

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of

COUNTY OF OTTAWA

Grand Haven, Michigan

For the Year Ended December 31, 2005

BOARD OF COMMISSIONERS

2005

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COUNTY OF OTTAWA

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2005

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June 2, 2006

Members of the Board and the Citizens of the County of Ottawa:

The Comprehensive Annual Financial Report of the County of Ottawa, Michigan, for the fiscal year ended December 31, 2005, 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. We believe 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 Ottawa 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 compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County of Ottawa's separately issued Single Audit Report.

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

REPORTING ENTITY AND ITS SERVICES

Named for the Ottawa Indians who hunted and fished the area's forests and streams, Ottawa County was established in 1837. The County began operation in December of 1837, and the U.S. Census of 1840 listed only 208 people in all of Ottawa County. The estimated 2004 population is 252,391 with substantial growth expected in the years ahead. Ottawa County, encompassing an area of approximately 565 square miles, is located in the southwestern portion of Michigan's lower peninsula having over 30 miles of Lake Michigan shoreline. The County is comprised of six cities, one village, and seventeen townships. Ottawa County is the eighth largest county in Michigan in terms of total population.

The County is bordered by the City of Muskegon to the Northwest and the City of Grand Rapids to the East.

The topography of the County is flat to gently rolling, with approximately half of its land area being devoted to agricultural purposes. The County enjoys a healthy mix of tourism, industrial, commercial, and agricultural uses within its confines.

The County's legislative body is an eleven-member Board of Commissioners which is elected from single-member districts, determined by population, on a partisan basis for two-year terms. The Board annually elects from within its ranks a Chairman and Vice-Chairman by majority vote.

The financial reporting entity of Ottawa County includes all the funds and capital assets of the primary government (i.e., Ottawa County, as legally defined), as well as all 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.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Ottawa County Building Authority is separated into the appropriate categories of Debt Service, Capital Projects, Capital Assets and Long-term Debt and the Ottawa County, Michigan Insurance Authority is reported as an internal service fund. Discretely presented component units are reported in a separate column in the government wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Ottawa County Road Commission, the Ottawa County Central Dispatch Authority, the Ottawa County Public Utilities System, and the Ottawa County Drain Commission are reported as discretely presented component units.

ECONOMIC CONDITION AND OUTLOOK

Unemployment Statistic Comparisons

In contrast to the State of Michigan's sliding economy, Ottawa County's economy performed well in 2005. 2005 labor statistics were positive, and there continues to be a high volume of investment in industrial facilities. The County believes this momentum will carry forward throughout 2006 and into 2007.

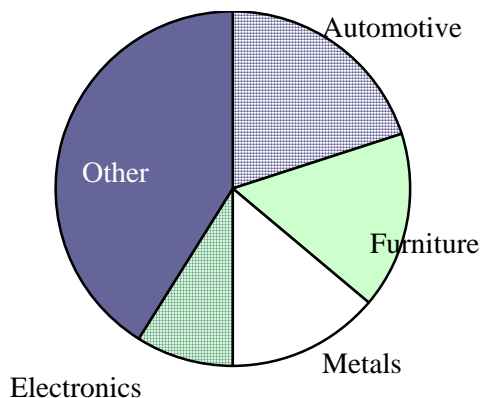
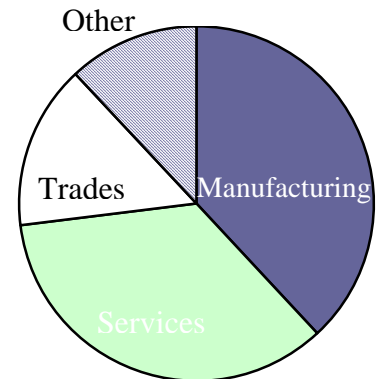
In 2005, Ottawa County consistently posted monthly unemployment rates well below the State of Michigan averages. Specifically, Ottawa County's unemployment rate was under the State rate by 1.5 to 2 percentage points:

	<u>Ottawa County</u>	<u>Michigan</u>	<u>United States</u>
Unemployment Rate	5.0%	6.7%	5.1%

The number of persons employed in Ottawa County, increased by 5,424 reaching 131,497 in December 2005. The number of persons who were unemployed decreased by 1,509 over the year. The year ended having 6,478 persons out of work and seeking jobs. During 2005, the unemployment rate dropped from 6 percent in January to 4.7 percent in December 2005. The 2005 figure was lower than the previous three yearly averages. Ottawa County's unemployment rate in January 2006 (5.1 percent) was the second lowest rate among the 14 labor market areas in the State of Michigan.

Composition of the Ottawa County Workforce

The composition of Ottawa County's workforce continues to have its largest concentration of workers in manufacturing. For the year 2005, the annual average number of manufacturing workers represented approximately 38 percent of the total private sector employment. The next largest sector was services with about 35 percent of the workforce, followed by the trades (retail & wholesale) at a distant third accounting for about 15 percent of the County's private employment. Government workers at all levels comprised about 14 percent of the County's total non-farm employment.



The industries represented within manufacturing are diversified. The largest share of workers, 20 percent, was involved in the production of automotive components in 2005. The next largest share, 16 percent, was engaged in furniture production. The third share, 14 percent, were in fabricating metals. Other groups with significant shares of manufacturing workers were

electronics at 9 percent, food processing at 8 percent, machinery at 7 percent and plastics at 5 percent.

Since 2000, the composition of the workforce has been changing. Specifically, manufacturing employment has been declining in Ottawa County. The overall decrease in the manufacturing base has been approximately 5,855 jobs from a high of approximately 43,357 workers in 2000 to 37,502 in 2005. Overall, the number of industrial workers decreased by about 400 jobs from the start to the end of 2005. A similar decline has also occurred in the first few months of 2006. Ottawa County's auto components manufacturers reduced their workforces by about 500 jobs over the course of 2005. However, the County's furniture manufacturers held their workforces steady throughout the entire year. Manufacturers have been downsizing workforces and making significant improvements in productivity to remain competitive in a global marketplace. However, such productivity gains work against job growth within Ottawa County.

In early 2006, General Motors announced the closure of the Delphi plant in Coopersville by the end of 2008. There are approximately 650 hourly and salaried employees at the Delphi plant. However, there are no suppliers in Ottawa County providing components to this plant. A viable option for Delphi (that will receive strong local support) will be to sell all of the assets to another auto components manufacturer and continue production at this facility.

More recently, two of the top 10 manufacturing employers in Ottawa County recently announced major reductions in their workforces. Hart & Cooley, Inc., who employed nearly 700 workers at the start of 2006, will cut its workforce in about half and relocate its operations from an older plant (built in the late 1920's) in Holland Township to a new facility in Cascade Township in Kent County. This proposed new facility will contain the company's Michigan headquarters and research & development functions. Some of the displaced production jobs will go to plants in the U.S. and Mexico. The phase-out in Holland will be completed in about 18-months.

Johnson Controls, Inc. is the second largest manufacturer in terms of employment in Ottawa County, with an estimated 3,900 workers as of January 2006. JCI has operations in several plants located in the greater Holland/Zeeland area and locally produces a variety of automotive interior components. JCI announced that it will cut its workforce in the Holland/Zeeland area by 500 jobs to remain competitive in the continually restructuring automotive industry. Even with this staff reduction, JCI will retain its status as the second largest manufacturing employer in Ottawa County. These job reductions will occur over the next 12-months. However, it is likely that JCI will be *adding* jobs to Holland in the long run. In 2005, JCI received an industrial tax abatement certificate as discussed in the next section.

Although these composition changes are certainly difficult at their onset, in the long run, they improve the employment picture. These changes have provided us with more diversification both among the categories of employment as well as within the manufacturing component. As a result, the County is in a better position to weather any future economic adversity should it develop.

As the manufacturing sector employment has declined, those economic sectors that have added workers during this period in Ottawa County include services (especially education and health), government and natural resources.

Industrial Facility Investments

While there has been a gradual decline of industrial workers recently in Ottawa County, there has been no curtailment in planned investments in new and expanded facilities and new machinery and equipment by Ottawa County’s manufacturers. In 2005, more industrial tax abatement certificates were issued for expansion projects in Ottawa County than in any other county in the State of Michigan. Of the statewide total of 700 issued certificates, 71 (about 10 percent) were for projects located in Ottawa County. The collective value of all those investments was \$267.9 million. Those projects are expected to create 1,077 new jobs over the next two years. In addition to the 71 projects in Ottawa County, there were 12 expansion projects located in the Allegan County portion of the City of Holland. These projects combined accounted for investments of about \$28.6 million and the creation of 354 new jobs. This was the second year in a row that Ottawa County has led all other counties in the State with a number one ranking in terms of the number of industrial tax abatement certificates issued.

Some of the larger industrial expansion projects in terms of investments and job creation receiving certificates include:

<u>Company</u>	<u>Development</u>	<u>\$ Invested</u>	<u>Projected Job Growth</u>
Leprino Foods	Plant Expansion and Renovation	\$85.0 million	53
Johnson Controls	Auto Seat Components Project	\$62.9 million	544
Gentex	Manufacturing/Technology Center	\$59.8 million	250
Boar’s Head Provisions	Distribution Center/Food Processing Plant Renovation	\$19.2 million	115
Nicholas Plastics	Plant Addition	\$14.2 million	75
Tiara Yachts	Plant Expansion	\$12.0 million	150
Mead Johnson	Plant Expansion	\$11.4 million	Undetermined
Request Foods	Plant Expansion	\$10.7 million	Undetermined

Outlook for 2006 - 2007

State Outlook:

Michigan's employment growth has lagged behind nearly every other State in the country due primarily to the State's disproportionate concentration of durable goods manufacturing – motor vehicles and auto components. The restructuring in the domestic auto industry has led to six consecutive years of job loss in Michigan. This is the longest decline on record. Between the end of 2005 and the end of 2007, it is estimated that there will be a loss of 62,700 manufacturing jobs. In addition, it is unclear how the restructuring of State business taxes as well as the threat of other plant closings, strikes and other bankruptcies may affect the State.

Michigan's job growth is expected to remain below the national average. Total employment in Michigan is expected to decline 1.2 percent in 2006 and .5 percent in 2007. The State's annual average unemployment rate may rise to 7.4 percent for 2006 and 7.5 percent for 2007, which will be well above the national averages of 5.2 in both 2006 and 2007. However, employment gains are projected in the services sector, which will add 4,800 jobs in 2006 and 26,900 in 2007.

Productivity gains have made manufacturing firms more profitable and competitive, but have reduced the need for hiring additional employees to meet increased demand. Because of the large number of workers employed in transportation equipment manufacturing and the likelihood of continued substantial gains in productivity in the vehicle sector, it is probable that the Michigan economy will require additional time to adjust to the change.

Ottawa County Outlook:

The outlook for Ottawa County is somewhat better. According to one published economic forecast, Ottawa County's total employment is expected to grow by one percent in both 2006 and 2007. Employment in the services sector is forecasted to grow by nearly two percent.

Manufacturing job growth can be expected in Ottawa County in the long term, since it is known that many of the largest expanding firms have multi-year expansion projects. Having a large, relatively diversified manufacturing base has been a strength of Ottawa County's economy. With Gentex's building project, the 5-year plan is for overall investments of \$110 million and job creation of a total of 625 new jobs. When the new manufacturing/technology center opens in June 2006, there will still be an additional \$40 million in planned future improvements. Consequently, there are another 375 new jobs on the horizon as Gentex Corporation grows into its new complex.

Leprino Foods' expansion project in Allendale Township also involves multi-year phases. Beyond the first two phases, Leprino Foods expects to add new bulk packaging equipment and construct a 17,000 square foot addition to house its block cheese production equipment (Phase III). Leprino Foods also plans to undertake further upgrades to existing areas in the old portion of the plant (Phase IV). These proposed

improvements have yet to be identified by investment value and job creation potential until they complete a ten-year plan for the Allendale cheese making facility.

In addition, there are also a number of new industrial expansion projects in Ottawa County that are just being announced, including a \$7.2 million expansion to create 25 jobs by pharmaceutical maker J.B. Laboratories in Holland Township; Agape Plastics in Tallmadge Township with a \$3.8 million 30,000 square foot plant addition to create 50 jobs; Apex Spring & Stamping in Tallmadge Township also with a 30,000 square foot building addition valued at \$2.2 million; DeWys Manufacturing in Wright Township with a \$1.6 million machinery & equipment upgrade in its metal fabrication shop which will create 10 new jobs; and Plascore in the City of Zeeland with a proposed \$2.8 million new 50,000 square foot plastics manufacturing plant to create 50 new jobs.

However, the expansion is not only in the manufacturing segment. Holland Hospital is in the process of a \$45 million remodeling and expansion project to expand the emergency department, add a new critical care unit, and add more rooms. In April of 2006, the new, \$36 million Zeeland Community Hospital opened and provides additional space to meet projected service needs.

The projects highlighted above represent the larger developments underway. It is important to note that many modest investments continue to develop in the County. Both the multitude and magnitude of investment in the County are indicative of the confidence that the private sector has in Ottawa County. With its strengths in entrepreneurship, pro-business attitudes, local governmental cooperation, innovation, and strong work ethic, Ottawa County will be stable in the years ahead.

MAJOR INITIATIVES

The Ottawa County Board of Commissioners initiated and/or completed a number of major initiatives in 2005 designed to enhance Ottawa County residents' quality of life and increase the effectiveness of County government. The following list identifies the major initiative areas and the specific initiatives embarked upon or completed in each area.

Strategic Planning, Program Evaluations, and Land Use Planning

STRATEGIC PLANNING AND PROGRAM EVALUATIONS

The Planning and Grants Department continues to assist in the development of strategic outlines and evaluations for County programs. In 2005, the Department was involved in the evaluation stage of three Drug Courts, the Gatekeeper Program, a Mental Health Diversion Program, an Ex-Offender Re-Entry Program, Probation Office Programs, Court Services Office Programs, and Juvenile Community Justice Programs. The evaluation process is used to measure processes, effectiveness, and the efficiency of County programs.

In addition, several of the goals related to performance evaluation established by the Administrator were also addressed in 2005:

- Completion of the first employee survey
- Evaluation of the MIS (IT) Department and reorganization based upon evaluation
- Established employee evaluation system for direct reports of the Administrator
- ESRI completed its evaluation of the GIS Department
- Rye Wage and Classification studies were completed for several employee groups, and the first appeal process was established
- A survey of all mandated services was completed
- Reorganization of the Accounting and Finance Departments into the Fiscal Services Department

STRATEGIC PLANNING

The Ottawa County Health Department completed their strategic plan during 2005 for approval by the Board of Commissioners in 2006. This endeavor was the culmination of many hours of research, discussion, employee feedback and decision making that has resulted in a tool that will assist the Health Department to succeed in the future. Although several other strategic plans have been completed in the past, this plan includes a comprehensive understanding of National Public Health guidelines and focuses on collaborative efforts both within the Health Department and with our community partners. The Health Department is excited to implement this plan that includes both measurable outcomes and research based objectives in their efforts to provide Ottawa County with quality public health services.

URBAN SMART GROWTH DEMONSTRATION PROJECT

As part of the Smart Growth Demonstration Project, the Ottawa County Planning Commission and the City of Hudsonville hired Nederveld Associates Inc. in July 2005 to develop a Design Elements Portfolio that will serve as a guide for future development and redevelopment in the City of Hudsonville. The Portfolio will consist of an assortment of images to clearly illustrate the types of architectural and aesthetic design elements that will be encouraged in the downtown and industrial areas of the City and will ultimately be codified in the rewritten Master Plan and Zoning Ordinance for the community.

The City and County are also working with the Landscape Architecture Program at Michigan State University (MSU), as part of the University's Small Town Design Initiative, to develop digital renderings to realistically illustrate how the architectural design elements will appear in the community. MSU will also prepare conceptual drawings for a proposed "Downtown Hudsonville" based on the architectural style developed by Nederveld Associates, Inc. These drawings will illustrate potential design concepts that can help to invigorate the existing downtown area and will include conceptual street layouts, building designs, and recreational amenities.

