2,050	9,178	7,128
-	-	-	21,300	40,980	19,680
25,000	-	(25,000)	164,176	154,183	(9,993)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,000	11,000	(14,000)	263,415	196,226	(67,189)
-	-	-	-	-	-
-	-	-	-	-	-
25,000	11,000	(14,000)	263,415	196,226	(67,189)
-	(11,000)	(11,000)	(99,239)	(42,043)	57,196
-	-	-	52,932	52,932	-
-	-	-	-	-	-
-	-	-	52,932	52,932	-
-	(11,000)	(11,000)	(46,307)	10,889	57,196
11,000	11,000	-	789,827	789,827	-
$ 11,000	$ -	$ (11,000)	$ 743,520	$ 800,716	$ 57,196

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Public Improvement		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	124	124
Reimbursements	-	-	-
Total revenue	-	124	124
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Revenue over (under) expenditures	-	124	124
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	124	124
Fund balances, beginning of year	7,820	7,820	-
Fund balances, end of year	$ 7,820	$ 7,944	$ 124

Building Safety and Permits			Homestead Exemption Audit		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
474,086	350,666	(123,420)	-	-	-
10,000	10,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,000	23,841	17,841
-	-	-	-	-	-
484,086	360,666	(123,420)	6,000	23,841	17,841
-	-	-	-	-	-
-	-	-	6,000	23,344	17,344
594,253	501,410	(92,843)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
594,253	501,410	(92,843)	6,000	23,344	17,344
(110,167)	(140,744)	(30,577)	-	497	497
15,000	15,000	-	-	-	-
(22,645)	(22,645)	-	-	-	-
(7,645)	(7,645)	-	-	-	-
(117,812)	(148,389)	(30,577)	-	497	497
157,577	157,577	-	773	773	-
$ 39,765	$ 9,188	$ (30,577)	$ 773	$ 1,270	$ 497

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Register of Deeds Automation		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	-	-	-
Charges for services	75,000	79,380	4,380
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	50	2,820	2,770
Reimbursements	-	-	-
Total revenue	75,050	82,200	7,150
Expenditures			
Current:			
Judicial	-	-	-
General government	75,050	60,900	(14,150)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	75,050	60,900	(14,150)
Revenue over (under) expenditures	-	21,300	21,300
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	21,300	21,300
Fund balances, beginning of year	58,297	58,297	-
Fund balances, end of year	$ 58,297	$ 79,597	$ 21,300

Electronic Systems			Pride Youth Programs		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,812	8,205	(607)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,812	8,205	(607)	-	-	-
(8,812)	(8,205)	607	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(8,812)	(8,205)	607	-	-	-
48,773	48,773	-	-	-	-
$ 39,961	$ 40,568	$ 607	$ -	$ -	$ -

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Pride Youth Programs International		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	-	-	-
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	$ -	$ -	$ -

Drug Prevention			Drug Law Enforcement		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	78,824	68,948	(9,876)
-	-	-	1,000	8,761	7,761
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	92	92
-	-	-	-	-	-
-	-	-	79,824	77,801	(2,023)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	79,824	74,262	(5,562)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	79,824	74,262	(5,562)
-	-	-	-	3,539	3,539
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,539	3,539
-	-	-	29,513	29,513	-
$ -	$ -	$ -	$ 29,513	$ 33,052	$ 3,539

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	County Law Library		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	-	-	-
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	9,000	9,000
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	-	9,000	9,000
Expenditures			
Current:			
Judicial	7,833	6,530	(1,303)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	7,833	6,530	(1,303)
Revenue over (under) expenditures	(7,833)	2,470	10,303
Other financing sources (uses)			
Transfers in	7,833	7,833	-
Transfers (out)	-	-	-
Total other financing sources (uses)	7,833	7,833	-
Net changes in fund balances	-	10,303	10,303
Fund balances, beginning of year	42,939	42,939	-
Fund balances, end of year	$ 42,939	$ 53,242	$ 10,303

Social Services		
Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -
-	-	-
371,315	368,664	(2,651)
65,776	280,541	214,765
-	-	-
-	-	-
-	-	-
-	-	-
1,061	4,401	3,340
-	-	-
438,152	653,606	215,454
-	-	-
-	-	-
-	-	-
-	-	-
475,740	650,069	174,329
-	-	-
-	-	-
-	-	-
475,740	650,069	174,329
(37,588)	3,537	41,125
37,588	37,588	-
-	-	-
37,588	37,588	-
-	41,125	41,125
30,887	30,887	-
$ 30,887	$ 72,012	$ 41,125

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Child Care		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	23,660	23,660
State	281,980	518,153	236,173
Charges for services	25,000	37,002	12,002
Contributions from local units	-	4,117	4,117
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	306,980	582,932	275,952
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	1,195,496	1,534,564	339,069
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	1,195,496	1,534,564	339,069
Revenue over (under) expenditures	(888,516)	(951,632)	(63,117)
Other financing sources (uses)			
Transfers in	858,516	952,114	93,599
Transfers (out)	-	-	-
Total other financing sources (uses)	858,516	952,114	93,599
Net changes in fund balances	(30,000)	482	30,482
Fund balances, beginning of year	542	542	-
Fund balances, end of year	$ (29,458)	$ 1,024	$ 30,482

Temporary Child Care			Soldiers' Relief		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ 107,041	$ 106,265	$ (776)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,000	-	(2,000)
-	-	-	109,041	106,265	(2,776)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	144,114	101,638	(42,476)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	144,114	101,638	(42,476)
-	-	-	(35,073)	4,627	39,700
-	-	-	29,042	29,042	-
-	-	-	-	-	-
-	-	-	29,042	29,042	-
-	-	-	(6,031)	33,669	39,700
-	-	-	196,021	196,021	-
$ -	$ -	$ -	$ 189,990	$ 229,690	$ 39,700

continued…

COUNTY OF NEWAYGO, MICHIGAN
Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2006

	Veterans' Trust		
	Final Budget	**Actual**	**Actual Over (Under) Final Budget**
Revenue			
Taxes	$ -	$ -	$ -
Federal	-	-	-
State	3,580	956	(2,624)
Charges for services	-	-	-
Contributions from local units	-	-	-
Fines and forfeits	-	-	-
Contributions from private sources	-	-	-
Rents	-	-	-
Interest	-	-	-
Reimbursements	-	-	-
Total revenue	3,580	956	(2,624)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	3,580	1,315	(2,265)
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Total expenditures	3,580	1,315	(2,265)
Revenue over (under) expenditures	-	(359)	(359)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(359)	(359)
Fund balances, beginning of year	467	467	-
Fund balances, end of year	$ 467	$ 108	$ (359)