COUNTYWIDE CORRIDOR PLAN

Current traffic conditions and future transportation demands are two major concerns for the communities of Ottawa County. In response to this concern, the Planning and Grants Department has coordinated with private consultants to complete two major corridor

studies: the North-South Corridor Study in eastern Ottawa County and the M-104 Corridor Study in northwest Ottawa County.

These studies have provided valuable recommendations for preserving the aesthetic character of the roadway, and maintaining and improving the efficiency of these corridors through the use of access management techniques. Based on the results of the studies, the Planning and Grants Department now recognizes the need to conduct similar studies on additional corridors in other areas of the County.

In order to address this need and obtain funding to conduct corridor studies, the Planning and Grants Department has developed a more comprehensive approach to selecting corridors throughout the County by initiating the Countywide Corridor Plan. The Countywide Corridor Plan was reviewed and valuable input was received by the Ottawa County Road Commission, Michigan Department of Transportation, the Grand Valley Metropolitan Council, the Macatawa Area Coordinating Council, and the West Michigan Shoreline Regional Development Commission.

After each corridor study is completed, the Planning and Grants Department will work with each of the local units of government to update their ordinances to implement the recommendations of the study.

Facilities and Related Improvements

HUDSONVILLE HUMAN SERVICE RENOVATION AND ADDITION

The 17,600 square foot Human Services facility in Hudsonville was extensively renovated and 17,500 square feet were added to the building as part of this project. The \$4.1 million project was completed in June 2005 and will be home for the satellite offices of the District Court, the Sheriff, Public Health and Community Mental Health. The County Building Authority, Landmark Design (Architect), and Triangle Construction (Construction Manager) oversaw the construction of this project.



GRAND HAVEN HUMAN SERVICES BUILDING RENOVATION

This project included extensive renovation to the 10,000 square foot Grand Haven Human Services Facility. The \$450,000 project was completed in May 2005. This building will house



the Grand Haven area Community Mental Health offices.

HOLLAND DISTRICT COURT

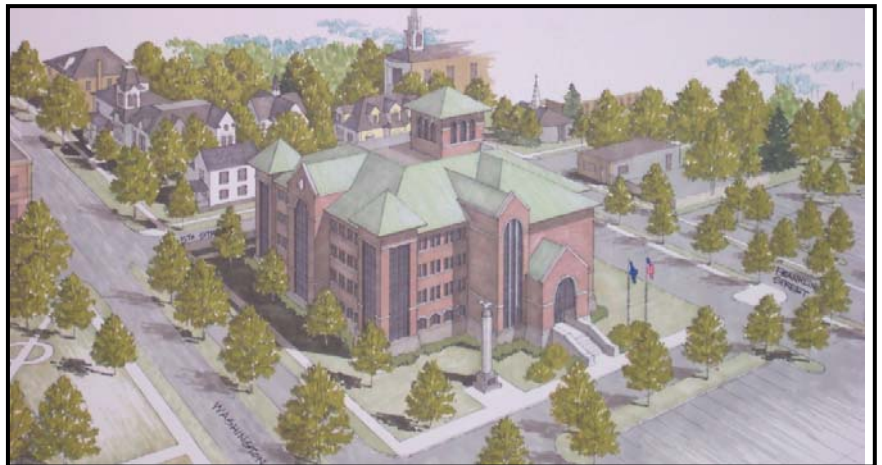
The new District Court Building in Holland and the new Holland City Police Complex (completed in 2004) will be sharing a main lobby, a secure access corridor between the facilities and a parking lot with a snowmelt system on the top deck. The County and City has worked closely to assure the site is properly developed and our



common interests are met. The \$8 million Court Building will total 39,000 square feet on two floors along with a partial basement. The building includes space for two District Courts, Court staff, a Magistrate and the Holland offices for District Court Probation and the County Prosecutor. The projects have been staged to allow both the City Police and County District Court to continue to occupy their existing buildings while the new Buildings are being built. Erhardt Construction serves as Construction Manager for the City and County under separate contracts. The County is using Landmark Design as its architect; the City used GMB architects. Project completion is expected by August 2006.

GRAND HAVEN COUNTY BUILDING

Concept plans for a new Court House in Grand Haven were presented to the County Board in August 2004. The Board expressed an interest in exploring other options and directed staff to proceed with refining the presented concept along with developing other concepts.



MICHIGAN WORKS SERVICE CENTER

The Holland Michigan Works Service Center—Job Connections South—relocated to new facilities, adding 10,000 square feet and two additional partners. The Service Center offers the Internet based labor exchange to a universal population at no charge. In addition, numerous training providers are located at the Service Center providing tuition

assistance and support services for various target populations. Nine Service Center employees achieved status as Certified Global Career Counselors, and Work Keys assessments were implemented as an employer service. Community Action Agency also assigned one staff person to locate at the Michigan Works Service Center and provide housing services as the Housing Resource Specialist for the Ottawa County area.

Technology

ADMINISTRATOR'S OFFICE

The following initiative was accomplished in 2005:

- Introduced miOttawa.org a countywide, interactive website, which includes the first applications that allow citizens to do business via the internet

COUNTYWIDE WIRELESS NETWORK

Ottawa County and the local units of government approved a Memorandum of Understanding in December 2005 with Broadbreeze Communications, a Grand Rapids-based company, to deploy a countywide wireless broadband network. Broadbreeze Communications, a subsidiary of Hungerford, Aldrin, Nichols and Carter, P.C., is proposing a third generation cellular-based (3G) technology that could provide high-speed, fully-mobile broadband internet access to residents and businesses in 100% of the geographic area of Ottawa County.

One of the advantages of a 3G network is that it has the capability to provide continuous high-speed wireless internet access, even when traveling at freeway speeds. Additionally, the 3G technology has the ability to broadcast a wireless signal up to six miles from a single tower location; as a result, the proposed countywide network will not require the installation of any new cellular communication towers or the installation of antennas on utility poles and buildings across the County.

Broadbreeze Communications will be deploying a pilot project in Jamestown Township to demonstrate the performance and functionality of the proposed 3G technology. A second pilot project is scheduled for Allendale Township. If the pilot projects prove successful, the proposed 3G network could be expanded countywide by the end of 2006.

TELECOMMUNICATIONS NETWORK

In 2005, the County continued its implementation of a cooperative partnership with the Ottawa Area Intermediate School District to utilize fiber optics for its backbone network. This \$600,000 plan provides an "owned" solution rather than contracted services from a vendor. The fiber-based network provides gigabit bandwidth for the County's data. It also transports data, voice and video arraignment between its main sites, including the Fillmore Street Complex, James Street Campus, Holland 58th District Court, Grand Haven County Building, and the Hudsonville Human Services/58th District Court Building. It will also connect the Grand Haven Health and Mental Health facilities to the County network. Last-mile construction was completed along with related electronics in June 2005.

INFORMATION TECHNOLOGY DEPARTMENT

The following initiatives were accomplished in 2005:

Data Network Infrastructure Improvements

- The capacity of network connections between major facilities was increased from 16Mbps to 1Gbps (20 times the previous capacity)
- Two sites previously connected via slow speed leased lines Ferris Street (Health Department) and Fulton Street (CMH)) were added to the new fiber backbone.
- Two additional internet connections were added to the County. One located in Holland and one in Grand Haven. This increases our capacity to support the growing demand for connectivity between the County and external agencies and access to resources on the internet. By locating connections at three different locations, we have provided options to cover contingencies such as outages.
- Three sites that were connected by leased lines have been converted to lower cost, but faster Digital Subscriber Lines (DSL). With the addition of Virtual Private Network (VPN) capability, these sites are able to access the County systems via the internet using secure VPN capabilities.
- To support the growing demand for internet connectivity, both incoming and outgoing, the County's main connection at Fillmore Street will be doubled in capacity.

Blackberry

- During 2005, the County conducted a trial implementation of this technology. The Blackberry device combines Cell phone capability and Encrypted E-mail transmission from the County's Lotus Notes E-mail system. A trial group of 16 used these devices for the last five months of the year.
- Based on this test, the County plans to limit further deployment of these devices. The criteria for justifying the requirement for a Blackberry device have been provided to all departments who will submit their prioritized requirements for review. The limitation on the number of devices is due to the incremental cost of these devices (monthly charges for service, licensing, maintenance).

New Systems

- The IT Department added four servers to support miOttawa.org which went live in September.
- A decision was made to select ImageSoft, Inc. to deliver the Justice Department Imaging solution. The project kicks off in January and is expected to take nine months to fully implement across the participating departments with the County Circuit Court Records office being the first location.
- The Mental Health Department initiated conversion to a new system in June.

- The IT Department replaced its Production Server and will realize savings in maintenance costs that will pay the cost of the server over five years.
- The IT Department has initiated the deployment of the Active Directory Architecture. After three months of testing in the department, the rollout to other departments has begun with the Fiscal Services Department which was completed in Mid-February. Other departments will be converted during 2006. The benefits of Active Directory include improved security, file sharing, centralized backup of user documents and centralized management and support of desktop computers and servers.

Plante & Moran Study

The IT Department has been working to implement changes in accordance with the Plante & Moran Study. In August, the Help Desk and PC Support group were consolidated under one supervisor. The reorganization of the department under three managers was completed at the end of the year. All Programmer/Analysts and Programmers are now supervised by the Manager of Applications and Data.

COUNTY CLERK'S OFFICE

The following initiatives were accomplished in 2005:

- New computer programs in court records involving cost and restitution, jury payroll, and reporting.
- Implemented the State Case Age Disposition Report which traces every case to determine the length of time a case takes to be resolved.
- Implemented new election equipment countywide with a new program to set up elections.

PROPERTY TAX SOFTWARE

The conversion to BS&A Property Tax software was completed in 2005 with 24 Local Units of Government calculating, printing and managing tax receivables on systems decentralized from the County. With this conversion, County Departments and Local Units of Government are able to share data through email and on the County's FTP site.

The Ottawa County Property Tax Team of County Treasurer, Equalization, Register of Deeds and GIS participated in the development of on-line services including property tax search and the ability to collect credit card sales. The project went live on January 10, 2006. This project allows the general public and corporate customers the freedom to conduct business 24/7.

Quality of Life

NORTH OTTAWA DUNES ACQUISITION

The Parks Commission acquired this 500 acre property, located in Spring Lake Township and the City of Ferrysburg, in December. The total cost for these spectacular wooded dunes was \$7.1 million and was financed with \$3.9 million in state grant funds, \$1.35 million in private pledges and donations and \$1.85 million from the county parks millage.

Construction Aggregates agreed to sell the property below its \$9.5 million appraised value which was key to the success of achieving the state grant from the Michigan Natural Resources Trust Fund. Future improvements will include trails linking North Beach Park, Hoffmaster State Park and Ferrysburg's Coast Guard Park.

JUBB BAYOU ACQUISITION

Ottawa County Parks was successful in acquiring a 97 acre property in Crockery Township with just under a mile of Grand River frontage. With access from Oriole Drive, the site expands the Grand River Greenway and will provide opportunities for hiking, hunting and fishing in Jubb Bayou, a scenic bayou located on the property.

FRIENDS OF OTTAWA COUNTY PARKS

Many park systems throughout the country have friends organizations that assist their park system through sharing of ideas, fund raising, research assistance and spearheading a variety of volunteer efforts. Friends of Ottawa County Parks formed and organized as a non-profit organization in 2005. The group has already sponsored several events and is planning more for the future.

PARK 12

After many years of legal work and planning, Ottawa County Parks has started to make improvements and to expand public access to the Park 12 properties adjacent to Holland State Park. In August, Judge Bosman in 20th Circuit Court approved an agreement negotiated between Ottawa County and the West Michigan Park Association that confirms Ottawa County's ownership of the park parcels and more clearly defines cottage owner interests. An approved master plan calls for expanded public access to key park parcels including a section of Lake Macatawa waterfront, 750 feet of Lake Michigan frontage and Mt. Pisgah, a large parabolic dune offering scenic views of the surrounding area.

UPPER MACATAWA CONSERVATION AREA

Progress continued this year on this project located in Zeeland Township. Additional land acquisitions expanded the site to 549 acres, a grant agreement was received from the MDEQ Clean Michigan Initiative for \$500,000 for site improvements, 57 acres were planted in native grasses and wildflowers and several studies were completed on the natural features of the site. Master planning for this site is now underway with completion expected in early 2006.

CONNOR BAYOU

Acquisition of the key parcel to complete the Connor Bayou site, located in Robinson Township, was finalized in April. This 95 acre property includes Grand River frontage and a portion of Connor Bayou and is contiguous to a 47 acre parcel acquired in 2003. Over half of the funds to purchase the 95 acres came from an \$823,000 Michigan Natural Resources Trust Fund grant. Together, the two Connor Bayou properties offer 0.86 miles of riverfront and 142 acres of natural land with a wide diversity of wetlands and other natural communities.

PIGEON RIVER PROPERTY DONATION

A private landowner donated an eight (8) acre parcel with 600 feet of wooded riverfront on the Pigeon River. The land, valued at \$45,400, expands the acreage of Hemlock Crossing County Park to 247 acres.

WEAVER HOUSE RENOVATION

Considerable progress was made in renovating the Weaver House located at Pine Bend in the Pigeon River Greenway. The historic house was built at the turn of the century as the caretaker's residence for a turn-of-the-century resort hotel previously located on the property. The house is scheduled for completion in the spring of 2006 and will be available for weddings, meeting retreats and other public functions.

PARK OPERATIONS CENTER EXPANSION

Expansion of the Park Operations Center, the primary facility housing staff, equipment, and supplies for maintaining the county park system, began in the fall of 2005 with completion anticipated in early 2006. The \$135,000 project will provide added capacity in response to growth in the park system and consists of a new storage building along with expanded office space. The Park Operations Center is located on Fillmore Street in Grand Haven Township near 168th Avenue.

LONG RANGE PARKS PLAN

Considerable progress was made toward the completion of the "2006 Ottawa County Parks, Recreation and Open Space Plan" during 2005 with completion scheduled for early 2006. The plan is the key long-range planning document which identifies strategies for land acquisition, park improvements and park operations for a ten year period.

EMPLOYMENT ALLIANCE

Ottawa County Michigan Works Agency received a grant from the U.S. Department of Labor for a project to increase employment in targeted neighborhoods of high unemployment and high poverty. Through subcontracts, three neighborhood based career academies were established and seven satellite instruction sites were identified in the target neighborhoods. To date 139 individuals have completed the weeklong academy and 106 have found jobs. The grant extends to June 30, 2006, and the academies are currently seeking continuation funding.

MiOPPS/REGIONAL SKILLS ALLIANCE

Ottawa County Michigan Works joined with ten neighboring counties to create the West Central Michigan Regional Health Care Skills Alliance. The RSA is increasing opportunities for individuals to enter and remain in the health care field through changes in training programs and collaboration among training providers and health care providers. Ottawa County is also participating with the Statewide MiOpps Initiative, generating job requests from employers and assisting them in filling the requests through efforts at the Michigan Works Service Center.

COMMUNITY FOOD AND NUTRITION

Community Action Agency established two additional community gardens in Ottawa County adding produce to the commodity supplement food program distribution boxes. In addition, the gardens supported a youth nutrition initiative that taught youth gardening

principles along with nutrition facts. This activity was conducted in collaboration with MSU Extension Services.

MIGRANT PROGRAMS

Community Action Agency contracted with Sparta Community Education to bring English Language Instruction to four migrant camps in northeast Ottawa County. Migrant Head Start families were introduced to “Start Smart” an activity program designed to teach parenting skills while engaging children in activities to increase school readiness.

HOUSING CHOICE VOUCHERS

Community Action Agency was named the Housing Choice Voucher (formerly Section 8) Agent for Ottawa County by the Michigan State Housing Development Authority. This involves administration of over 330 monthly rental vouchers and maintenance of the waiting list. Upon receipt, the waiting list had 597 names, but CAA was able to reduce the waiting list to 74 names by year end and to add 60 vouchers for Ottawa County residents.

EARNED INCOME TAX CREDIT

Community Action Agency served as a tax preparation site for low income individuals and families. In 2005, 179 households received tax filing assistance with \$312,293 returned to them along with \$16,720 in home heating vouchers.

CHILDHOOD OBESITY

Today’s youth are plagued by risk factors for today’s top chronic diseases: heart disease, cancer and diabetes. Nationally, over 9 million young people are considered overweight with the prevalence of childhood obesity at 25-30 percent, tripling since 1960. In order to gather data on the health of local youth, the Ottawa County Health Department conducted body mass index (height/weight measurement) screenings during the 2004-2005 school year. A total of 2,678 pre-kindergarten, third and sixth graders in over 40 schools were screened. Results showed that 15 percent of children were classified as overweight and an additional 17 percent of children were classified as at risk of becoming overweight. Given this baseline information, the wellness team at the Ottawa County Health Department is working with community partners to create environments where healthy choices are the easy choices for residents. For young people, the health department staff will assist local schools in developing plans to increase opportunities for healthy activities and food choices.

COMMUNITIES HELPING OTTAWA OBTAIN A SOBER ENVIRONMENT: CHOOSE

Historically, substance abuse prevention strategies have targeted individuals and have been designed to affect behavior directly. CHOOSE, a research based program, is moving in a new direction of environmental and policy change to combat alcohol problems by changing the social and cultural factors that contribute to them. These factors include how alcohol is sold and advertised; when, where and how it is available, especially for those underage; and what types of drinking levels are considered socially acceptable. Data collected during 2005 shows that residents support changing alcohol policies and laws in order to reduce alcohol related death and injury. The substance abuse prevention team at the Ottawa County Health Department is committed to working with its partners throughout the county in order to achieve a community that supports positive choices about alcohol. CHOOSE

community coalition is aimed at reducing alcohol related injury and death through preventing drunk driving, promoting responsible beverage service, reducing underage alcohol access and assessing alcohol retail outlet density.

HIV/AIDS

The HIV/AIDS program resumed testing on June 1, 2005 after a six month hiatus caused by a budget reduction from the Michigan Department of Community Health. Despite the funding cut, the need to provide confidential HIV/AIDS testing continued. By implementing program and staff adjustments, the health department reinstated services critical to minimizing the spread of HIV/AIDS. A total of 625 individuals were tested at the health department. There were six new HIV/AIDS cases detected in Ottawa County in 2005. In addition to being tested for HIV/AIDS, clients were tested for other sexually transmitted diseases identifying 403 cases of Chlamydia and 55 cases of Gonorrhea.

COMMUNITY MENTAL HEALTH

The following initiatives were accomplished in 2005:

- 52 single adults and 10 families who were homeless or at risk for becoming homeless were served through the Supported Housing Program. 92% of the participants have remained in independent permanent housing of their choice during the year.
- Notice of continued funding was received for three Supported Housing Program grants for 2006/2007 in the amount of \$304,545. The grants provide consumers with rent assistance in maintaining permanent independent housing in the community.
- Achieved accreditation by CARF, The Rehabilitation Accreditation Commission, a national accrediting body for behavioral health and rehabilitation organizations. Ottawa County CMH has maintained accreditation through the Joint Commission for Accreditation of Healthcare Organizations (JCAHO) for the past nine years, but switched to CARF because it was more focused on behavioral health organizations.

REDUCE OVERPOPULATION OF UNWANTED PETS

Ottawa County participated in a project with Harbor Humane Society to Help Everyone Reduce Overpopulation of unwanted pets by providing grant opportunities for spay and neutering pets. A check off donation was placed on the 2006 dog license renewal application. The Ottawa County Treasurer's Office along with treasurers in Local Units of Government will be collecting donations as they sell dog licenses. A matching bequest of \$10,000 made to the Harbor Humane Society has been designated as a dollar for dollar match for this project. The first month of dog license sales (December 2005) recorded 360 donors giving \$3,437 which when matched will be \$6,875. The project is geared to persons whose income is at or below the poverty level.

Environment

ROAD SALT MANAGEMENT PLAN

In May of 2004, the Ottawa County Planning Commission appointed a Road Salt Commission to identify strategies that could be used to modify the Ottawa County Road Commission's winter road maintenance practices. The objective of this effort was to prevent further environmental impacts related to the application of road salt. To

accomplish this, the Road Salt Commission developed a Road Salt Management Plan that provided several recommendations to the Road Commission.

The Planning and Grants Department has worked with the Ottawa County Road Commission to ensure that the strategies identified in that Road Salt Management Plan continue to be followed. Additionally, the Planning and Grants Department has continued to work with the Ottawa County Health Department and the Michigan State University Extension – Ottawa County to monitor the effects of the implementation of the Road Salt Management Plan. The initial results indicate that the Road Salt Management Plan has been effective at lowering sodium and chloride levels at the 12 test sites. However, continued testing is necessary to substantiate these initial findings.

REGIONAL PLANNING INITIATIVES

The Planning and Grants Department has met with local officials and interested citizens from the City of Ferrysburg, the Village of Spring Lake, and Crockery and Spring Lake Townships, known informally as the ‘North Bank Communities’, to facilitate collaboration between these units of government. At the first meeting, the group identified project categories for collaboration. Traffic (specifically along M-104) was identified as the category of most importance to the group, with Land Use/Zoning a close second.

To that point, the Planning and Grants Department worked to create a model overlay zoning district ordinance that could be integrated into the local units of governments’ existing zoning ordinances. The model ordinance incorporates the recommendations from the 2004 M-104 Corridor/Access Management Study. The model overlay zoning ordinance was presented to the group at their February, 2006 meeting and the group is currently reviewing the proposed model.

LAND SURVEY REMONUMENTATION PROGRAM

The Remonumentation Program Peer Group members have finished the Remonumentation of all Public Land Survey (PLS) corners in Ottawa County as of December 22, 2005. With the conclusion of this phase of the program, the next phase of the Program is to commence the Setting of Coordinates. This phase involves establishing Global Positioning System (GPS) coordinates for all PLS corners in the County.

The Department is currently accepting bids for the County Remonumentation Program Representative contractual position. Once a new Program Representative has been contracted, the Remonumentation Committee will move forward with the Setting of Coordinates Phase of the Remonumentation Program.

OFFICE OF THE DRAIN COMMISSIONER

The following initiatives were accomplished in 2005:

The #8, North Holland Drain, Improvement Project

The #8 Drain was reconstructed between Ransom and Quincy Streets, and a bridge was added to provide access to a new industrial facility. The expansion of the industrial facility, Agra Tech Inc, qualified this endeavor to be funded with a CDBG Grant, which allowed the project to be completed through cooperation

between Holland Charter Township, the Ottawa County Drain Commissioner's Office and Agra Tech Inc.

Sand Creek Watershed Partners Project

The Sand Creek Watershed Partners, which includes a representative from the Drain Commissioner's Office, have been in existence since February, 2002. The group has been working toward a goal of improving water quality and addressing flooding concerns within the watershed. The upstream portion of Sand Creek is also established as a county drain. The Sand Creek Watershed Partners, working with Grand Valley State University Annis Water Resource Institute, were able to secure a CMI Grant which funded a project that included both streambank restoration and construction of several rain gardens.

Law Enforcement and Emergency Management

PUBLIC HEALTH PREPAREDNESS

A critical component of public health preparedness is ensuring a public health system where component staff and community members are ready to act in an emergency. One of the program's newest endeavors was the introduction of training and education programs to both health department staff and county stakeholders. The department implemented a series of trainings for OCHD employees to learn preparedness and response to public health emergencies. The three part series covered emergency preparedness skills, bioterrorism, the local emergency response plan and a tabletop exercise. The staff also provided education for community stakeholders. The training acted as an informational avenue for public health responsibilities during emergencies and developed relationships with emergency responders. One participant referred to the training as "excellent, interesting, informative, interactive and thought provoking..."

AUTO THEFT PREVENTION AUTHORITY (ATPA)

The Sheriff's Department was able to continue grant funding in 2005 from the Michigan Insurance Commission for our Sheriff's Curbing Auto Theft (SCAT) Program. This program continues to receive funding for a full time deputy, whose primary focus is on local auto theft investigations, interaction with other law enforcement agencies on investigations and public awareness about auto theft issues.

U.S. DEPARTMENT OF JUSTICE GRANT

The Ottawa County Sheriff's Department applied for and was awarded a grant for \$32,000 to be used for two equipment purchases. First was the purchase of three Automatic Electronic Defibrillators (AED). The AED's are placed into patrol units to be used on cardiac emergencies. The purchase of these units will allow for 90% of sheriff patrol vehicles to be equipped with an AED device. AED's have also been placed in several Ottawa County facilities.

The second purchase was an upgrade to the Sheriff's Department range simulator computer. The simulator system is used in firearm training of Sheriff Office employees. The simulator allows for a deputy to be placed in real life situations by the use of interactive scenarios.

HOMELAND SECURITY GRANT

The Sheriff's Department oversaw the distribution of \$1.2 million to many disciplines involved in emergency work and response in Ottawa County. The grant dollars were utilized in the areas of training, new equipment and equipment upgrades which has greatly increased Ottawa County's emergency response to a situation.

Ottawa County is now in the process of managing a second grant from Homeland Security of approximately \$1.2 million. These dollars will again be utilized by several disciplines within Ottawa County.

MICHIGAN OFFICE OF HIGHWAY SAFETY & PLANNING GRANTS

The Ottawa County Sheriff's Department participated in two grants awarded in 2005. The Drive Michigan Safely Grant of approximately \$20,000 was used for drunk driving and seatbelt enforcement within Ottawa County. This grant has proven itself by reducing alcohol related traffic crashes and raising seatbelt usage 85% in Michigan.

The second grant is the Youthful Alcohol Enforcement Grant which is \$3,000. The Sheriff's Department uses this grant to conduct compliance checks at alcohol establishments and conducting patrols in areas where parties and youth drinking takes place.

MICHIGAN DEPARTMENT OF NATURAL RESOURCES GRANT

In 2005, the Ottawa County Sheriff's Department was awarded a grant for \$13,000 for purchase of a snowmobile, related equipment and patrol hours. This snowmobile will be used to patrol snowmobile trails that run through northeast Ottawa County. The snowmobile can also be used to patrol other areas in Ottawa County where citizens report snowmobile violations. The Sheriff's Department also conducts Snowmobile Safety Training classes.

MARINE DIVISION

The Ottawa County Sheriff's Department Marine Unit obtained a side scan sonar with Homeland Security Grant dollars in 2005. The sonar allows for the search of an area underwater. The sonar will be used for Homeland Security checks in the waterways of Ottawa County. The Marine Unit and Dive Team will work in conjunction with the United States Coast Guard with the side scan sonar in related Homeland Security checks. The sonar device will also be able to assist with the search for drowning victims or the search for evidence from crimes that may have been disposed of in water.

The Dive Team received a trailer to be used for the storage and transportation of equipment to the scene of a water incident. The trailer was purchased with money from the Homeland Security Grant. The trailer is well equipped and also heated.

SPIKE STRIPS PROJECT INITIATED

In 2005 the Ottawa County Sheriff's Department began the placement of spike strip systems in patrol vehicles. The spike system is used to deflate the tire of a vehicle that law enforcement is attempting to stop and has refused to stop. This project was funded with grant dollars from the Michigan Office of Highway Safety and Planning. Three townships, Holland, Park, and Georgetown also purchased spike units to be placed in township funded cars. The Sheriff's Department also developed training and a policy and procedure for the use of these systems.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to Ottawa County for its comprehensive annual financial report for the fiscal year ended December 31, 2004. The County has received this prestigious award for twenty two consecutive years.

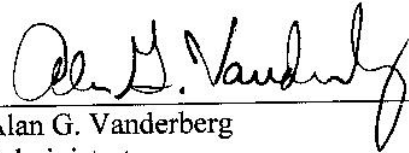
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is granted for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

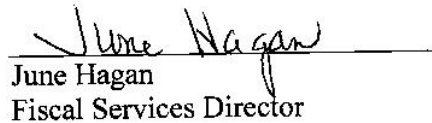
ACKNOWLEDGMENT

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Fiscal Services Department. We would like to express our gratitude to all members of the Ottawa County Board of Commissioners for their interest and support in planning and conducting financial operations of the County of Ottawa in a responsible and progressive manner.

Sincerely,



Alan G. Vanderberg
Administrator



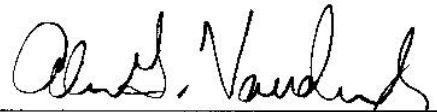
June Hagan
Fiscal Services Director

**STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR FINANCIAL STATEMENTS**

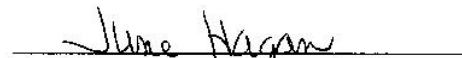
Responsibility for the integrity of the financial data presented rests with the County. We believe the data to be accurate in all material aspects. These financial statements are prepared in accordance with Generally Accepted Accounting Principles applicable to county government and State statutes.

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, 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 report is included in the financial section of this report.



Alan G. Vanderberg
Administrator



June Hagan
Fiscal Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Ottawa,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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



Carla E. Perry

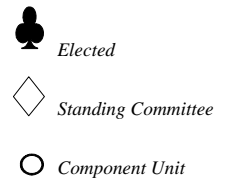
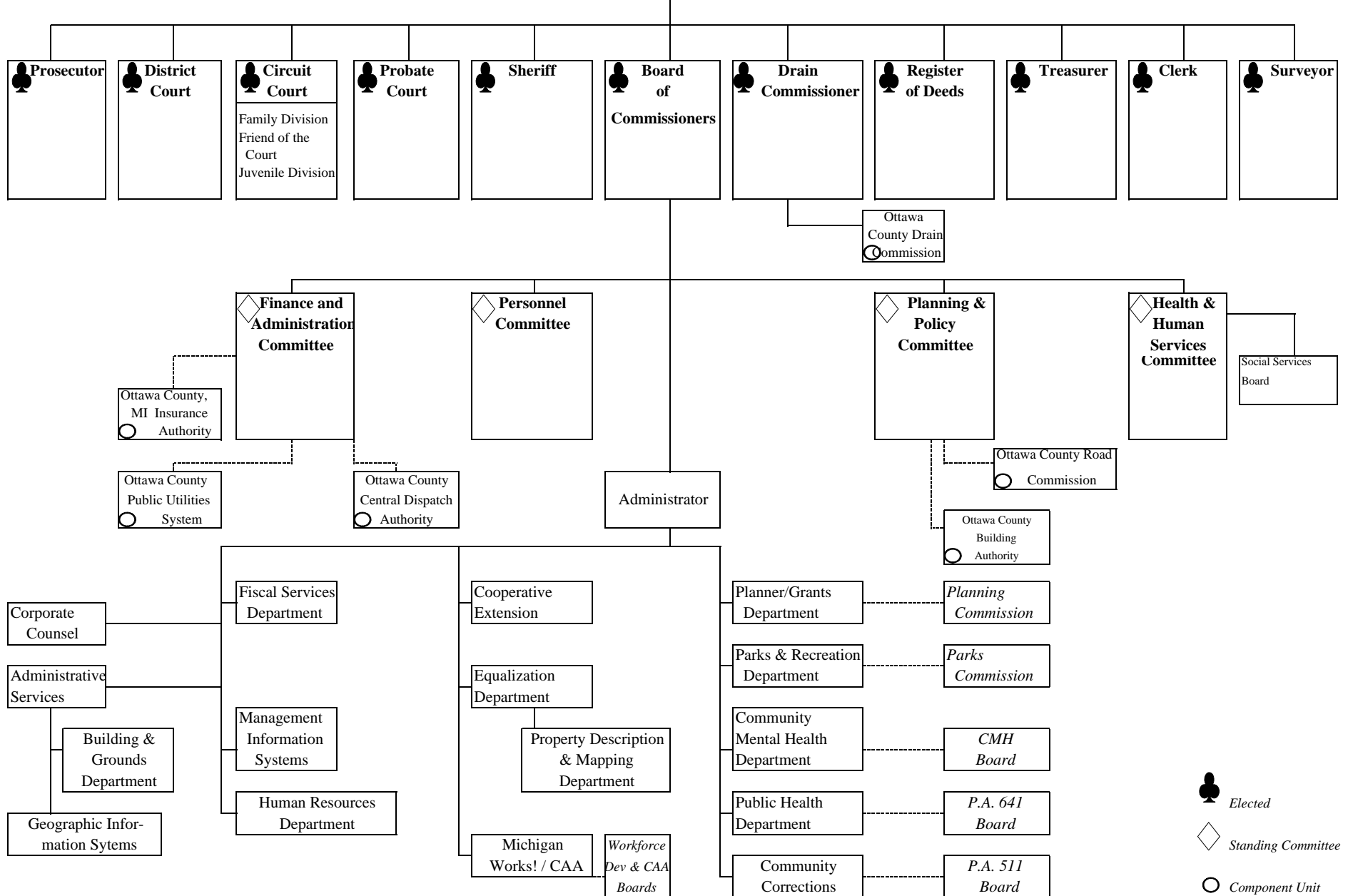
President

Jeffrey R. Emmer

Executive Director

2005 ORGANIZATIONAL CHART

CITIZENS
OF
OTTAWA COUNTY





REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

May 3, 2006

Board of Commissioners
County of Ottawa
West Olive, 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 Ottawa, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Ottawa, Michigan. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ottawa, Michigan as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for each major governmental fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2006 on our consideration of the County of Ottawa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-18 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 required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in cursive script that reads "Lehmann Johnson".