Commission on Aging			Total		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ 539,161	$ 534,010	$ (5,151)	$ 1,733,140	$ 1,708,608	$ (24,532)
50,000	-	(50,000)	729,684	764,766	35,082
548,206	497,280	(50,926)	1,349,586	1,543,109	193,523
19,800	16,918	(2,882)	1,364,923	1,491,581	126,658
-	-	-	318,328	244,635	(73,693)
-	-	-	1,000	17,761	16,761
568,136	428,537	(139,599)	681,918	561,281	(120,637)
-	-	-	1,500	1,500	-
19,000	19,182	182	28,161	59,638	31,477
71,028	-	(71,028)	108,247	46,286	(61,961)
1,815,331	1,495,927	(319,404)	6,316,487	6,439,165	122,678
-	-	-	752,032	746,266	(5,766)
-	-	-	209,885	186,050	(23,835)
-	-	-	3,056,078	2,869,362	(186,716)
-	-	-	165,570	128,705	(36,865)
1,700,059	1,509,353	(190,706)	3,527,927	3,798,262	270,336
-	-	-	288,415	207,226	(81,189)
-	-	-	270,554	253,040	(17,514)
-	-	-	107,909	78,871	(29,038)
1,700,059	1,509,353	(190,706)	8,378,369	8,267,782	(110,587)
115,272	(13,426)	(128,698)	(2,061,882)	(1,828,617)	233,265
18,684	72,207	53,523	1,827,590	1,975,887	148,297
-	(53,521)	(53,521)	(151,492)	(233,652)	(82,160)
18,684	18,686	2	1,676,098	1,742,235	66,137
133,956	5,260	(128,696)	(385,784)	(86,382)	299,402
384,869	384,869	-	2,326,423	2,326,423	-
$ 518,825	$ 390,129	$ (128,696)	$ 1,940,639	$ 2,240,041	$ 299,402

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2006

	ISD	FIA	Medical Care Facility	Total
Assets				
Cash and cash equivalents	$ -	$ -	$ 356,332	$ 356,332
Fund balances				
Unreserved, undesignated	$ -	$ -	$ 356,332	$ 356,332

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended September 30, 2006

	ISD	FIA	Medical Care Facility	Total
Revenue				
Contributions from local units	$ 70,338	$ -	$ -	$ 70,338
Property tax revenue	-	-	514,746	514,746
Interest	-	-	21,574	21,574
Total revenue	70,338	-	536,320	606,658
Expenditures				
Debt service:				
Principal	45,000	185,000	-	230,000
Interest and fiscal charges	25,338	56,450	179,988	261,776
Total expenditures	70,338	241,450	179,988	491,776
Revenue (under) expenditures	-	(241,450)	356,332	114,882
Other financing sources				
Transfers in	-	241,450	-	241,450
Net changes in fund balances	-	-	356,332	356,332
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ 356,332	$ 356,332

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Project Funds
September 30, 2006

	Jail Kitchen	FIA Construction	Public Works Construction	Mental Health Building Construction	Total
Assets					
Cash and cash equivalents	$ 7,417	$ 476,079	$ 2,768	$ 1,211,737	$ 1,698,001
Liabilities and fund balances					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ 28,625	$ 28,625
Due to other funds	-	-	1,739	-	1,739
Advance from other funds	-	-	250,000	-	250,000
Total liabilities	-	-	251,739	28,625	280,364
Fund balances					
Unreserved, undesignated, deficit	7,417	476,079	(248,971)	1,183,112	1,417,637
Total liabilities and fund balances	$ 7,417	$ 476,079	$ 2,768	$ 1,211,737	$ 1,698,001

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended September 30, 2006

	Jail Kitchen	FIA Construction	Public Works Construction	Mental Health Building Construction	Total
Revenue					
Interest	$ -	$ 19,490	$ 708	$ 15,294	$ 35,492
Contributions from private sources	-	-	137,096	-	137,096
Total revenue	-	19,490	137,804	15,294	172,588
Expenditures					
Public works	-	-	8,718	-	8,718
Capital outlay	-	-	27,408	132,182	159,590
Total expenditures	-	-	36,126	132,182	168,308
Revenue over (under) expenditures	-	19,490	101,678	(116,888)	4,280
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	1,300,000	1,300,000
Transfers in	-	-	-	250,000	250,000
Transfers out	-	-	-	(250,000)	(250,000)
Total other financing sources (uses)	-	-	-	1,300,000	1,300,000
Net changes in fund balances	-	19,490	101,678	1,183,112	1,304,280
Fund balances, beginning of year	7,417	456,589	(350,649)	-	113,357
Fund balances, end of year	$ 7,417	$ 476,079	$ (248,971)	$ 1,183,112	$ 1,417,637

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
September 30, 2006

	2001 Delinquent Tax	2002 Delinquent Tax	2003 Delinquent Tax
Assets			
Current assets:			
Cash and cash equivalents	$ 345,623	$ 160,088	$ 328,407
Investments	392,436	494,589	199,737
Total current assets	738,059	654,677	528,144
Long term assets:			
Long-term advances to component units	-	77,589	-
Delinquent taxes receivable	3,598	8,079	12,772
Total long-term assets	3,598	85,668	12,772
Total assets	741,657	740,345	540,916
Liabilities			
Current liabilities:			
Accounts payable	1,083	(265)	(394)
Net assets			
Unrestricted	$ 740,574	$ 740,610	$ 541,310

2004 Delinquent Tax	Building Authority	Total
$ 205,121	$ 169,949	$ 1,209,188
-	-	1,086,762
205,121	169,949	2,295,950
-	-	77,589
261,727	-	286,176
261,727	-	363,765
466,848	169,949	2,659,715
28,668	1,800	30,892
$ 438,180	$ 168,149	$ 2,628,823

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended September 30, 2006

	2001 Delinquent Tax	2002 Delinquent Tax	2003 Delinquent Tax
Operating revenue			
Land sale proceeds	$ -	$ -	$ 114
Charges for services	32	330	9,457
Rents	-	-	-
Interest and penalties on delinquent taxes	505	(3,008)	230,793
Reimbursements	279	1,930	122,084
Total operating revenue	816	(748)	362,448
Operating expense			
Cost of services	2,341	2,481	239,389
Land sale disbursements	-	-	83,383
Total operating expense	2,341	2,481	322,772
Operating income (loss)	(1,525)	(3,229)	39,676
Non-operating revenue (expenses)			
Interest revenue	22,107	19,767	12,680
Income (loss) before transfers	20,582	16,538	52,356
Transfers			
Transfers out	-	-	(12,276)
Change in net assets	20,582	16,538	40,080
Net assets, beginning of year	719,992	724,072	501,230
Net assets, end of year	$ 740,574	$ 740,610	$ 541,310