Management's Discussion and Analysis

As management of the *County of Ottawa*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2005. 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 i-xxiii of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$187,762,691 (*net assets*). Of this amount, \$78,367,833 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$21,702,993.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$72,933,752, an increase of \$8,091,990 in comparison with the prior year. Approximately 51 percent of this total amount, or \$37,307,143 is *available for spending* at the government's discretion (*unreserved and undesignated fund balance*).
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$8,490,117 or 15 percent of total General Fund expenditures (including transfers).
- The County's total bonded debt (including component units) increased by \$3,628,000 during the current fiscal year. The primary government issued \$7,865,000 of debt for the construction of the Holland District Court facility and \$10,005,000 of debt for advanced refunding purposes. Ottawa County Public Utilities, a component unit, issued \$4,035,000 of debt for the construction of water and sewer systems and \$10,860,000 of debt for advanced refunding purposes.

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 comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also four legally separate entities: Ottawa County Road Commission, Ottawa County Central Dispatch Authority (911), Ottawa County Public Utilities, and the Ottawa County Drain Commissioner. Financial information for the *component units* are reported separately from the financial information presented for the primary government itself. The Ottawa County Building Authority and the Ottawa County, Michigan Insurance Authority, although also legally separate, function for all practical purposes as departments of the County, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 19 - 21 of this report.

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

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

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

The County maintains 45 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, parks and recreation, health, mental health, public improvement and revenue sharing reserve fund, each of which is considered to be a major fund. Data from the other 39 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general, 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 22-31 of this report.

Proprietary funds. The County maintains two types of proprietary funds. Enterprise funds report the same functions as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Delinquent Tax Revolving Fund (5160).

The County maintains *internal service funds* to account for and allocate costs internally among the County's various functions. The County uses 12 internal service funds to account for the following functions: management information services, duplicating, telecommunications, equipment pool, and protected self-funded insurances (both liability and employee fringe benefit insurances to employees). Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 32-35 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 36 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 37-81 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 and statistical information. Combining and individual fund statements and schedules can be found on pages 88-160 of this report, and the statistical information can be found on pages 161-183.

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 the County of Ottawa, assets exceeded liabilities by \$187,762,691 at the

close of the most recent fiscal year.

County of Ottawa's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$134,477,062	\$138,147,071	\$24,339,321	\$25,250,135	\$158,816,383	\$163,397,206
Capital assets	97,746,555	79,537,052	5,423	6,873	97,751,978	79,543,925
Total assets	<u>232,223,617</u>	<u>217,684,123</u>	<u>24,344,744</u>	<u>25,257,008</u>	<u>256,568,361</u>	<u>242,941,131</u>
Long-term liabilities						
outstanding	24,249,473	21,174,977			24,249,473	21,174,977
Other liabilities	44,554,692	55,676,886	1,505	29,570	44,556,197	55,706,456
Total liabilities	<u>68,804,165</u>	<u>76,851,863</u>	<u>1,505</u>	<u>29,570</u>	<u>68,805,670</u>	<u>76,881,433</u>
Net assets:						
Invested in capital assets, net of related debt	74,348,852	62,513,315	5,423	6,873	74,354,275	62,520,188
Restricted	35,040,583	31,077,232			35,040,583	31,077,232
Unrestricted	<u>54,030,017</u>	<u>47,241,713</u>	<u>24,337,816</u>	<u>25,220,565</u>	<u>78,367,833</u>	<u>72,462,278</u>
Total net assets	<u>\$163,419,452</u>	<u>\$140,832,260</u>	<u>\$24,343,239</u>	<u>\$25,227,438</u>	<u>\$187,762,691</u>	<u>\$166,059,698</u>

The largest portion of the County's net assets (42 percent) is unrestricted. *Unrestricted net assets* may be used to meet the government's ongoing obligations to citizens and creditors.

Capital assets, representing 40 percent of total net assets, includes land, buildings, vehicles and equipment less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt should be provided from other sources, since the capital assets themselves cannot readily be used to liquidate these liabilities. Capital assets increased in 2005 mostly due to construction on the new Holland District Court facility and land purchases made by Parks and Recreation.

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 \$35,040,583. The 2005 balance is higher due to an increase in the Revenue Sharing Reserve fund which is restricted by State law. This balance of this restriction will increase again in 2006, but fall in subsequent years.

Statement of Activities

County of Ottawa's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenue:						
Charges for services	\$21,984,416	\$21,337,288	\$1,095,241	\$936,481	\$23,079,657	\$22,273,769
Operating grants and contributions	47,211,640	42,742,884			47,211,640	42,742,884
Capital grants and contributions	9,250,395	464,436			9,250,395	464,436
General revenues:						
Property taxes	44,867,713	41,606,745			44,867,713	41,606,745
Grants and contributions not						
Restricted to specific programs	31,374	1,448,461			31,374	1,448,461
Investment earnings	2,514,383	2,440,814	440,423	401,166	2,954,806	2,841,980
Other	307,525	416,890			307,525	416,890
Total revenues	<u>126,167,446</u>	<u>110,457,518</u>	<u>1,535,664</u>	<u>1,337,647</u>	<u>127,703,110</u>	<u>111,795,165</u>
Expenses:						
Legislative	548,532	469,994			548,532	469,994
Judicial	11,987,986	11,736,487			11,987,986	11,736,487
General government	13,962,772	13,628,246			13,962,772	13,628,246
Public safety	23,328,246	21,832,984			23,328,246	21,832,984
Public works	(508,530)	1,044,377			(508,530)	1,044,377
Health and welfare	51,784,416	48,066,300			51,784,416	48,066,300
Community and economic						
Development	555,485	848,964			555,485	848,964
Culture and recreation	1,830,849	1,658,024			1,830,849	1,658,024
Interest on long-term debt	709,485	890,774			709,485	890,774
Business-type activities			1,789,661	1,888,210	1,789,661	1,888,210
Total expenses	<u>104,199,241</u>	<u>100,176,150</u>	<u>1,789,661</u>	<u>1,888,210</u>	<u>105,988,902</u>	<u>102,064,360</u>
Increase in net assets before transfers						
to other funds	21,968,205	10,281,368	(253,997)	(550,563)	21,714,208	9,730,805
Transfers	618,987	805,899	(630,202)	(800,000)	(11,215)	5,899
Increase (decrease) in net assets	22,587,192	11,087,267	(884,199)	(1,350,563)	21,702,993	9,736,704
Net assets, beginning of year, as restated	<u>140,832,260</u>	<u>129,744,993</u>	<u>25,227,438</u>	<u>26,578,001</u>	<u>166,059,698</u>	<u>156,322,994</u>
Net assets, end of year	<u>\$163,419,452</u>	<u>\$140,832,260</u>	<u>\$24,343,239</u>	<u>\$25,227,438</u>	<u>\$187,762,691</u>	<u>\$166,059,698</u>

Governmental Activities

The preceding table shows that the primary government's net assets increased by \$21.7 million during 2005. Changes occurred in several funds:

<u>Fund</u>	<u>Effect on Net Assets</u>
General Fund (1010)	\$729,000
Parks and Recreation (2081)	10,999,000
Solid Waste Clean-up (2271)	1,388,000
Revenue Sharing Reserve (2855)	5,312,000
Child Care – Circuit Court (2920)	475,000
Delinquent Taxes (5160)	(885,000)
Internal Service Funds	2,635,000

The financial results for the General Fund were actually more favorable than the table above indicates. When the 2005 budget was adopted, there was a planned *undesignated* fund balance use

of \$1,048,000. Since the General Fund shows an increase of \$583,000, it actually came out \$1.63 million better than anticipated. There were four main factors affecting the financial outcome. First, as the County moves its tax levy from winter to summer, the taxable value on which the levy is based shifts from prior year taxable value to budget year taxable value. Specifically, the tax revenue in 2004 was based completely on the 2003 taxable value. In 2005, 2/3 of the tax revenue was based on the 2004 taxable value, but the other 1/3 was based on the taxable value for 2005. This change resulted in approximately \$567,000 more revenue.

Second, the change in the fair value of investments had a negative effect on the financial results. At year end, the County recorded an unrealized loss on the fair value of investments of \$951,000. This loss was the result of rising interest rates. Since the County typically holds its investments to maturity, it is unlikely that these losses will be realized.

Third, personnel services expenses were lower than anticipated by \$697,000 due to vacancies and employees opting out of health insurance coverage. Last, only a small portion of contingency was used in 2005 as the County continued to tighten its hold on expenditures. Unused contingency amounted to \$1.12 million.

The Parks and Recreation fund (2081) has a ten-year levy for land acquisition and park development (capital costs). Capital expenditures of \$10.2 million in the Parks and Recreation fund were subtracted at the government wide level. In addition, the County received \$2.54 million in land donations in 2005. Consequently, at the government wide level, the park activities increased net assets (net of depreciation and debt principal) by \$11 million.

Solid Waste Clean-up fund (2271) net assets increased by \$1.39 million due mainly to a reduction in the Landfill reclamation liability. A settlement has been reached with the Michigan Department of Environmental Quality regarding the landfill which has detailed the activities that must take place for the clean-up. The final plan resulted in the elimination of some of the proposed tasks.

The Revenue Sharing Reserve fund (2855) increased net assets by \$5.3 million in 2005. The fund's net assets will continue to increase for one more year as one third of the millage levy will be deposited in this fund each year. After three years, the balance will decrease each year as the County draws out the amount it would have received in State Revenue Sharing payments which were discontinued on September 30, 2004.

The Child Care fund increased net assets by \$475,000 because the County established contracts with three other counties to provide bed space at its Juvenile Detention facility. In addition, costs were lower than anticipated in the Community Interventions program. Costs can vary significantly depending on the participant count.

In the Delinquent Tax Revolving fund, expenses exceeded revenue by \$885,000. Decreases in net assets are anticipated until 2012. Expenses in the Delinquent Tax Revolving fund include rent payments based on the debt service payments of three bond issues. One of these issues expires in 2012. After 2012, expenditures are expected to decrease and the fund equity will increase.

The financial results of the internal service funds also increased net assets. For all internal service funds combined, net assets increased by \$2.6 million before transfers. The majority of this increase is in the Ottawa County, Michigan Insurance Authority fund (6780). In a previous year, a liability

had been established in connection the SouthWest Ottawa Landfill. The reserve assumed that the Authority would be paying the entire cost of the remediation. However, during 2005, the County board agreed to pay for the extraction system and treatment equipment, with the Insurance Authority covering the landfill cap costs. As a result, the liability was reduced by \$2.5 million.

Revenues:

Revenues increased 14.2% in total. The increase reflects the additional dollars the County received in 2005 for park land acquisitions. Factoring out the capital grants, revenue increased 6.4%.

Program charges for services

Program charges for services increased 3.5% in 2005. This increase is spread across several sources of program charges for services. Some of the more significant variations include increased court fees in the General Fund due to a higher criminal caseload, higher insurance fees in the Health fund, and higher Juvenile Detention bed rental revenue in the Child Care fund.

Program operating grants and contributions:

Program grants increased by \$4.5 million or 10.5%. Listed below are the main areas of fluctuation:

<u>Fund</u>	<u>Increase (decrease) in Program Operating Grants</u>
General Fund (1010)	\$1,344,000
Mental Health (2220)	\$1,711,000
Workforce Investment Act Funds (2740 – 2749)	\$775,000
Child Care – Circuit Court (2920)	\$644,000

During 2005, the County’s General Fund received over \$1.3 million in Homeland Security grants compared to \$316,000 in 2004. Most of the grant dollars were used for equipment purchases.

Grant revenue in the Mental Health fund increased by \$1.7 million due primarily to increases in Medicaid funding. The increases were the result of increase in both cost and in participants. In addition, Mental Health received a higher allocation from the State of Michigan.

Revenue in the Workforce Investment Act funds overall increased by \$775,000. The majority of the increase is due to higher allocations of dislocated worker funds from the State of Michigan. The allocation amount depends on both the availability of federal dollars as well as local employer closings and layoffs.

Last, revenue in the Child Care – Circuit Court fund increased by \$644,000 due mostly to new programming. The State pays 50% of all eligible costs. By implementing certain program adjustments, some of the costs previously covered by local dollars became eligible for the State funding.

Program capital grants and contributions

These revenues vary depending on the number and scope of capital improvement projects, mainly in the Parks and Recreation fund (2081). In 2005, Parks and Recreation received capital grants for three park improvement projects totaling over \$6.7 million. The largest of these is the North Ottawa Dunes project which allowed for the acquisition of a 500 acre dune park. The County received \$3.9

million from the Michigan Natural Resources Trust fund and more than \$750,000 in individual donations. The previous owner of the property also agreed to sell the property at \$2.5 million below the appraised value.

In addition to the North Ottawa Dunes project, the County received \$1.2 million for restoration work at the Upper Macatawa green space land. Last, the County received \$823,000 for the purchase of Connor Bayou.

Property taxes

Taxes increased over \$3.3 million or 7.8%. Taxable value increased 6.0% from 2003 to 2004, and 6.06% from 2004 to 2005. In addition to the increase in taxable value, taxes increased due to a change in the property tax levy system made by the State of Michigan. As discussed earlier, the tax base to which the levy is applied is moving from the prior year tax base to the budget year tax base. Until the entire levy is in place for two consecutive years, taxes will be increasing in excess of the growth in taxable value. After that, the increases should be in line with growth in taxable value.

Investment earnings

The fair value of several of the County's investments decreased significantly in 2005 due to the rising interest rates. However, the actual interest income revenue improved, allowing investment revenue overall to increase slightly.

Other Revenue (including grants and contributions not restricted to specific programs)

2004 other revenue includes the final revenue sharing payments of \$1.7 million. Revenue Sharing was discontinued in September of 2004.

Expenses:

Expenses as a whole increased slightly at 3.8%. Part of the reason expenditures increased slightly is the reduction in the landfill liability. Factoring out Public Works expenses, the increase in expenditures was 5.4% which is lower than the increase in revenues.

Judicial

Judicial expenses increased just over \$250,000 or 2%. Although the increase is small, there were some changes within the category. As a result of programmatic changes, certain Juvenile Court employees were reassigned to the Child Care fund (Health & Welfare expenses). In fact, expenditures in the Juvenile Court fell by \$411,000. However, the County was the recipient of several small grants related to the creation of a drug court, and two employees were added in the Friend of the Court.

General government

General government expenses increased slightly by \$335,000 or 2.5%. General government expenses in the General Fund (1010) increased across several departments. However, Buildings & Grounds increased by \$429,000 due to higher utility costs and higher costs at the recently expanded jail. In addition, the Drain Commissioner office received a FEMA grant that resulted in additional expenditures of \$130,000. However, depreciation expense decreased by \$402,222. Since the internal service funds had positive financial results, the allocation of internal service fund activity also decreased expenses by \$197,000.

Public safety

Public safety expenses increased \$1.5 million or 6.8%. A large portion of the 2005 increase can be attributed to the Homeland Security grants which added over \$1 million to expenses in 2005. In addition, four corrections officers were added in July of 2004, so 2005 expenditures represent a full year of these additional expenditures. However, the change in the allocation of internal service fund activity reduced expenses by \$344,000. The remainder of the increase is mainly in personnel services costs and is spread across several departments.