2004 Delinquent Tax	Building Authority	Total
$ -	$ -	$ 114
59,670	-	69,489
-	317,180	317,180
208,995	-	437,285
106,624	-	230,917
375,289	317,180	1,054,985
440,299	109,258	793,768
-	-	83,383
440,299	109,258	877,151
(65,010)	207,922	177,834
12,625	-	67,179
(52,385)	207,922	245,013
-	(248,707)	(260,983)
(52,385)	(40,785)	(15,970)
490,565	208,934	2,644,793
$ 438,180	$ 168,149	$ 2,628,823

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2006

	2001 Delinquent Tax	2002 Delinquent Tax	2003 Delinquent Tax
Cash flows from operating activities			
Cash received from customers	$ 4,190	$ 17,022	$ 786,783
Cash payments to suppliers for goods and services	(2,341)	(2,986)	(323,581)
Net cash provided by (used in) operating activities	1,849	14,036	463,202
Cash flows from non-capital financing activities			
Transfers out	-	-	(12,276)
Cash flows from investing activities			
Interest received	22,107	19,767	12,680
Purchases of investments	(196,347)	(194,422)	(199,737)
Net cash provided by (used in) investing activities	(174,240)	(174,655)	(187,057)
Net increase (decrease) in cash and cash equivalents	(172,391)	(160,619)	263,869
Cash and cash equivalents, beginning of year	518,014	320,707	64,538
Cash and cash equivalents, end of year	$ 345,623	$ 160,088	$ 328,407
Cash flows from operating activities			
Operating income (loss)	$ (1,525)	$ (3,229)	$ 39,676
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Taxes receivable	3,374	17,770	424,335
Accounts payable	-	(505)	(809)
Net cash provided by (used in) operating activities	$ 1,849	$ 14,036	$ 463,202

2004 Delinquent Tax	Building Authority	Total
$ 2,166,214	$ 317,180	$ 3,291,389
(1,973,718)	(110,022)	(2,412,648)
192,496	207,158	878,741
-	(248,707)	(260,983)
12,625	-	67,179
-	-	(590,506)
12,625	-	(523,327)
205,121	(41,549)	94,431
-	211,498	1,114,757
$ 205,121	$ 169,949	$ 1,209,188
$ (65,010)	$ 207,922	$ 177,834
1,790,925	-	2,236,404
(1,533,419)	(764)	(1,535,497)
$ 192,496	$ 207,158	$ 878,741

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2006

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services Projects	Information Services
Assets					
Current assets:					
Cash and cash equivalents	$ 35,536	$ 14,087	$ 112,463	$ -	$ 98,448
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total current assets	35,536	14,087	112,463	-	98,448
Noncurrent assets:					
Capital assets being depreciated, net	43,856	-	41,031	-	57,819
Total assets	79,392	14,087	153,494	-	156,267
Liabilities					
Current liabilities:					
Accounts payable	18,839	532	-	-	6,536
Accrued expenses	1,697	2,267	-	-	3,819
Due to other funds	-	-	-	-	-
Total current liabilities	20,536	2,799	-	-	10,355
Noncurrent liabilities:					
Long-term advances from other funds	-	-	-	-	-
Total liabilities	20,536	2,799	-	-	10,355
Net assets					
Invested in capital assets	43,856	-	41,031	-	57,819
Unrestricted	15,000	11,288	112,463	-	88,093
Total net assets	$ 58,856	$ 11,288	$ 153,494	$ -	$ 145,912

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
$ 1,189	$ 7,812	$ 18,366	$ 152,718	$ 66,521	$ 25,687	$ 250,312	$ 74,685
-	-	-	-	-	-	-	-
-	-	201	-	-	-	-	-
-	-	-	-	-	-	-	-
1,189	7,812	18,567	152,718	66,521	25,687	250,312	74,685
-	25,574	-	33,281	-	-	13,131	178,142
1,189	33,386	18,567	185,999	66,521	25,687	263,443	252,827
-	-	-	2,292	259	25,525	2,661	-
-	-	103	-	818	121	-	-
-	-	-	-	-	-	-	27,614
-	-	103	2,292	1,077	25,646	2,661	27,614
-	-	10,000	-	-	-	-	-
-	-	10,103	2,292	1,077	25,646	2,661	27,614
-	25,574	-	33,281	-	-	13,131	178,142
1,189	7,812	8,464	150,426	65,444	41	247,651	47,071
$ 1,189	$ 33,386	$ 8,464	$ 183,707	$ 65,444	$ 41	$ 260,782	$ 225,213

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2006

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Assets					
Current assets:					
Cash and cash equivalents	$ 210,583	$ 169,702	$ 382,617	$ 30,000	$ 80,774
Investments	-	-	-	-	-
Accounts receivable	-	1,222	-	-	-
Due from other governments	-	-	-	-	-
Total current assets	210,583	170,924	382,617	30,000	80,774
Noncurrent assets:					
Capital assets being depreciated, net	-	-	-	-	9,196
Total assets	210,583	170,924	382,617	30,000	89,970
Liabilities					
Current liabilities:					
Accounts payable	-	604	135,988	-	-
Accrued expenses	-	166,545	-	-	-
Due to other funds	-	-	-	-	-
Total current liabilities	-	167,149	135,988	-	-
Noncurrent liabilities:					
Long-term advances from other funds	-	-	-	-	-
Total liabilities	-	167,149	135,988	-	-
Net assets					
Invested in capital assets	-	-	-	-	9,196
Unrestricted	210,583	3,775	246,629	30,000	80,774
Total net assets	$ 210,583	$ 3,775	$ 246,629	$ 30,000	$ 89,970

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
$ (3,203)	$ 4,543	$ 292,366	$ 759,067	$ 1,262,432	$ 977,078	$ 5,023,783
-	498,125	-	-	-	-	498,125
-	-	-	-	-	-	1,423
19,019	-	-	-	-	-	19,019
15,816	502,668	292,366	759,067	1,262,432	977,078	5,542,350
-	-	-	-	-	-	402,030
15,816	502,668	292,366	759,067	1,262,432	977,078	5,944,380
1,196	-	-	-	2,223	-	196,655
554	-	-	-	-	417	176,341
14,000	25,725	-	-	-	-	67,339
15,750	25,725	-	-	2,223	417	440,335
-	-	-	-	-	-	10,000
15,750	25,725	-	-	2,223	417	450,335
-	-	-	-	-	-	402,030
66	476,943	292,366	759,067	1,260,209	976,661	5,092,015
$ 66	$ 476,943	$ 292,366	$ 759,067	$ 1,260,209	$ 976,661	$ 5,494,045