Public works

These expenses can vary significantly by year. In 2005, the liability for the SouthWest Ottawa Landfill decreased by \$1.1 million, resulting in negative expenditures.

Health and welfare

Health and Welfare programs increased by \$3.7 million or 7.7% in 2005. Since health and welfare programs employ the greatest number of staff, personnel costs, including fringe benefits, increased by \$2.1 million. Most of this increase is due to cost of living, health insurance and retirement increases. However, health and welfare expenditures benefited from the operating results of the internal services funds. Specifically, health and welfare functions reflected approximately \$141,000 of the internal service funds operating income in 2004, while \$662,000 of the internal service funds operating income was reflected in the 2005 figures.

In addition, Mental Health (2220) expenses for Client Care increased by \$637,000. The County had additional placements in 2005. Medicaid pays for the majority of these costs.

In the Child Care fund (2920), expenses increased \$1.2 million. Part of this increase comes from the personnel that were moved from the Juvenile division, the addition of two new positions, and higher personnel costs in general. The Child Care fund continues to strive for zero placements in State facilities to allow clients to live in their own communities. Consequently, expenses for State institutions decreased by \$412,000. At the same time, expenditures for community intervention (diversion) programs increased by \$1 million. Since the County receives a 50% reimbursement for diversion programs, this strategy has helped the County's bottom line.

Workforce Investment Act Grant Programs funds (2740-2749) increased \$640,000 for the reasons discussed under intergovernmental revenue.

Community and economic development

In 2004, the County received a \$331,000 pass thru grant for a project on Riley Street in Holland Township. This was a one-time grant.

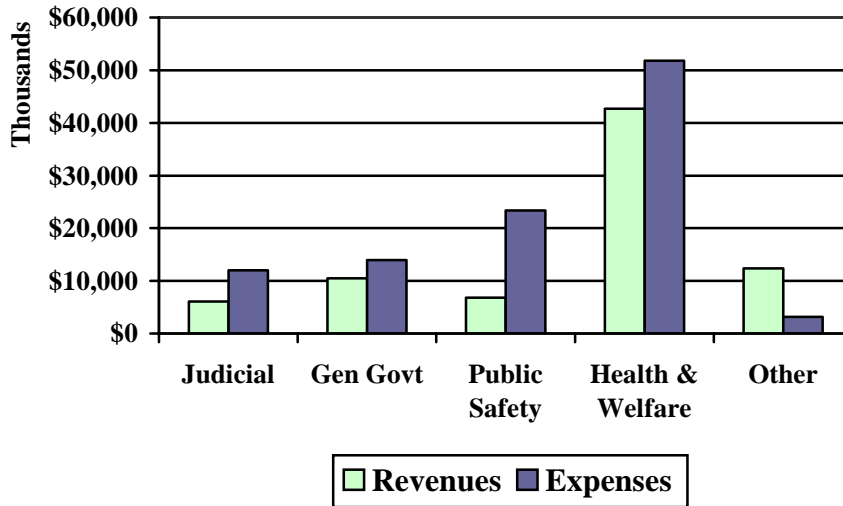
Culture and recreation

Culture and recreation expenses are \$173,000 higher in 2005. Most of this increase was in personnel services.

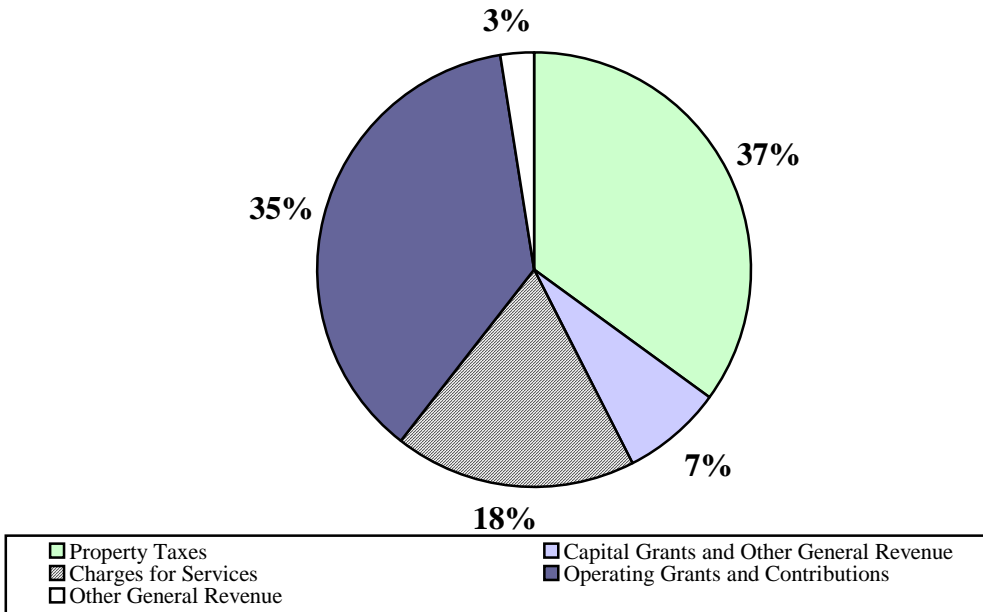
Interest on long-term debt

Although the County did issue debt (increasing the long term liability), the bonds were issued late in the year. Interest payments on the new debt came mostly from capitalized interest, so interest expenditures were essentially based on existing debt. Since its principal decreased, so did the interest payments.

Program Revenues and Expenses - Governmental Activities



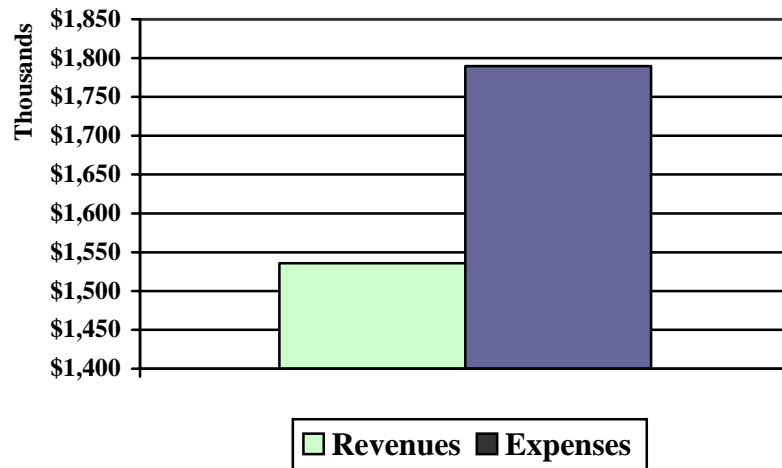
Revenues by Source - Governmental Activities



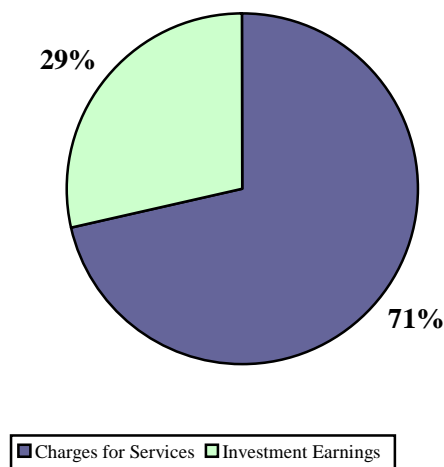
Business-type Activities

Business-type activities decreased the County's net assets by \$884,199. The decrease was anticipated due to planned payments to the Ottawa County Building Authority to cover debt service payments. Investment earnings increased slightly. However, the investments earnings were lower than anticipated because the fair value of several of the County's investments fell due to the effect of increasing interest rates on fixed income securities. On the expense side, the 2005 transfer amount was decreased. In 2004, the County had increased the transfer to the General Fund by \$225,000; however, this was a one time increase for budgetary purposes.

Program Revenues and Expenses - Business-type Activities



Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$72,933,752, an increase of almost \$8.1 million in comparison with the prior year. Approximately 71% percent of this total amount (\$51.4 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) due to legal restrictions (\$18,810,579), 2) to pay debt service (\$16,734), 3) to generate income to pay for perpetual cemetery care (\$5,770), 4) to provide a long term advance to component units and other funds (\$325,000) or 5) for other restricted purposes (\$2,340,657).

The General Fund (1010) is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,970,916, while total fund balance was \$17,885,591. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 29 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$583,000 during the current fiscal year. As indicated in the government wide section earlier, this increase in fund balance is especially impressive because the County had budgeted to *use* \$1,048,000 of fund balance in 2005. Both additional revenues and lower than anticipated expenditures were responsible for the positive financial results. As explained on pages 7 – 8, the move of a portion of the tax levy to the 2005 year provided us with greater than anticipated tax revenue. In addition, \$1.12 million of contingency went unused. Last, personnel vacancies and employees opting out of health insurance also provided funds at year end.

The Parks and Recreation fund (2081) has a total fund balance of \$5.8 million, which is a decrease of \$1.4 million. The Parks and Recreation department is undergoing a period of growth and development with the help of a .33 mill approved for park acquisition and development. Accordingly, the fund balance of the fund will vary from year to year with land acquisitions and capital improvement projects. In 2005, the department made \$9.8 million in land purchases, some of which were partially grant funded.

The fund balance of the Health fund (2210) increased by \$568,000. Revenues were higher than anticipated because the charges for fees and permits were increased, and the County received \$97,000 in additional State funds for the Dental and Children's Special Health Care Services programs. In addition, the Medicaid cost settlement was \$81,000 higher than anticipated. At the same time, expenditures were lower than budgeted due to staff vacancies.

The fund balance of the Mental Health fund (2220) decreased \$33,000 which is a very small decrease. The results of activities can vary substantially by year because Mental Health is under a managed care system.

The fund balance of the Public Improvement fund (2450) decreased \$529,000 due to construction costs associated with the renovation of the Hudsonville facility, construction of a new Holland

District Court facility and renovations at the Grand Haven Human Services facility.

As anticipated, the fund balance of the Revenue Sharing Reserve fund (2855) increased by \$5.3 million. The fund balance will grow again in 2006, and then gradually decrease until depleted. Upon depletion, estimated in 2011, the State is legally obligated to reinstate the State revenue sharing dollars that were eliminated.

General Fund Budgetary Highlights

The original revenue and expenditure budgets for the General Fund (1010) were \$55,222,721 and \$57,963,687 respectively. The amended revenue budget was \$57,168,060, and the amended expenditure budget was \$58,666,461.

As discussed on pages 7 – 8, the change in the tax levy from having all of the levy in December before the fiscal year to having one third of the levy within the fiscal year (and based on the new year's taxable value) prompted an increase in the property tax budget. During the 2005 budget process, it was unclear as to which tax base the one third portion would be based on. Consequently, the County conservatively budgeted based on the prior year tax base. However, the County did sustain more tax increment financing adjustments than were anticipated, so the tax revenue is under budget.

The largest amendment to General Fund revenue was to reflect the elimination of State Revenue Sharing intergovernmental revenue of \$4.1 million. During the 2005 budget process, no clear guidance had been issued from the State of Michigan as to how the Revenue Sharing Reserve fund would work. Consequently, the amount was originally budgeted under intergovernmental revenue. This reduction in intergovernmental revenue was accompanied by a corresponding increase in transfers in to reflect the transfer coming from the Revenue Sharing Reserve fund (2855). Consequently, these adjustments had a net effect of zero on the total revenue budget.

However, the County was awarded \$1.3 million in Homeland Security grants. In addition, the County also took advantage of \$367,000 in other federal and state grant opportunities including a juvenile accountability block grant, the state criminal alien apprehension program, and drug court funding. Last, the County received a \$250,000 Federal Emergency Management Agency (FEMA) grant for a drain floodplain study. The FEMA grant extends to 2006, so it was under budget by \$120,000. The remaining budget variance is spread across several accounts and functions.

The budget for charges for services revenue was increased \$186,000 to reflect the additional court costs generated by the increased criminal caseload. The remaining increase is spread across several departments.

The budget for interest on investments was decreased to reflect anticipated losses in the fair market value of investments. At 12/31/05, the fair value of the investments decreased by \$951,000 due to rising interest rates. This loss was higher than anticipated, so the account is significantly under budget.

As discussed earlier under intergovernmental revenue, the transfer in budget was increased to reflect the \$4.1 million transfer from the Revenue Sharing Reserve Fund. However, the transfer in from the Stabilization fund that was budgeted as part of the 2005 budget process was reduced. The financial results of fiscal year 2004 allowed us to return those dollars and restore the Stabilization fund to the maximum amount allowed by State of Michigan law in order to enhance the County's long term financial stability.

On the expenditure side, the majority of the budget increase for judicial functions was the \$242,000 added in connection with the grants discussed under intergovernmental revenue. The general government budget was increased by \$250,000 to reflect the FEMA grant. The FEMA grant crosses years, and \$120,000 of it was unspent at 12/31/05. The remaining general government budget to actual variance is spread across several departments and accounts.

The public safety budget increased by \$1 million in connection with the Homeland Security grants. However, expenditures in the Jail came in significantly lower than projected. The Jail budget was reduced by \$480,000 during the year, mainly for overestimated building rental charges and unused operational supplies, food costs in particular. The public safety budget to actual variance is spread across several departments.

The original budget amount for Other expenditures included \$1.2 million for contingency. Only \$35,000 was used during 2005, so the budget was reduced by \$1.17 million before year end.

Last, the main increase in the transfer out budget is to the Stabilization fund. As discussed earlier, the financial results of 2004 allowed for an additional allocation to the Stabilization fund. In addition, the 2005 budget included \$1.9 million to the Public Improvement fund. During the budget process, the County had not planned to bond for the Holland District Court facility. Instead, the County planned to use designated fund balance in the General Fund. However, because interest rates were attractive and expected to increase in the next year, the County bonded for the Holland District Court project. The budget was not adjusted to reflect the bond issuance.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2005, amounted to \$97,746,555 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and park facilities. The total increase in the County's investment in capital assets for the current fiscal year is 22.9%.

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

- Over \$9.8 million was spent on various land acquisitions for the Park system. The County has a dedicated millage for park land acquisition and development. In addition to the actual cash outlay, the County also received \$2.5 million in land donations. The county also spent nearly \$400,000 on various park improvement projects.
- Renovation of the Hudsonville facility was completed (\$1.4 million).
- Renovation of the Grand Haven Human Services facility was completed (\$564,000).
- Construction began on the Holland District Court facility. The project should be completed by the summer of 2006 (\$4.7 million).

County of Ottawa's Capital Assets
(net of depreciation)

	2005
Land	\$35,568,877
Land improvements	6,768,239
Buildings and improvements	45,113,359
Construction in progress	5,550,977
Machinery and equipment	4,745,103
	\$97,746,555

Additional information on the County's capital assets can be found in note III.D on pages 58-61 of this report.

Long-term debt. At the end of the current fiscal year, the County had total general obligation bonds outstanding of \$98,822,533. Of this amount, \$96,122,533 of the bonds are backed by the County's full faith and credit.

County of Ottawa's Outstanding Debt
General Obligation Bonds

	Primary Government	Component Units	Total
General obligation bonds	\$10,065,000	\$39,607,533	\$49,672,533
General obligation bonds – Refunding	13,165,000	35,985,000	49,150,000
Total	\$23,230,000	\$75,592,533	\$98,822,533

The County's total general obligation bonded debt increased by \$3,628,000 (3.8 percent) during the current fiscal year. This amount is net of new issuances from the County (primary government) of \$17,870,000 and \$14,895,000 from the Ottawa County Public Utilities System, a component unit.

In addition, the County has two land contracts for which it has pledged its full faith and credit. The balance on the land contracts decreased by \$61,034, and no new land contracts were issued.

The Ottawa County Drain Commissioner has various notes payable for which the benefiting drainage district has pledged its full faith and credit. The balance on the notes payables decreased by \$7,600.

The County has a "AAA" rating from Fitch on general obligation limited tax bonds. Moody's bond rating is "Aa1" for general obligation unlimited and limited tax bonds. Standard and Poor's bond rating is "AA" for general obligation unlimited and limited tax bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current (2006) debt limitation for the County is \$1,102,822,199, which 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.G on pages 66-69 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2006 fiscal year:

- The County's tax base continues to grow despite the economic difficulties of the State. Specifically, the County's taxable value grew by 6.06 percent which translates to an additional \$1.7 million in tax revenue. The County held its operating levy steady at 3.5 mills, one of the lowest county millages in the State of Michigan. In fact, the County does not levy its maximum authorized levy to address taxpayer burden. The County still has a cushion of .7689 mills which provides an additional \$6.8 million the County may access with a vote of the Board of Commissioners.
- The unemployment rate for the County was 5.0 percent for 2005, which is a decrease from 5.2 percent in 2004. It is also a significant decrease from the rate of 6.2 percent in 2003. The County's unemployment approximates the national unemployment rate and is much lower than the State's average unemployment rate of 6.7 percent.
- Inflationary trends in the region compare favorably to national indices.

Highlights of the 2006 budget are as follows:

- Reduction in the tax levy of 18% over the maximum allowable levy
- Includes no new, locally funded permanent positions as part of our 5 year deficit reduction plan
- Includes \$2.1 million in new equipment
- Includes contingency of \$1 million
- No one time transfers from other funds were used to balance the budget
- The budget reflects a small fund balance use. However, based on historical results, no fund balance use is expected.
- The County continues to meet its financial goal of maintaining a General Fund undesignated fund balance that is at least 10% of the prior year's audited expenditures.

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 financial information should be addressed to: Fiscal Services Director, 12220 Fillmore Street, Room 331, West Olive, Michigan, 49460.

**County of Ottawa
Statement of Net Assets
December 31, 2005**

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Ottawa County Road Commission	Ottawa County Central Dispatch Authority	Ottawa County Public Utilities System	Ottawa County Office of the Drain Commissioner
ASSETS							
Current assets:							
Cash and pooled investments	\$72,717,920	\$20,509,211	\$93,227,131	\$292,133	\$5,820,784	\$6,296,813	\$1,268,186
Investments	19,283,728		19,283,728	2,204,480			
Receivables (net of allowance for estimated uncollectibles):							
Taxes	25,335,268	2,810,018	28,145,286				
Accrued interest and penalties on delinquent taxes		497,172	497,172				
Accounts	1,556,013	1,317	1,557,330	225,536		2,226,215	28,474
Accrued interest on investments	855,829		855,829				
Internal balances	(357,350)	440,423	83,073				
Advances to component units	325,000		325,000				
Due from other governmental units	9,494,990		9,494,990	4,711,630	135,163	69,285,365	555,242
Due from component units		81,180	81,180				14,605
Inventory of supplies	264,707		264,707	855,741			
Prepaid expenses	481,828		481,828	373,054	156,966		
Total current assets	<u>129,957,933</u>	<u>24,339,321</u>	<u>154,297,254</u>	<u>8,662,574</u>	<u>6,112,913</u>	<u>77,808,393</u>	<u>1,866,507</u>
Noncurrent assets:							
Net pension asset	2,018,460		2,018,460				
Loans receivable from other governments	1,454,057		1,454,057				
Unamortized bond issuance and deferred refunding costs	1,046,612		1,046,612			537,455	
Unamortized bond discount						817,154	
Capital assets, net of accumulated depreciation							
Land	35,568,877		35,568,877	1,367,182			
Land improvements	6,768,239		6,768,239				
Buildings	45,113,359		45,113,359	7,968,049	11,920		
Machinery and equipment	4,745,103	5,423	4,750,526	3,376,651	2,394,276		
Infrastructure				57,741,169			13,719,748
Construction in progress	5,550,977		5,550,977	574,889			
Total noncurrent assets	<u>102,265,684</u>	<u>5,423</u>	<u>102,271,107</u>	<u>71,027,940</u>	<u>2,406,196</u>	<u>1,354,609</u>	<u>13,719,748</u>
Total assets	<u>232,223,617</u>	<u>24,344,744</u>	<u>256,568,361</u>	<u>79,690,514</u>	<u>8,519,109</u>	<u>79,163,002</u>	<u>15,586,255</u>
LIABILITIES							
Current liabilities							
Accounts payable	17,250,704		17,250,704	2,099,105	127,009	3,562,442	27,878
Interest payable	458,059		458,059		8,987	622,574	3,369
Due to primary government						81,180	
Due to component units				14,605		227,114	
Due to other governmental units	428,584	1,505	430,089				
Current portion of long-term debt	8,450,404		8,450,404	619,619	345,082	7,232,000	62,600
Advances from primary government						150,000	175,000
Advances from other governmental units	277,608		277,608	528,136			
Unearned revenue	17,689,333		17,689,333			12,190	53,500
Total current liabilities	<u>44,554,692</u>	<u>1,505</u>	<u>44,556,197</u>	<u>3,261,465</u>	<u>481,078</u>	<u>11,887,500</u>	<u>322,347</u>
Noncurrent liabilities:							
Unamortized bond premiums	690,972		690,972				
Noncurrent portion of long-term obligations	23,558,501		23,558,501	3,488,786		65,340,533	325,800
Total noncurrent liabilities	<u>24,249,473</u>	<u></u>	<u>24,249,473</u>	<u>3,488,786</u>	<u></u>	<u>65,340,533</u>	<u>325,800</u>
Total liabilities	<u>68,804,165</u>	<u>1,505</u>	<u>68,805,670</u>	<u>6,750,251</u>	<u>481,078</u>	<u>77,228,033</u>	<u>648,147</u>
NET ASSETS							
Invested in capital assets, net of related debt	74,348,852	5,423	74,354,275	67,712,517	2,061,114		13,331,348
Restricted for:							
Debt service						1,354,609	78,875
Park development	5,834,969		5,834,969				
Public improvement	5,176,075		5,176,075				
Stabilization	7,603,560		7,603,560				
Revenue Sharing Reserve	12,073,393		12,073,393				
Capital projects	2,374,153		2,374,153				402,815
Cemetery perpetual care:							
Expendable	331		331				
Non-expendable	5,770		5,770				
Managed care risk exposure	1,972,332		1,972,332				
Primary and local road construction and maintenance				3,618,304			
Equipment, training, and future projects					4,508	417,440	
Drain maintenance							42,663
Unrestricted	<u>54,030,017</u>	<u>24,337,816</u>	<u>78,367,833</u>	<u>1,609,442</u>	<u>5,972,409</u>	<u>162,920</u>	<u>1,082,407</u>
Total net assets	<u>\$163,419,452</u>	<u>\$24,343,239</u>	<u>\$187,762,691</u>	<u>\$72,940,263</u>	<u>\$8,038,031</u>	<u>\$1,934,969</u>	<u>\$14,938,108</u>

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

**County of Ottawa
Statement of Activities
For the Year Ended December 31, 2005**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government						
Governmental activities:						
Legislative	\$545,673	\$2,859			(\$548,532)	
Judicial	10,884,465	1,103,521	\$3,669,496	\$2,371,459	(5,947,031)	
General government	20,744,893	(6,782,121)	8,030,479	2,494,877	(3,437,416)	
Public safety	21,932,059	1,396,187	4,761,022	2,037,520	(16,529,704)	
Public works	(525,519)	16,989	441,146	319,168	1,268,844	
Health and welfare	49,224,181	2,560,235	2,750,778	39,971,015	(9,062,623)	
Community and economic development	552,899	2,586	20,997	17,601	(516,887)	
Culture and recreation	1,827,795	3,054	301,842		7,721,388	
Interest on long-term debt	709,485		2,008,656		1,299,171	
Total governmental activities	<u>105,895,931</u>	<u>(1,696,690)</u>	<u>21,984,416</u>	<u>47,211,640</u>	<u>9,250,395</u>	<u>(25,752,790)</u>
Business-type activities:						
Delinquent tax collection	114,793	1,674,868	1,095,241		(694,420)	
Total primary government	<u>\$106,010,724</u>	<u>(\$21,822)</u>	<u>\$23,079,657</u>	<u>\$47,211,640</u>	<u>\$9,250,395</u>	<u>(\$26,447,210)</u>
Component units						
Ottawa County Road Commission	\$17,723,716		\$3,781,792	\$16,205,315	\$9,353,809	\$11,617,200
Ottawa County Central						
Dispatch Authority	3,497,691		4,567	3,847,646	417,750	772,272
Ottawa County Public Utilities	17,839,389		17,913,089			73,700
Ottawa County Office of the Drain Commissioner	969,269				3,582,007	2,612,738
Total component units	<u>\$40,030,065</u>		<u>\$21,699,448</u>	<u>\$20,052,961</u>	<u>\$13,353,566</u>	<u>\$15,075,910</u>

(Continued on next page)

**County of Ottawa
Statement of Activities (Concluded)
For the Year Ended December 31, 2005**

	Primary Government			Component Units			
	Governmental Activities	Business- type Activities	Total	Ottawa County Road Commission	Ottawa County Central Dispatch Authority	Ottawa County Public Utilities	Ottawa County Office of the Drain Commissioner
Primary Government:							
Changes in net assets:							
Net (expense) revenue	(\$25,752,790)	(\$694,420)	(\$26,447,210)	\$11,617,200	\$772,272	\$73,700	\$2,612,738
General Revenues:							
Property taxes, levied for general purposes	38,643,840		38,643,840				
Property taxes, levied for park development	2,610,437		2,610,437				
Property taxes, levied for debt service	3,613,436		3,613,436				
Grants and contributions not restricted to specific programs	31,374		31,374	12,250			
Investment earnings	2,514,383	440,423	2,954,806	87,462	177,715	205,815	30,771
Miscellaneous	307,525		307,525	603,543		583,700	
Transfers - internal activities	618,987	(630,202)	(11,215)				
Total general revenues and transfers	48,339,982	(189,779)	48,150,203	703,255	177,715	789,515	30,771
Change in net assets	22,587,192	(884,199)	21,702,993	12,320,455	949,987	863,215	2,643,509
Net assets - beginning of year, as restated	140,832,260	25,227,438	166,059,698	60,619,808	7,088,044	1,071,754	12,294,599
Net assets - end of year	\$163,419,452	\$24,343,239	\$187,762,691	\$72,940,263	\$8,038,031	\$1,934,969	\$14,938,108

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

(Concluded)

**County of Ottawa
Balance Sheet
Governmental Funds
December 31, 2005
(with comparative totals for December 31, 2004)**

	General	Parks and Recreation	Health	Mental Health	Public Improvement	Revenue Sharing Reserve	Other Governmental Funds	Total Governmental Funds 2005	2004
ASSETS									
Cash and pooled investments	\$17,735,661	\$2,103,409	\$1,751,607	\$2,706,982	\$5,089,487	\$3,227,059	\$24,489,230	\$57,103,435	\$62,922,433
Investments							2,728,886	2,728,886	5,770
Receivables (net of allowance for estimated uncollectibles):									
Taxes	13,994,565	2,556,730				8,783,973		25,335,268	31,821,957
Accounts	272,133	9,214	102,668	953,488			1,660,476	2,997,979	1,607,129
Accrued interest on investments	710,629							710,629	606,253
Due from other funds		165,891		23,943	101,039	62,361	290,787	644,021	3,149,310
Interfund receivable	960,949							960,949	2,085,836
Advances to component units	325,000							325,000	325,000
Due from other governmental units	2,666,847	3,912,473	90,486	106,485			2,718,699	9,494,990	5,249,130
Inventory of supplies	53,610		80,172	57,388			372	191,542	116,336
Prepaid expenditures	28,564	24,200	16,406	165,085			44	234,299	283,673
Total assets	\$36,747,958	\$8,771,917	\$2,041,339	\$4,013,371	\$5,190,526	\$12,073,393	\$31,888,494	\$100,726,998	\$108,172,827
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$1,581,095	\$178,913	\$369,628	\$2,120,732	\$10,625		\$1,882,133	\$6,143,126	\$6,794,762
Due to other governmental units			6,611	351,193			114	357,918	4,796,535
Due to other funds	1,339,847							1,339,847	3,794,147
Due to component units									61,917
Interfund payable							699,493	699,493	846,440
Advances from other governmental units	77,684						199,924	277,608	282,063
Interest payable							280,924	280,924	
Deferred revenue	15,863,741	2,758,035	53,484	1,879	3,826		13,365	18,694,330	26,755,201
Total liabilities	18,862,367	2,936,948	429,723	2,473,804	14,451		3,075,953	27,793,246	43,331,065
Fund balances:									
Reserved - General	1,914,675							1,914,675	1,734,514
Reserved - Special Revenue		24,200	16,406	165,085	5,176,075	\$12,073,393	2,106,402	19,561,561	7,030,365
Reserved - Debt Service							16,734	16,734	522,939
Reserved - Permanent							5,770	5,770	5,770
Unreserved:									
Designated - General	7,480,799							7,480,799	6,086,173
Designated - Special Revenue				1,277,583			2,995,334	4,272,917	5,181,894
Designated - Capital Projects							2,374,153	2,374,153	
Undesignated - General	8,490,117							8,490,117	9,481,618
Undesignated - Special Revenue		5,810,769	1,595,210	96,899			21,313,817	28,816,695	34,798,280
Undesignated - Permanent Fund							331	331	209
Total fund balances	17,885,591	5,834,969	1,611,616	1,539,567	5,176,075	12,073,393	28,812,541	72,933,752	64,841,762
Total liabilities and fund balances	\$36,747,958	\$8,771,917	\$2,041,339	\$4,013,371	\$5,190,526	\$12,073,393	\$31,888,494	\$100,726,998	\$108,172,827

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

County of Ottawa
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
December 31, 2005

Fund balances - total governmental funds	\$72,933,752
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Add: capital assets used in the operation of governmental funds	120,553,096
Subtract: accumulated depreciation	(25,808,222)

Contributed inventory is not reported in the funds	34,489
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The net pension asset, a long term asset, is not recorded in the funds.	2,018,460
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds on a cost reimbursement basis. 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	24,513,280
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Certain revenue that was earned and accrued in the current period but not received after 60 days is not recognized in the fund statement but recognized under full accrual.	1,004,997
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable	(23,230,000)
Subtract: landfill reclamation	(5,724,745)
Subtract: land contracts	(167,703)
Subtract: compensated absences	(2,886,457)
Subtract: accrued interest payable	(177,135)

Amortization of bond issue costs and premiums are not recorded in the governmental funds, but are netted against long term liabilities on the Statement of Net Assets

Subtract: unamortized bond premium	(690,972)
Add: Unamortized bond issuance costs	1,046,612

Net assets of governmental activities	\$163,419,452
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The accompanying notes are an integral part of the financial statements.