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Revenue, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2006

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services Projects	Information Services
Operating revenue					
Charges for services	$ 528,714	$ 114,315	$ 4,702	$ -	$ 79,008
Reimbursements	-	-	-	-	-
Total operating revenue	528,714	114,315	4,702	-	79,008
Operating expense					
Cost of services	477,690	145,889	4,639	-	458,775
Depreciation	5,665	-	10,678	-	33,737
Total operating expense	483,355	145,889	15,317	-	492,512
Operating income (loss)	45,359	(31,574)	(10,615)	-	(413,504)
Non-operating revenue					
Interest earned on investments	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-
Non-operating revenue	-	-	-	-	-
Income before transfers	45,359	(31,574)	(10,615)	-	(413,504)
Other financing sources (uses)					
Transfers in	49,104	12,771	-	-	369,170
Transfers out	(80,202)	-	-	-	-
Total other financing sources (uses)	(31,098)	12,771	-	-	369,170
Change in net assets	14,261	(18,803)	(10,615)	-	(44,334)
Net assets, beginning of year	44,595	30,091	164,109	-	190,246
Net assets, end of year	$ 58,856	$ 11,288	$ 153,494	$ -	$ 145,912

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
$ -	$ 123,163	$ -	$ 66,974	$ -	$ 444,424	$ 136,188	$ 126,242
-	-	-	-	-	-	1,480	-
-	123,163	-	66,974	-	444,424	137,668	126,242
35	23,743	14,511	36,026	55,026	375,639	74,668	2,340
-	2,352	-	16,222	-	-	5,127	140,444
35	26,095	14,511	52,248	55,026	375,639	79,795	142,784
(35)	97,068	(14,511)	14,726	(55,026)	68,785	57,873	(16,542)
16	141	-	-	-	-	-	-
-	-	-	(6,634)	-	-	-	8,100
16	141	-	(6,634)	-	-	-	8,100
(19)	97,209	(14,511)	8,092	(55,026)	68,785	57,873	(8,442)
-	-	22,645	-	-	11,250	-	47,720
-	(99,644)	-	-	-	(80,000)	(5,000)	-
-	(99,644)	22,645	-	-	(68,750)	(5,000)	47,720
(19)	(2,435)	8,134	8,092	(55,026)	35	52,873	39,278
1,208	35,821	330	175,615	120,470	6	207,909	185,935
$ 1,189	$ 33,386	$ 8,464	$ 183,707	$ 65,444	$ 41	$ 260,782	$ 225,213

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
September 30, 2006

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Operating revenue					
Charges for services	$ -	$ -	$ -	$ -	$ 1,174
Reimbursements	35,683	2,351,687	332,801	-	-
Total operating revenue	35,683	2,351,687	332,801	-	1,174
Operating expense					
Cost of services	22,904	2,649,806	285,859	-	1,021
Depreciation	-	-	-	-	1,347
Total operating expense	22,904	2,649,806	285,859	-	2,368
Operating income (loss)	12,779	(298,119)	46,942	-	(1,194)
Non-operating revenue					
Interest earned on investments	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-
Non-operating revenue	-	-	-	-	-
Income before transfers	12,779	(298,119)	46,942	-	(1,194)
Other financing sources (uses)					
Transfers in	-	40,000	-	30,000	-
Transfers out	(20,000)	-	(25,000)	-	-
Total other financing sources (uses)	(20,000)	40,000	(25,000)	30,000	-
Change in net assets	(7,221)	(258,119)	21,942	30,000	(1,194)
Net assets, beginning of year	217,804	261,894	224,687	-	91,164
Net assets, end of year	$ 210,583	$ 3,775	$ 246,629	$ 30,000	$ 89,970

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
$ 74,321	$ -	$ -	$ -	$ 200,777	$ 136,625	$ 2,036,627
-	50,000	191,114	57,111	-	-	3,019,876
74,321	50,000	191,114	57,111	200,777	136,625	5,056,503
64,073	4,024	250,930	-	3,494	62,944	5,014,036
-	-	-	-	-	-	215,572
64,073	4,024	250,930	-	3,494	62,944	5,229,608
10,248	45,976	(59,816)	57,111	197,283	73,681	(173,105)
-	13,068	32,663	-	-	-	45,888
-	-	-	-	-	-	1,466
-	13,068	32,663	-	-	-	47,354
10,248	59,044	(27,153)	57,111	197,283	73,681	(125,751)
900	282,339	-	-	-	-	865,899
(51,929)	(439,599)	(20,000)	(40,000)	-	-	(861,374)
(51,029)	(157,260)	(20,000)	(40,000)	-	-	4,525
(40,781)	(98,216)	(47,153)	17,111	197,283	73,681	(121,226)
40,847	575,159	339,519	741,956	1,062,926	902,980	5,615,271
$ 66	$ 476,943	$ 292,366	$ 759,067	$ 1,260,209	$ 976,661	$ 5,494,045

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2006

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services Projects	Information Services
Cash flows from operating activities					
Cash received from interfund services	$ 528,714	$ 114,315	$ 4,702	$ -	$ 80,479
Cash payments to employees	(149,083)	(144,025)	(279)	-	(250,119)
Cash payments to suppliers for goods and services	(331,158)	(1,444)	(4,581)	-	(212,357)
Net cash provided by (used in) operating activities	48,473	(31,154)	(158)	-	(381,997)
Cash flows from non-capital financing activities					
Transfers in	49,104	12,771	-	-	369,170
Transfers out	(80,202)	-	-	-	-
Net cash used by non-capital financial activities	(31,098)	12,771	-	-	369,170
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	-	-	-	-
Purchase of capital assets	(1,996)	-	-	-	(3,754)
Net cash used by capital and related financing activities	(1,996)	-	-	-	(3,754)
Cash flows from investing activities					
Purchases of investments	-	-	-	-	-
Interest earnings	-	-	-	-	-
Net cash used by investing activities	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	15,379	(18,383)	(158)	-	(16,581)
Cash and cash equivalents, beginning of year	20,157	32,470	112,621	-	115,029
Cash and cash equivalents, end of year	$ 35,536	$ 14,087	$ 112,463	$ -	$ 98,448

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
$ -	$ 123,163	$ (3)	$ 66,974	$ -	$ 444,424	$ 137,668	$ 126,225
-	(3,140)	(10,302)	-	(53,657)	(7,480)	(160)	-
(35)	(29,173)	(4,269)	(34,810)	(1,095)	(377,204)	(73,317)	(2,340)
(35)	90,850	(14,574)	32,164	(54,752)	59,740	64,191	123,885
-	-	22,645	-	-	11,250	-	47,720
-	(99,644)	-	-	-	(80,000)	(5,000)	-
-	(99,644)	22,645	-	-	(68,750)	(5,000)	47,720
-	-	-	-	-	-	-	9,934
-	(7,000)	-	(19,696)	-	-	-	(119,687)
-	(7,000)	-	(19,696)	-	-	-	(109,753)
-	-	-	-	-	-	-	-
16	141	-	-	-	-	-	-
16	141	-	-	-	-	-	-
(19)	(15,653)	8,071	12,468	(54,752)	(9,010)	59,191	61,852
1,208	23,465	10,295	140,250	121,273	34,697	191,121	12,833
$ 1,189	$ 7,812	$ 18,366	$ 152,718	$ 66,521	$ 25,687	$ 250,312	$ 74,685

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2006

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Cash flows from operating activities					
Cash received from interfund services	$ 35,683	$ 2,351,703	$ 332,801	$ -	$ 1,174
Cash payments to employees	(578)	30,191	(395)	-	-
Cash payments to suppliers for goods and services	(22,615)	(2,515,033)	(149,872)	-	(1,021)
Net cash provided by (used in) operating activities	12,490	(133,139)	182,534	-	153
Cash flows from non-capital financing activities					
Transfers in	-	40,000	-	30,000	-
Transfers out	(20,000)	-	(25,000)	-	-
Net cash used by non-capital financial activities	(20,000)	40,000	(25,000)	30,000	-
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	-	-	-	-
Purchase of capital assets	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-	-
Cash flows from investing activities					
Purchases of investments	-	-	-	-	-
Interest earnings	-	-	-		
Net cash provided by (used in) investing activities	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(7,510)	(93,139)	157,534	30,000	153
Cash and cash equivalents, beginning of year	218,093	262,841	225,083	-	80,621
Cash and cash equivalents, end of year	$ 210,583	$ 169,702	$ 382,617	$ 30,000	$ 80,774

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
$ 66,750	$ 50,000	$ 191,114	$ 57,111	$ 200,777	$ 136,625	$ 5,050,399
(39,844)	-	-	-	-	(757)	(629,628)
(23,021)	21,701	(251,254)	-	(1,439)	(62,944)	(4,077,281)
3,885	71,701	(60,140)	57,111	199,338	72,924	343,490
900	282,339	-	-	-	-	865,899
(51,929)	(439,599)	(20,000)	(40,000)	-	-	(861,374)
(51,029)	(157,260)	(20,000)	(40,000)	-	-	4,525
-	-	-	-	-	-	9,934
-	-	-	-	-	-	(152,133)
-	-	-	-	-	-	(142,199)
-	(498,125)	-	-	-	-	(498,125)
-	13,068	32,663	-	-	-	45,888
-	(485,057)	32,663	-	-	-	(452,237)
(47,144)	(570,616)	(47,477)	17,111	199,338	72,924	(246,421)
43,941	575,159	339,843	741,956	1,063,094	904,154	5,270,204
$ (3,203)	$ 4,543	$ 292,366	$ 759,067	$ 1,262,432	$ 977,078	$ 5,023,783

(continued…)

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2006

	Building Grounds Maintenance	Campus Security	Central Stores	Information Services Projects	Information Services
Cash flows from operating activities					
Operating income (loss)	$ 45,359	$ (31,574)	$ (10,615)	$ -	$ (413,504)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	5,665	-	10,678	-	33,737
(Increase) decrease in:					
Accounts receivable	-	-	-	-	1,471
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts payable	(682)	532	(81)	-	(2,672)
Accrued expenses	(1,869)	(112)	(140)	-	(1,029)
Due to other funds	-	-	-	-	-
Net cash provided by (used in) operating activities	$ 48,473	$ (31,154)	$ (158)	$ -	$ (381,997)

Drain Computer	Drain Maintenance and Construction	Building Demolition Revolving	Duplicating	PC Coordinator Training	Food Service	Telephone System	Motor Pool
$ (35)	$ 97,068	$ (14,511)	$ 14,726	$ (55,026)	$ 68,785	$ 57,873	$ (16,542)
-	2,352	-	16,222	-	-	5,127	140,444
-	-	-	-	-	-	-	-
-	-	(3)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,216	252	(8,976)	1,271	(17)
-	(1,570)	(60)	-	22	(69)	(80)	-
-	(7,000)	-	-	-	-	-	-
$ (35)	$ 90,850	$ (14,574)	$ 32,164	$ (54,752)	$ 59,740	$ 64,191	$ 123,885

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2006

	Unemployment	Health and Wellness	Liability Insurance	Revolving Loan Fund	Equipment Pool
Cash flows from operating activities					
Operating income (loss)	$ 12,779	$ (298,119)	$ 46,942	$ -	$ (1,194)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	-	-	-	-	1,347
(Increase) decrease in:					
Accounts receivable	-	16	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Accounts payable	-	604	135,592	-	-
Accrued expenditures	(289)	164,360	-	-	-
Due to other funds	-	-	-	-	-
Net cash provided by (used in) operating activities	$ 12,490	$ (133,139)	$ 182,534	$ -	$ 153

Building Renovation	Reserve for Operational Contingencies	Workers' Compensation	Retiree Health Insurance Program	Retirement	Unused Sick and Vacation	Total
$ 10,248	$ 45,976	$ (59,816)	$ 57,111	$ 197,283	$ 73,681	$ (173,105)
-	-	-	-	-	-	215,572
-	-	-	-	-	-	1,487
(7,571)	-	-	-	-	-	(7,574)
-	-	-	-	-	-	-
1,196	-	-	-	2,223	-	130,458
12	-	(324)	-	(168)	(757)	157,927
-	25,725	-	-	-	-	18,725
$ 3,885	$ 71,701	$ (60,140)	$ 57,111	$ 199,338	$ 72,924	$ 343,490

COUNTY OF NEWAYGO, MICHIGAN
Combining Balance Sheet
Fiduciary Funds
September 30, 2006

	Agency Funds				
	Central Payroll Processing	Trust and Agency	Trust and Agency Outside Accounts	Library Penal	Total
Assets					
Cash and cash equivalents	$ 483	$ 5,534,146	$ 128,796	$ 42,165	$ 5,705,590
Accounts receivable	-	-	-	15,532	15,532
Due from other governmental units	-	863,608	-	-	863,608
Total assets	$ 483	$ 6,397,754	$ 128,796	$ 57,697	$ 6,584,730
Liabilities					
Accounts payable	$ -	$ 32,649	$ -	$ -	$ 32,649
Due to other governmental units	-	6,365,105	44,101	-	6,409,206
Undistributed receipts	483	-	84,695	57,697	142,875
Total liabilities	$ 483	$ 6,397,754	$ 128,796	$ 57,697	$ 6,584,730