County of Ottawa
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	General	Parks and Recreation	Health	Mental Health	Public Improvement	Revenue Sharing Reserve	Other Governmental Funds	Total Governmental Funds 2005	2004
Revenues									
Taxes	\$32,858,275	\$2,610,437				\$9,354,173	\$44,828	\$44,867,713	\$41,606,745
Intergovernmental revenues	5,962,079	5,952,143	\$2,982,671	\$27,089,931			14,068,300	56,055,124	47,634,209
Charges for services	6,830,820	252,634	871,642	398,265			1,441,661	9,795,022	10,135,135
Fines and forfeits	1,069,949						6,500	1,076,449	1,033,297
Interest on investments	866,449	165,891		23,943	\$101,039	62,361	341,974	1,561,657	1,413,570
Licenses and permits	299,828		446,122					745,950	704,422
Rental income	2,397,103	45,908	750	187,936	802,010		2,008,656	5,442,363	5,253,344
Other	346,904	756,552	155,441	65,818	97,705		767,271	2,189,691	989,481
Total revenue	50,631,407	9,783,565	4,456,626	27,765,893	1,000,754	9,416,534	18,679,190	121,733,969	108,770,203
Expenditures									
Current expenditures:									
Legislative	549,673							549,673	463,217
Judicial	8,554,677						3,570,085	12,124,762	11,726,514
General government	11,151,521				4,071,552		776,788	15,999,861	18,095,323
Public safety	20,583,603						3,497,042	24,080,645	21,894,009
Public works	28,066						639,938	668,004	900,395
Health and welfare	554,908		9,534,773	28,275,873			12,968,700	51,334,254	47,423,236
Community and economic development	541,400						13,963	555,363	843,051
Culture and recreation		11,708,474						11,708,474	3,239,016
Other governmental functions	119,565							119,565	107,577
Debt service							2,758,259	2,758,259	2,299,901
Capital projects							3,044,672	3,044,672	
Total expenditures	42,083,413	11,708,474	9,534,773	28,275,873	4,071,552		27,269,447	122,943,532	106,992,239
Revenues over (under) expenditures	8,547,994	(1,924,909)	(5,078,147)	(509,980)	(3,070,798)	9,416,534	(8,590,257)	(1,209,563)	1,777,964
Other financing sources (uses)									
Transfers from other funds	5,275,345	530,000	5,645,922	476,500	2,542,000		6,576,416	21,046,183	18,932,766
Transfers to other funds	(13,240,053)					(4,104,101)	(2,536,798)	(19,880,952)	(14,881,599)
Issuance of bonds							7,865,000	7,865,000	
Refunding bonds issued							10,005,000	10,005,000	
Premium on bonds issued							690,972	690,972	
Payment to refunding bond escrow agent							(10,424,650)	(10,424,650)	
Total other financing sources (uses)	(7,964,708)	530,000	5,645,922	476,500	2,542,000	(4,104,101)	12,175,940	9,301,553	4,051,167
Net change in fund balances	583,286	(1,394,909)	567,775	(33,480)	(528,798)	5,312,433	3,585,683	8,091,990	5,829,131
Fund balance, beginning of year	17,302,305	7,229,878	1,043,841	1,573,047	5,704,873	6,760,960	25,226,858	64,841,762	59,012,631
Fund balance, end of year	\$17,885,591	\$5,834,969	\$1,611,616	\$1,539,567	\$5,176,075	\$12,073,393	\$28,812,541	\$72,933,752	\$64,841,762

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

(Continued on next page)

County of Ottawa
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005

Net change in fund balances - total governmental funds \$8,091,990

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	17,313,458
Subtract: depreciation expense	(2,492,747)

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

Subtract: bond proceeds	(17,870,000)
Subtract: premium on refunding bonds	(690,972)
Add: bond issue costs	596,962
Add: principal payments on long term liabilities	1,521,034
Add: decrease in landfill reclamation liability	1,103,196
Subtract: increase in compensated absences liability	(47,850)
Add: payments to refunding bond escrow agent	10,424,650

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 the funds.

Subtract: increase in accrued interest payable	(8,188)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.	56,231
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Inventory contributed during the year but not used is not recorded in the fund statements	10,221
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Changes in the net pension asset are not recorded in the fund statements	
Subtract: decrease in the net pension asset	(54,664)

Donated land is not recorded as revenue on the fund statements.	2,545,000
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

Add: net increase in net assets from the governmental activities accounted for in internal service funds	2,088,871
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Change in net assets of governmental activities	\$22,587,192
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The accompanying notes are an integral part of the financial statements.

COUNTY OF OTTAWA

**GENERAL FUND (1010) - STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005

(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes	\$32,112,232	\$33,123,236	\$32,858,275	(\$264,961)	\$29,744,577
Intergovernmental revenues	8,157,631	6,213,529	5,962,079	(251,450)	6,237,538
Charges for services	6,592,642	6,894,022	6,830,820	(63,202)	6,843,844
Fines and forfeits	1,101,335	1,084,035	1,069,949	(14,086)	1,026,797
Interest on investments	1,750,000	1,500,000	866,449	(633,551)	830,652
Licenses and permits	296,945	299,445	299,828	383	311,494
Rental income	2,652,062	2,427,032	2,397,103	(29,929)	2,225,581
Other	340,848	350,777	346,904	(3,873)	356,567
Total revenues	53,003,695	51,892,076	50,631,407	(1,260,669)	47,577,050
Expenditures:					
Current operations:					
Legislative	559,671	576,255	549,673	26,582	463,217
Judicial	8,429,088	8,765,109	8,554,677	210,432	8,428,269
General government	11,476,746	11,672,677	11,151,521	521,156	10,302,707
Public safety	20,071,282	20,867,323	20,583,603	283,720	18,710,052
Public works	117,500	117,500	28,066	89,434	154,379
Health and welfare	580,050	591,252	554,908	36,344	516,986
Community and economic development	555,779	579,558	541,400	38,158	504,870
Other governmental functions	1,418,451	119,566	119,565	1	107,577
Total expenditures	43,208,567	43,289,240	42,083,413	1,205,827	39,188,057
Revenues over expenditures	9,795,128	8,602,836	8,547,994	(54,842)	8,388,993
Other Financing Sources (Uses):					
Transfers from other funds	2,219,026	5,275,984	5,275,345	(639)	6,638,481
Transfers to other funds	(14,755,120)	(15,377,221)	(13,240,053)	2,137,168	(12,287,447)
Total other financing sources (uses)	(12,536,094)	(10,101,237)	(7,964,708)	2,136,529	(5,648,966)
Net change in fund balance	(2,740,966)	(1,498,401)	583,286	2,081,687	2,740,027
Fund balance, beginning of year	17,302,305	17,302,305	17,302,305		14,562,278
Fund balance, end of year	\$14,561,339	\$15,803,904	\$17,885,591	\$2,081,687	\$17,302,305

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

COUNTY OF OTTAWA

**PARKS AND RECREATION SPECIAL REVENUE FUND (2081) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes	\$2,581,926	\$2,613,096	\$2,610,437	(\$2,659)	\$2,463,466
Intergovernmental revenues	35,000	5,959,750	5,952,143	(7,607)	464,436
Charges for services	245,700	252,700	252,634	(66)	190,330
Interest on investments	225,000	225,000	165,891	(59,109)	143,424
Rental income	29,100	42,500	45,908	3,408	42,796
Other		756,300	756,552	252	177,966
Total revenues	3,116,726	9,849,346	9,783,565	(65,781)	3,482,418
Expenditures:					
Current operations:					
Personnel services	1,003,377	940,389	936,611	3,778	803,114
Supplies	137,780	132,680	129,045	3,635	128,539
Other services and charges	312,854	394,294	360,569	33,725	297,483
Capital outlay	1,128,000	10,050,705	10,200,741	(150,036)	1,928,372
Debt service	81,510	81,510	81,508	2	81,508
Total expenditures	2,663,521	11,599,578	11,708,474	(108,896)	3,239,016
Revenues over (under) expenditures	453,205	(1,750,232)	(1,924,909)	(174,677)	243,402
Other financing sources (uses):					
Transfers in (out):					
General Fund	530,000	530,000	530,000		530,000
Total other financing sources (uses)	530,000	530,000	530,000		530,000
Net change in fund balance	983,205	(1,220,232)	(1,394,909)	(174,677)	773,402
Fund balance, beginning of year	7,229,878	7,229,878	7,229,878		6,456,476
Fund balance, end of year	<u>\$8,213,083</u>	<u>\$6,009,646</u>	<u>\$5,834,969</u>	<u>(\$174,677)</u>	<u>\$7,229,878</u>

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

COUNTY OF OTTAWA
HEALTH SPECIAL REVENUE FUND (2210) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$2,866,012	\$2,969,517	\$2,982,671	\$13,154	\$2,870,452
Charges for services	730,027	848,863	871,642	22,779	765,727
Licenses and permits	386,160	442,630	446,122	3,492	392,928
Rental income	4,800	750	750		4,150
Other	101,678	161,147	155,441	(5,706)	109,341
Total revenues	<u>4,088,677</u>	<u>4,422,907</u>	<u>4,456,626</u>	<u>33,719</u>	<u>4,142,598</u>
Expenditures:					
Current operations:					
Personnel services	6,460,747	6,213,793	6,114,813	98,980	5,792,423
Supplies	812,028	874,618	757,772	116,846	736,240
Other services and charges	2,408,560	2,704,139	2,635,535	68,604	2,184,137
Capital outlay		10,789	26,653	(15,864)	79,293
Total expenditures	<u>9,681,335</u>	<u>9,803,339</u>	<u>9,534,773</u>	<u>268,566</u>	<u>8,792,093</u>
Revenues over (under) expenditures	<u>(5,592,658)</u>	<u>(5,380,432)</u>	<u>(5,078,147)</u>	<u>302,285</u>	<u>(4,649,495)</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund	5,625,129	5,645,922	5,645,922		5,126,234
Total other financing sources (uses)	<u>5,625,129</u>	<u>5,645,922</u>	<u>5,645,922</u>		<u>5,126,234</u>
Net change in fund balance	32,471	265,490	567,775	302,285	476,739
Fund balance, beginning of year	<u>1,043,841</u>	<u>1,043,841</u>	<u>1,043,841</u>		<u>567,102</u>
Fund balance, end of year	<u>\$1,076,312</u>	<u>\$1,309,331</u>	<u>\$1,611,616</u>	<u>\$302,285</u>	<u>\$1,043,841</u>

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

COUNTY OF OTTAWA

**MENTAL HEALTH SPECIAL REVENUE FUND (2220) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$27,637,837	\$27,078,846	\$27,089,931	\$11,085	\$25,378,816
Charges for services	440,051	400,295	398,265	(2,030)	834,650
Interest on investments		23,943	23,943		
Rental income	209,694	187,936	187,936		
Other	76,052	65,821	65,818	(3)	43,930
Total revenues	28,363,634	27,756,841	27,765,893	9,052	26,257,396
Expenditures:					
Current operations:					
Personnel services	11,402,939	11,083,183	11,066,582	16,601	10,183,301
Supplies	343,167	453,121	453,006	115	417,701
Other services and charges	17,380,944	16,656,790	16,706,285	(49,495)	16,105,802
Capital outlay		50,000	50,000		259,401
Total expenditures	29,127,050	28,243,094	28,275,873	(32,779)	26,966,205
Revenues over (under) expenditures	(763,416)	(486,253)	(509,980)	(23,727)	(708,809)
Other financing sources (uses):					
Transfers in (out):					
General Fund	476,500	476,500	476,500		476,500
Total other financing sources (uses)	476,500	476,500	476,500		476,500
Net change in fund balance	(286,916)	(9,753)	(33,480)	(23,727)	(232,309)
Fund balance, beginning of year	1,573,047	1,573,047	1,573,047		1,805,356
Fund balance, end of year	<u>\$1,286,131</u>	<u>\$1,563,294</u>	<u>\$1,539,567</u>	<u>(\$23,727)</u>	<u>\$1,573,047</u>

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

COUNTY OF OTTAWA

**PUBLIC IMPROVEMENT SPECIAL REVENUE FUND (2450) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Charges for services					\$112,139
Interest on investments	\$35,500	\$35,500	\$101,039	\$65,539	165,294
Rental income	758,850	758,850	802,010	43,160	737,356
Other		97,705	97,705		
Total revenues	794,350	892,055	1,000,754	108,699	1,014,789
Expenditures:					
Current operations:					
Supplies		435,000	422,086	12,914	229,924
Other services and charges	4,448	4,448	30,590	(26,142)	4,319
Capital outlay	6,975,000	6,965,000	3,618,876	3,346,124	6,676,115
Total expenditures	6,979,448	7,404,448	4,071,552	3,332,896	6,910,358
Revenues over (under) expenditures	(6,185,098)	(6,512,393)	(3,070,798)	3,441,595	(5,895,569)
Other financing sources (uses):					
Transfers in (out):					
General Fund	1,906,981	1,981,981		(1,981,981)	
Delinquent Tax Revolving Fund		372,743	372,742	(1)	
Ottawa County Building Authority - Capital Projects Fund		2,169,258	2,169,258		
Total other financing sources (uses)	1,906,981	4,523,982	2,542,000	(1,981,982)	
Net change in fund balance	(4,278,117)	(1,988,411)	(528,798)	1,459,613	(5,895,569)
Fund balance, beginning of year	5,704,873	5,704,873	5,704,873		11,600,442
Fund balance, end of year	\$1,426,756	\$3,716,462	\$5,176,075	\$1,459,613	\$5,704,873

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

COUNTY OF OTTAWA

**REVENUE SHARING RESERVE SPECIAL REVENUE FUND (2855) -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Taxes		\$9,354,173	\$9,354,173		\$9,354,173
Interest on investments			62,361	\$62,361	
Total revenues		9,354,173	9,416,534	62,361	9,354,173
Expenditures:					
Current operations:					
Total expenditures					
Revenues over (under) expenditures		9,354,173	9,416,534	62,361	9,354,173
Other financing sources (uses):					
Transfers in (out):					
General Fund		(4,104,101)	(4,104,101)		(2,593,213)
Total other financing sources (uses)		(4,104,101)	(4,104,101)		(2,593,213)
Net change in fund balance		5,250,072	5,312,433	62,361	6,760,960
Fund balance, beginning of year	6,760,960	6,760,960	6,760,960		
Fund balance, end of year	<u>\$6,760,960</u>	<u>\$12,011,032</u>	<u>\$12,073,393</u>	<u>\$62,361</u>	<u>\$6,760,960</u>

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

**County of Ottawa
Statement of Net Assets
Proprietary Funds
December 31, 2005**

	Business-type Activities- Enterprise Funds Delinquent Tax Revolving Fund	Governmental Activities- Internal Service Funds
<u>ASSETS</u>		
Current assets:		
Cash and pooled investments	\$20,509,211	\$15,614,485
Investments		16,554,842
Receivables:		
Delinquent taxes receivable	2,810,018	
Accrued interest and penalties on delinquent taxes	497,172	
Accounts	1,317	12,091
Accrued interest on investments		145,200
Due from other funds	440,423	3,785,265
Due from component units	81,180	
Inventory of supplies		38,676
Prepaid expenses		247,529
Total current assets	24,339,321	36,398,088
Noncurrent assets:		
Capital assets:		
Office furniture and equipment	58,443	4,070,469
Copy machines		139,261
Telephone equipment		2,748,013
Vehicles		3,771,159
Less accumulated depreciation	(53,020)	(7,727,221)
Net capital assets	5,423	3,001,681
Total assets	24,344,744	39,399,769
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable		11,107,578
Interfund payable		261,456
Due to other funds		3,446,789
Due to other governmental units	1,505	70,666
Total current liabilities	1,505	14,886,489
<u>NET ASSETS</u>		
Investment in capital assets	5,423	3,001,681
Restricted for managed care risk exposure		1,972,332
Unrestricted	24,337,816	19,539,267
Total net assets	\$24,343,239	\$24,513,280

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

County of Ottawa
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	<u>Business-type Activities- Enterprise Funds Delinquent Tax Revolving Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
Operating revenues:		
Charges for services	\$135,743	\$15,108,952
Penalties and interest in delinquent taxes	959,498	
Other revenue		62,381
Total operating revenues	<u>1,095,241</u>	<u>15,171,333</u>
Operating expenses:		
Personnel services		1,899,716
Contractual services	35,139	2,078,442
Supplies	4,195	176,153
Depreciation	1,450	790,404
Building and equipment rental	1,748,877	33,993
Claims and legal		8,039,300
Miscellaneous		420,834
Total operating expenses	<u>1,789,661</u>	<u>13,438,842</u>
Operating income (loss)	<u>(694,420)</u>	<u>1,732,491</u>
Nonoperating revenues (expenses):		
Interest on investments	440,423	963,734
Net change in the fair value of investments		(40,050)
Gain (loss) on retirement of capital assets		(21,060)
Total nonoperating revenues	<u>440,423</u>	<u>902,624</u>
Income (loss) before transfers	<u>(253,997)</u>	<u>2,635,115</u>
Transfers in (out):		
General fund	(625,000)	(546,244)
Public Improvement	(372,742)	
Protected Self-Funded Health		146,941
Protected Self-Funded Dental		(134,389)
Protected Self-Funded Vision		(12,552)
Ottawa County Building Authority - Debt Service	367,540	
Total transfers	<u>(630,202)</u>	<u>(546,244)</u>
Change in net assets	(884,199)	2,088,871
Total net assets, beginning of year	25,227,438	22,424,409
Total net assets, end of year	<u>\$24,343,239</u>	<u>\$24,513,280</u>

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

**County of Ottawa
Statement of Cash Flows
Proprietary Funds**

For the Year Ended December 31, 2005

	<u>Business-type Activities- Enterprise Funds Delinquent Tax Revolving Fund</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from interfund services provided		\$15,180,824
Cash receipts from customers	\$8,091,904	
Cash received from penalties and interest on delinquent taxes	874,835	
Cash payments to suppliers for goods and services	(1,794,506)	(3,536,843)
Cash payments for self-funded insurance claims		(9,605,498)
Cash payments to employees for services		(1,899,716)
Purchase of delinquent tax rolls	<u>(8,239,724)</u>	
Net cash provided by (used for) operating activities	<u>(1,067,491)</u>	<u>138,767</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in from other funds	367,540	146,941
Transfers out to other funds	<u>(997,742)</u>	<u>(1,671,215)</u>
Net cash used for noncapital financing activities	<u>(630,202)</u>	<u>(1,524,274)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets		<u>(1,460,618)</u>
Net cash used for capital and related financing activities		<u>(1,460,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments		(11,083,560)
Interest on investments	401,166	2,083,212
Proceeds on sale of investments		<u>11,082,620</u>
Net cash provided by investing activities	<u>401,166</u>	<u>2,082,272</u>
Net decrease in cash and pooled investments	(1,296,527)	(763,853)
Cash and pooled investments, beginning of year	<u>21,805,738</u>	<u>16,378,338</u>
Cash and pooled investments, end of year	<u><u>\$20,509,211</u></u>	<u><u>\$15,614,485</u></u>

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

(Continued on next page)

**County of Ottawa
Statement of Cash Flows
Proprietary Funds**

For the Year Ended December 31, 2005

	<u>Business-type Activities- Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Delinquent Tax Revolving Fund</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	(\$694,420)	\$1,732,491
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	1,450	790,404
Change in assets and liabilities not affecting cash provided by (used for) operating activities:		
(Increase) decrease in receivables	(346,456)	108,043
(Increase) decrease in advances to other funds		70,666
(Increase) decrease in inventory		(7,042)
(Increase) decrease in prepaid expenses		(55,964)
Increase (decrease) in unpaid claims liability		(1,246,020)
Increase (decrease) in accounts payable	(68)	(91,869)
Increase (decrease) in due to other funds		(1,161,942)
Increase (decrease) in due to other governmental units	(27,997)	
Net cash provided by (used for) operating activities	<u>(\$1,067,491)</u>	<u>\$138,767</u>
		<i>(Concluded)</i>

Noncash investing activities:

The change in fair value of investments for the internal service funds was (\$40,050).