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended September 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
Central Payroll Processing				
Assets				
Cash and cash equivalents	$ 4,667	$ 17,593,268	$ 17,597,452	$ 483
Due from other funds	-	11,936,136	11,936,136	-
Total assets	$ 4,667	$ 29,529,404	$ 29,533,588	$ 483
Liabilities				
Accounts payable	$ -	$ 823,128	$ 823,128	$ -
Due to other governmental units	-	2,237,465	2,237,465	-
Due to other funds	-	3,540,761	3,540,761	-
Undistributed receipts	4,667	1,343,668	1,347,852	483
Total liabilities	$ 4,667	$ 7,945,022	$ 7,949,206	$ 483
Trust and Agency				
Assets				
Cash and cash equivalents	$ 3,371,367	$ 10,235,922	$ 8,073,143	$ 5,534,146
Due from other governmental units	-	1,241,287	377,679	863,608
Total assets	$ 3,371,367	$ 11,477,209	$ 8,450,822	$ 6,397,754
Liabilities				
Accounts payable	$ 24,460	$ 13,548,021	$ 13,539,832	$ 32,649
Due to other governmental units	2,887,657	6,443,334	2,965,886	6,365,105
Undistributed receipts	459,250	-	459,250	-
Total liabilities	$ 3,371,367	$ 19,991,355	$ 16,964,968	$ 6,397,754
Trust and Agency Outside Accounts				
Assets				
Cash and cash equivalents	$ 183,743	$ -	$ 54,947	$ 128,796
Liabilities				
Due to other governmental units	$ 43,996	$ 105	$ -	$ 44,101
Undistributed receipts	139,747	57,805	112,857	84,695
Total liabilities	$ 183,743	$ 57,910	$ 112,857	$ 128,796

Continued…

COUNTY OF NEWAYGO, MICHIGAN
Combining Statement of Changes in Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended September 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
Library Penal				
Assets				
Cash and cash equivalents	$ 70,249	$ 225,173	$ 253,257	$ 42,165
Accounts receivable	1,744	233,398	219,610	15,532
Total assets	$ 71,993	$ 458,571	$ 472,867	$ 57,697
Liabilities				
Accounts payable	$ 26	$ 244,257	$ 244,283	$ -
Undistributed receipts	71,967	253,232	267,502	57,697
Total liabilities	$ 71,993	$ 497,489	$ 511,785	$ 57,697
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 3,630,026	$ 28,054,363	$ 25,978,799	$ 5,705,590
Accounts receivable	1,744	233,398	219,610	15,532
Due from other governmental units	-	1,241,287	377,679	863,608
Total assets	$ 3,631,770	$ 29,529,048	$ 26,576,088	$ 6,584,730
Liabilities				
Accounts payable	$ 24,486	$ 13,792,278	$ 13,784,115	$ 32,649
Due to other governmental units	2,931,653	6,443,439	2,965,886	6,409,206
Undistributed receipts	675,631	1,654,705	2,187,461	142,875
Total liabilities	$ 3,631,770	$ 21,890,422	$ 18,937,462	$ 6,584,730

COUNTY OF NEWAYGO, MICHIGAN
Balance Sheet - Governmental Funds
Drain Commission Component Unit
September 30, 2006

	Drain	Drain Revolving	Brooks Lake Board
Assets			
Cash and cash equivalents	$ 267,622	$ 215,006	$ 14,312
Special assessments receivable	460,471	-	7,047
Due from other funds	-	84,994	-
Total assets	$ 728,093	$ 300,000	$ 21,359
Liabilities and fund balances			
Liabilities			
Deferred revenue	$ 460,471	$ -	$ 7,047
Due to other funds	84,994	-	-
Advance to other funds	400,528	300,000	-
Total liabilities	945,993	300,000	7,047
Fund balances			
Unreserved, undesignated (deficit)	(217,900)	-	14,312
Total liabilities and fund balances	$ 728,093	$ 300,000	$ 21,359

Hess Lake Improvement	Diamond Lake Board	Ryerson Lake Board	Engel Wright Lake Board	Total
$ 249	$ 17,506	$ 41,113	$ 8,258	$ 564,066
74,813	15,000	26,250	9,550	593,131
-	-	-	-	84,994
$ 75,062	$ 32,506	$ 67,363	$ 17,808	$ 1,242,191
$ 74,813	$ 15,000	$ 26,250	$ 9,550	$ 593,131
-	-	-	-	84,994
-	-	-	-	700,528
74,813	15,000	26,250	9,550	1,378,653
249	17,506	41,113	8,258	(136,462)
$ 75,062	$ 32,506	$ 67,363	$ 17,808	$ 1,242,191

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
on the Statement of Net Assets
Drain Commission Component Unit
September 30, 2006

Fund balances - total governmental funds	$ (136,462)
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets being depreciated, net	269,479
Certain assets, such as special assessments receivable, are not due and receivable in the current period and therefore are offset with deferred revenue in the fund statements.	
Add: deferred revenue on special assessments receivable	593,131
Net assets	$ 726,148

COUNTY OF NEWAYGO, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Drain Commission Component Unit
For the Year Ended September 30, 2006

	Drain	Drain Revolving	Brooks Lake Board
Revenue			
Interest	$ 10,921	$ -	$ -
Special assessments	243,244	-	8,657
Total revenue	254,165	-	8,657
Expenditures			
Public works	190,558	-	-
Capital outlay	-	-	6,319
Total expenditures	190,558	-	6,319
Net changes in fund balances	63,607	-	2,338
Fund balances (deficit), beginning of year	(281,507)	-	11,974
Fund balances (deficit), end of year	$ (217,900)	$ -	$ 14,312

Hess Lake Improvement	Diamond Lake Board	Ryerson Lake Board	Engel Wright Lake Board	Total
$ -	$ -	$ -	$ -	$ 10,921
22,859	23,175	26,250	7,634	331,819
22,859	23,175	26,250	7,634	342,740
-	-	-	-	190,558
64,059	21,959	40,349	7,217	139,903
64,059	21,959	40,349	7,217	330,461
(41,200)	1,216	(14,099)	417	12,279
41,449	16,290	55,212	7,841	(148,741)
$ 249	$ 17,506	$ 41,113	$ 8,258	$ (136,462)

COUNTY OF NEWAYGO, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances on the Statement of Activities
Drain Commission Component Unit
For the Year Ended September 30, 2006

Net change in fund balances - total governmental funds	$ 12,279
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add: capital outlay	13,588
Subtract: depreciation expense	(27,145)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Subtract: change in special assessments receivable	(14,367)
Change in net assets	$ (15,645)

COUNTY OF NEWAYGO, MICHIGAN

SINGLE AUDIT ACT COMPLIANCE

For the Year Ended September 30, 2006

REHMANN ROBSON

Certified Public Accountants

NEWAYGO COUNTY, MICHIGAN
SINGLE AUDIT ACT COMPLIANCE

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For the Year Ended September 30, 2006

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NEWAYGO COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2006

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Award Amount	Federal Expenditures
U.S. Department of Justice				
Passed-through the Michigan Department of Human Services:				
Juvenile Accountability Incentive Block Grant				
04/01/2005-03/31/2006	16.523	JAIBG-05-62001	$ 53,356	$ 12,567
04/01/2006-03/31/2007	16.523	JAIBG-06-62001	21,175	5,790
Juvenile Accountability Block Grant				
04/01/2005-03/31/2006	16.523	JAIBG-05-62001	13,155	5,303
Total U.S. Department of Justice				23,660
U.S. Department of Health and Human Services				
Passed-through the Michigan Department of Human Services:				
Incentive Payments	93.563	-n/a-	-n/a-	79,222
Child Support Enforcement:				
Friend of the Court				
10/01/2005-09/30/2006	93.563	CS/FOC-06-62001	500,384	458,214
Prosecuting Attorney				
10/01/2005-09/30/2006	93.563	CS/PA-06-62002	122,404	107,202
Total U.S. Department of Health and Human Services				644,638
U.S. Department of Homeland Security				
Passed through Michigan Department of State Police:				
2004 HSGP Interoperable Communications Grant				
04/01/2006-08/31/2006	97.004	-n/a-	22,000	22,000
2004 Homeland Security Equipment Grant				
08/01/2004-03/31/2006	97.004	-n/a-	247,460	58,383
2003 Homeland Security Grant Program Part II				
04/01/2006-08/31/2006	97.004	-n/a-	44,544	42,502
Emergency Management Performance Grant				
10/01/2005-09/30/2006	97.042	-n/a-	7,847	4,395
Total U.S. Department of Homeland Security				127,280
U.S. Department of Housing and Urban Development				
Passed through Michigan State Housing Development Authority:				
Community Development Block Grant	14.228	MSC-2005-0789-HOA	225,000	76,390
Total Expenditures of Federal Awards				$ 871,968

NEWAYGO COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

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1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Newaygo County, Michigan (the "County"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

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

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note I of the County's financial statements.

Amounts presented on the Schedule of Expenditures of Federal Awards agree with or reconcile to amounts presented in the financial statements.

* * * * * *

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

December 8, 2006

To the Board of Commissioners
of Newaygo County, Michigan
Newaygo, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Newaygo, Michigan,*** as of and for the year ended September 30, 2006, which collectively comprise the basic financial statements, and have issued our report thereon dated December 8, 2006. The report on the aggregate discretely presented component units was qualified for the omission of the Newaygo County Road Commission and Medical Care Facility, which are required to be a part of the County's financial reporting entity. 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 Newaygo County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to the management of Newaygo County, Michigan in a separate letter dated December 8, 2006.

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

Rehmann Lohan

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

December 8, 2006

To the Board of Commissioners
of Newaygo County, Michigan
Newaygo, Michigan

Compliance

We have audited the compliance of ***Newaygo County, Michigan*** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2006. Newaygo County, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Newaygo County, Michigan's management. Our responsibility is to express an opinion on Newaygo County, Michigan's compliance based on our audit.

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

In our opinion, Newaygo County, Michigan complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2006.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Newaygo, Michigan,*** as of and for the year ended September 30, 2006, which collectively comprise the basic financial statements, and have issued our report thereon dated December 8, 2006. The report on the aggregate discretely presented component units was qualified for the omission of the Newaygo County Road Commission and Medical Care Facility, which are required to be a part of the County's financial reporting entity. 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Newaygo County, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Rehmann Lohan

NEWAYGO COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified for all opinion units of the primary government. Adverse opinion on the discretely presented component units for the omission of the Road Commission and Medical Care Facility.
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes __X__ no
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	_____ yes __X__ no
Reportable condition(s) identified not considered to be material weaknesses?	__X__ yes _____ none reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	_____ yes __X__ no

NEWAYGO COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended September 30, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.563	Title IV-D

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? ____ yes __X__ no

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2006-1 Identification of Federal Awards Expended

Criteria: As required by OMB Circular A-133, §___.300, the County is responsible to identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received, including the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. Furthermore, the County is responsible to prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §___.310.

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

2006-1 Identification of Federal Awards Expended (Continued)

Condition: In connection with our audit, we requested that the County provide a preliminary schedule of expenditures of federal awards (SEFA). While the document provided did include a complete listing of the federal awards administered, it was lacking key information such as CFDA numbers and the amount expended. The amounts initially recorded on the County's general ledger (before adjustment) as federal revenues earned differed from federal expenditures reported to awarding agencies, and required adjustments in amounts that were significant, but not material to the total of federal awards expended. It appears that the County does not have a centralized grant administration function to ensure that a complete and accurate SEFA will be prepared each year.

Effect: This condition increases the risk that the County will be unable to accurately produce a schedule of expenditures of federal awards, as required by OMB Circular A-133.

Cause: This condition appears to be the result of (1) past practice not having been previously questioned during the County's annual audits, and (2) the County's substantially decentralized grant administration process.

Recommendation: We recommend that the County formally adopt a policy for grants administration, and clearly assign the responsibility for grant reporting and preparation of the SEFA each year. All grant financial reports should be reviewed centrally by a member of management prior to submission, and compared against the County's accounting records. Incoming grant receipts should similarly be reviewed to determine the appropriate program for coding. Differences between amounts requested, amounts received, and/or amounts reported on the County's accounting records should be promptly investigated and resolved.

Management's response: Although previous auditors have never questioned the County's practices, in early 2006, management recognized room for improvement in the County's administration of grants. At that time, efforts were made to develop plans that would centralize and strengthen the internal controls and administration of County grants. In the summer of 2006, as a result of those plans, the County Administrator recommended a restructure of the Administration Office and the creation of a position to focus on the administration of the County's grants. At their July 2006 meeting, the Board of Commissioners approved Motion #06-304, creating the General

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

2006-1 Identification of Federal Awards Expended (Continued)

Management's Response:

Accounting/Grants Manager position and requisite job description. A major function of the new position was to ensure compliance with grant accounting requirements and administrative oversight.

After a lengthy recruitment process, the position was filled in January 2007. While it will take some time for the new Grants Manager to receive training to become familiar with the various grants and their corresponding protocol, we are confident the position will strengthen the County's administration of grants, as well as ensure better compliance with reporting requirements in the future.

The creation of a Grants Manager position is the first step of many in strengthening the procedures for reporting and accounting for grants within Newaygo County. Future efforts will involve the centralization of grant oversight and tracking, as well as the likely adoption of a Grants Administration Policy to reinforce those efforts.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

None.

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REHMANN ROBSON
Certified Public Accountants
A member of THE REHMANN GROUP

December 8, 2006

To the Board of Commissioners of the
County of Newaygo
White Cloud, Michigan

We have audited the financial statements of the County of Newaygo for the year ended September 30, 2006, and have issued our report thereon dated December 8, 2006. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated October 3, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

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

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

Significant Accounting Policies

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

Accounting Estimates

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

- Management's estimate of the original cost and accumulated depreciation of its infrastructure capital assets is based on current replacement costs, and an assumed rate of inflation from the dates of original acquisition/construction. We evaluated the key factors assumptions used to develop the original cost and accumulated depreciation of the County's infrastructure capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

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

- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances. We evaluated the key factors and assumptions to develop the uncollectible receivable balances in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the amounts due from local units for delinquent real property taxes receivable is based on the County's records of cumulative payments made for chargebacks over a span of many years. We evaluated the County's current reconciliation and collection efforts, as well as the collectability of such amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the County of Newaygo's financial reporting process (that is, cause future financial statements to be materially misstated). During the course of our audit, we identified various matters relating to the proper presentation and reporting of various assets and liabilities, which required adjustment, all of which were reviewed and approved by management, and posted in the County's accounting system. In addition, as described in Note IV.F to the financial statements, we proposed (and the County posted) certain prior period adjustments to properly state beginning fund balances/net assets. In our judgment, the aggregate effect of these adjustments had a significant effect on the County of Newaygo's financial reporting process.

Disagreements with Management

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

Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

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

Very truly yours,

Rehmann Robson

County of Newaygo

Comments and Recommendations

For the Year Ended September 30, 2006

During our audit, we became aware of certain issues regarding internal control and financial reporting. This memorandum summarizes our comments and suggestions regarding these matters. This memorandum does not affect our report dated December 8, 2006 on the financial statements of the County of Newaygo.

Independent Review of Journal Entries

As is the case with any governmental unit, management prepares and posts numerous journal entries to the County's general ledger in the ordinary course of business. In connection with our audit, we selected a representative sample of these journal entries for testing. We noted that the County does not currently have a formal policy in place requiring that all journal entries be reviewed and approved by an individual other than the preparer, though as a practical matter, these reviews typically do take place. As general journal entries represent an easy way to bypass otherwise effective internal controls, we recommend that the County enhance its system of internal control by requiring such an independent review of all journal entries, especially those prepared by members of senior management. These reviews should be initialed and dated as evidence of the control being followed.

Reconciliation of Cash and Investment Accounts

As part of our audit of the County's cash balances, we examined copies of the monthly bank reconciliations prepared by the County Treasurer's office. Based on our review, it appears that reconciliations are being performed timely. However, there still remain many reconciling items that are very old, and may require further adjustment to properly state the County's actual cash balances. While the amounts involved are not material to the County's financial statements taken as a whole, we would nevertheless encourage the Treasurer's office to continue its efforts to identify and clear old reconciling items. In general, any checks still outstanding after one year should be escheated to the State Treasurer's office, in accordance with applicable statutes. Similarly, outstanding deposits or other differences not cleared within 90 days should be addressed with the County's financial institutions, or written-off, as appropriate. We understand that the Treasurer's office was already well underway with this endeavor before we began our audit, and would like to commend the County for its efforts thus far, and encourage it to continue this process until all of the County's accounts are completely free from noncurrent reconciling items.

In addition to its various cash accounts, the County also maintains certain investments—generally U.S. Government securities and similar vehicles. While these accounts have significantly less activity in them throughout the year, periodic account reconciliations are still an important internal control over these investment balances. We noted that these accounts have not been consistently updated for the accumulation of reinvested interest earnings or other transactions. Accordingly, we recommend that the Treasurer's office include these investment accounts in the monthly reconciliation process currently being followed for the cash accounts noted above. To further enhance the internal control over both cash and investments, the County should also require a second individual (other than the preparer) to review, initial, and date each reconciliation once completed.

County of Newaygo

Comments and Recommendations

For the Year Ended September 30, 2006

Delinquent Property Taxes/Chargebacks

In connection with its responsibilities to administer the delinquent tax collection process for all local governments within the County, the Treasurer's office makes a substantial number of refund payments to individual tax payers (e.g., for board of review changes, or based on judgments of the Michigan Tax Tribunal). In such cases, the County is then eligible to receive reimbursement from the local units affected by such tax refunds in the form of property tax "chargebacks". Similarly, in those cases where the County is ultimately unable to fully recover the taxes outstanding on a property (even after the tax sale), any shortfall is to be borne by the local units, rather than the Delinquent Tax Revolving Fund, again by means of chargebacks.

Through our discussions with the County Treasurer's office, it appears that the County did not properly invoice the local units for these chargebacks over a period of many years. Accordingly, the County now has a significant receivable on its books that has not been collected for some time. The Treasurer's office has undertaken the task of reconciling and invoicing these long-overdue chargebacks, though the process is very time consuming, and was not yet complete at the time of our audit.

We would like to commend the County for its efforts thus far, and encourage it to continue this process until all of the County's past delinquent tax chargebacks have been properly billed and collected, or written off, as necessary.

Escheatable Monies

The County holds various funds in a fiduciary capacity in its agency funds. Such amounts should generally be supported by subsidiary ledgers which indicate the individuals or cases for which the funds are held. During our audit, we identified several accounts for which such detail was unavailable. We recommend that the County endeavor to prepare appropriate reconciliations for all such accounts. Any amounts not clearly attributable to a specific individual or case should be escheated to the State Treasurer's office in accordance with applicable statutes.

One such account is the Jail Inmate Trust, maintained by the County Sheriff's office. This account is supported by a jail management computer software application, which tracks balances by inmate. However, the system is not capable of generating a detailed report of inmate balances for a past date (i.e., it can only be run in real time for current balances). In this case, we recommend that the County produce this detail on a monthly basis, and incorporate it into the bank reconciliation process.

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