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

COUNTY OF OTTAWA

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

December 31, 2005

(with comparative totals for December 31, 2004)

	Agency Funds	
	<u>2005</u>	<u>2004</u>
ASSETS		
Cash and pooled investments	\$3,509,114	\$2,864,161
Receivables:		
Accounts	582,401	172,954
Due from other governmental units	<u>261,498</u>	<u>74,282</u>
Total assets	<u><u>\$4,353,013</u></u>	<u><u>\$3,111,397</u></u>
LIABILITIES		
Liabilities:		
Due to other governmental units:		
Due to State of Michigan	\$1,314,614	\$1,408,157
Fines and fees due to local libraries	459,984	428,008
Agency deposits	<u>2,578,415</u>	<u>1,275,232</u>
Total liabilities	<u><u>\$4,353,013</u></u>	<u><u>\$3,111,397</u></u>

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

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Ottawa, Michigan (the "County") was incorporated in 1837 and covers an area of approximately 565 square miles with the County seat located in the City of Grand Haven. The County operates under an elected Board of Commissioners (11 members) and provides services to its estimated 255,406 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The financial statements of the County have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental 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

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

Blended Component Units

The Building Authority is governed by a three-member board appointed by the Ottawa County Board of Commissioners. Its sole purpose is to finance and construct the County's public buildings. It is reported in the appropriate fund categories of Debt Service and Capital Projects and has a December 31 year-end. A separate report is not prepared for the Building Authority.

The Ottawa County, Michigan Insurance Authority is a separate legal entity organized for the purpose of providing insurance coverage and risk management and related services to public entities in the County of Ottawa, Michigan pursuant to State of Michigan Act No. 36 of the Public Acts of 1988. The governing board consists of one appointed and four elected officials of the County and one appointed official from each other participating public entity. The County and the Building Authority are currently the only participating entities. The Insurance Authority is reported in an internal service fund and has a December 31 year-end.

Complete financial statements for the Insurance Authority can be obtained from:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (continued)

Fiscal Services Director
Ottawa County
12220 Fillmore Street, Room 331
West Olive, MI 49460

Discretely Presented Component Units

The Ottawa County Road Commission was established pursuant to the County Road Law (MCL 224.1). The governing board is appointed by the Ottawa County Board of Commissioners. The Road Commission deposits receipts with and has investments through the County. It may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, Road Commission taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as part of the County's total tax levy as well as reported in the Road Commission Fund. The Road Commission has a September 30 year-end.

The Ottawa County Public Utilities System's governing board is appointed by the Ottawa County Board of Commissioners. The Public Utilities System deposits receipts with and invests through the County. It is fiscally dependent upon the County because the County Board must approve debt issuances of Public Act 342 bonds. The Ottawa County Public Utilities System has a December 31 year-end.

Complete financial statements for the Road Commission and the Public Utilities System can be obtained from:

Finance Director
Ottawa County Road Commission
P.O. Box 73938
Grand Haven, MI 49417

The Ottawa County Central Dispatch Authority is governed by an eight-member board with two members appointed by the County's Board of Commissioners. It is financially accountable to the County as a result of fiscal dependency. It cannot levy taxes or issue bonded debt without approval of the County. It operates in facilities and with equipment financed through the Building Authority. Additional equipment and software has been financed through lease agreements. The services provided cover all County residents and the County levies a property tax of up to one-half mill to finance the operations of the Dispatch Authority. The Dispatch Authority has a December 31 year-end.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (continued)

Complete financial statements for the Dispatch Authority can be obtained from:

Director
Ottawa County Central Dispatch Authority
15 North 6th Street
Grand Haven, MI 49417

Ottawa County Office of the Drain Commissioner drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The Office of the Drain Commissioner is considered to be a component unit of the County because the County has the ability to significantly influence operations and has accountability for fiscal matters. The statutory drainage board of Chapter 20 drainage districts consists of the Drain Commissioner, the Chair of the County Board of Commissioners and one other member of the Board of Commissioners. The statutory drainage board of Chapter 21 drainage districts consists of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The Drain Commissioner has sole responsibility to administer the drainage district established pursuant to Chapter 3 and 4 of the Drain Code. The drainage board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district.

Complete financial statements for the Office of the Drain Commissioner can be obtained from:

Fiscal Services Director
Ottawa County
12220 Fillmore Street, Room 331
West Olive, MI 49460

B. Funds with Other Year Ends

The financial statements of the Friend of the Court, Health, Mental Health, Transportation System, Prosecuting Attorney Grants, COPS Fast-Allendale, Sheriff 9/30 Grant Programs, COPS Universal, Sheriff Road Patrol, Workforce Investment Act - 9/30 Grant Programs, Grant Programs - Pass Thru, Emergency Feeding, Federal Emergency Management Agency, Community Corrections, Community Action Agency, Child Care – Circuit Court and Child Care - Social Services funds (included with Governmental Funds and reflecting total assets and revenues of 9.62% and 34.53%,

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Funds with Other Year Ends (continued)

respectively, of the Governmental Fund totals) and the Protected Self-Funded Insurance-Mental Health Fund (included with Internal Service Funds and reflecting total assets and revenues of 5.01% and .37%, respectively, of the related fund type totals) have been included in the accompanying 2005 financial statements using their fiscal year ended September 30, 2005.

The financial statements of the Workforce Investment Act – Administrative Cost Pool, Workforce Investment Act - Youth, Workforce Investment Act – Adult, and Workforce Investment Act - 6/30 Grant Programs funds (included with Governmental Funds and reflecting total assets and revenues of .61% and 2.45%, respectively, of the Governmental Fund totals) have been included in the accompanying 2005 financial statements using their fiscal year ended June 30, 2005.

The financial statements of the Weatherization and the Workforce Investment Act-3/31 Grant Programs funds (included with Governmental Funds and reflecting assets and revenues of .07% and .17%, respectively, of the Governmental Fund totals) has been included in the accompanying 2005 financial statements using their fiscal year ended March 31, 2005.

Interfund balances, due to/from account balances, indirect expense allocations, as well as transfers, do not agree across all funds due to the different year ends reported in these funds.

C. 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 legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *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

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-wide and fund financial statements (continued)

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.

D. 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 statements. The fiduciary fund financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when 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. After March 1 of the following year, the Delinquent Tax Revolving Fund pays the County for any outstanding taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception exists for certain grant revenues that have been earned but not necessarily received within 60 days in order to match revenues with the corresponding expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, landfill closure costs and compensated absences are recorded only when payment is due.

Intergovernmental revenue, charges for services 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. The County considers these to be available if received within 180 days of year end. 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. However, if the special assessment is for the succeeding year's debt service expenditures, the revenue is also accrued. All other revenue items are considered to be measurable and available only when cash is received by the County.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *General Fund* is the County'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 reports the following major governmental funds:

Parks and Recreation Fund (2081) – This fund was established for the development, maintenance, and operation of Ottawa County parks. Funding is provided by General Fund appropriations, State grants, and user charges. A millage of .33 mills for ten years beginning with the December 1, 1997 levy was approved by the County electorate to finance this activity on November 5, 1996.

Health Fund (2210) – This fund is used to account for monies received from Federal, State, and local grants and County appropriations. These monies are utilized in providing a variety of health-related services to County residents.

Mental Health Fund (2220) – This fund is used to account for monies to provide mental health services within the County. Monies are provided by Federal, State, and County appropriations, contributions, and charges for services.

Public Improvement Fund (2450) – This fund is used for earmarked revenues set aside for public improvements. Funding is provided from General Fund appropriations and building rentals.

Revenue Sharing Reserve Fund (2855) - Public Act 357 of 2004 provides a funding mechanism to serve as a substitute for state revenue sharing payments. This substitute funding mechanism involves a gradual shift of county property tax millage from a winter tax levy to a summer tax levy and additionally, requires the establishment of a restricted fund to be known as the Revenue Sharing Reserve Fund.

The County reports the following major proprietary fund:

Delinquent Tax Revolving Fund (5160) – This Enterprise Fund is used to pay each local governmental unit, including the County General Fund, the respective amount of delinquent taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for revenue from specific revenue sources (other than fiduciary or major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* accounts for construction projects of the Building Authority. Currently, the fund has limited activity.

The *Permanent Fund* is used to record the activity of the Cemetery Trust which provides funds for perpetual care of cemetery lots.

Internal Service Funds account for data processing, equipment purchases, and insurance coverage provided to County departments on a cost reimbursement basis.

Agency Funds are used to account for assets held on behalf of outside parties, including 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Delinquent Tax Revolving enterprise fund are interest and penalties on delinquent taxes. The principal operating revenues of the County's internal service funds are charges to County departments for equipment amortization and insurance coverage. Operating expenses for the enterprise fund include depreciation on capital assets and rent payments for certain County facilities designed to pay the debt obligations of the related bond issue. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity

1. *Cash and pooled investments*

For purposes of the statement of cash flows, the County considers all assets held in the cash and investment pool to be cash equivalents because the investments are not identifiable to specific funds and the assets can be withdrawn at anytime, similar to a demand deposit account. The County's investments consist primarily of U.S. treasuries, U.S government agency securities, commercial paper, certificates of deposit, local government investment pools, and mutual funds.

Investments of the Insurance Authority consist of U.S. government and U.S. government agency securities and corporate securities. All investments are recorded at fair value.

2. *Receivables, payables and loans*

During the course of operations, numerous transactions occur between individual funds and/or between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as "due from other funds/component units" or "due to other funds/component units" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

Any residual balances outstanding between the governmental activities and business-type activity are reported in the government-wide financial statements as "internal balances."

Beginning in 2005, property taxes are levied as of December 1 and July 1 on property values assessed as of the same date. The levy has begun a three year transition which will gradually move up the entire County levy to July. In July of 2006, counties will levy two thirds of their millage for use in 2006. Since one half of the property taxes levied December 1, 2005 are for the operations of future years, one half of the receivable is offset by deferred revenue. The remaining half is held in the Revenue Sharing Reserve fund. The taxes levied December 1 are due on February 14 of the following year and taxes levied July 1 are due on September 14 after which the applicable property is subject to lien, and penalties and interest are assessed.

Other accounts receivable is shown net of the allowance for estimated uncollectibles. For the Mental Health receivables, an allowance of \$325,000 has been established. For the jail and inmate housing receivable and various other receivables an allowance of \$581,000 has been established.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

During 2005, the County provided \$950,000 to Tallmadge Township for infrastructure projects out of the County's Infrastructure Revolving Loan Fund Program. This loan will be repaid in 10 years, at 3% interest, with the Township's Water and Sewer Fund dollars.

During 2004, the County provided \$705,000 in loans to Allendale Township for two infrastructure projects out of the County's Infrastructure Revolving Loan Fund Program. The loan for \$365,000 will be repaid in 5 years, at 3% interest, with the Township's captured Downtown Development Authority revenues. The loan for \$340,000 will be repaid in 5 years, at 3% interest, with the Township's Water and Sewer Fund dollars. These loans are recorded in the non major special revenue Infrastructure fund (2444). As of December 31, 2005, the gross amount of these outstanding loans for governmental type funds was \$1,454,057. No allowance has been established for these loans.

3. *Advances to other funds*

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

4. *Inventories and prepaid items*

Inventories are valued at cost on the first-in / first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond a fund's fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements.

5. *Restricted Assets*

Certain proceeds of the Building Authority's general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In addition, the net assets of the Parks and Recreation Fund (Special Revenue Fund 2081) are comprised mainly of unused revenue from a specially designated tax levy. Hence, it is restricted. Under Act 136, Public Acts of 1956 (Sections 141.261-141.263, Compiled Laws of 1979), the

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

net assets of the Public Improvement Fund (Special Revenue Fund 2450) are restricted for statutory Public Improvement. Under Act 30, Public Acts of 1978, the use of the net assets of the Stabilization Fund (Special Revenue Fund 2570) are restricted to 1) cover a deficit, 2) prevent a reduction in the level of public services or number of employees in the current or next fiscal year, or 3) cover expenses arising from a natural disaster.

The net assets of the Revenue Sharing Reserve special revenue fund are restricted in compliance with Public Act 357 of 2005.

The use of the net assets of the Cemetery Trust are restricted to the perpetual care of certain cemetery lots.

The net assets of the Protected Self-Funded Insurance – Mental Health (6782) are restricted for mental health programs.

It is the County's policy to spend restricted resources first if it meets the criteria of the restricted net asset and use unrestricted resources when the restricted funds are depleted.

6. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. For the County, infrastructure exists in the Road Commission and the Drain Commission component units. The capitalization threshold ranges from \$1,000 - \$25,000. Capital assets are defined by the primary government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The amount reported for infrastructure includes assets added beginning in 2001.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	25
Buildings	25 - 30
Office furniture and equipment	5 - 20
Vehicles	3 - 10
Public domain infrastructure	50
System infrastructure	30

7. *Self-insurance claims incurred but not reported*

At December 31, 2005 the County has several Internal Service funds which account for various uninsured risks. The County is self-insured up to certain limits, which vary by type of risk, and purchases reinsurance to cover claims in excess of those limits. The County records estimates of self-insurance claims incurred but not reported as of December 31 based on historical trend information and claims reported subsequent to year-end. Such estimates are included in accounts payable.

8. *Compensated absences*

Substantially all County employees are granted vacation and sick leave in varying amounts based on length of service. Vacation pay is fully vested when earned and accrued in the government-wide financial statements. Employees are granted varying amounts of sick days annually and may accumulate up to a maximum of 15 days. Unused sick leave accumulated under the current plan is forfeited upon termination or retirement. Therefore, no liability for unpaid accumulated sick leave is recorded. All employees except judges and elected officials are covered under short and long-term disability benefits if an illness lasts longer than 10 working days or six months, respectively.

Employees who accumulated sick days under the County's prior sick leave policy before moving into the current plan have been allowed to bank up to 120 hours of their sick days accumulated under the prior plan in a holding account at the pay rate in effect when they entered the current plan. Employees' accounts earn interest annually at the average rate earned by the County Treasurer. Employees with at least ten years of continuous service are paid for accumulated sick

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

days in full upon death or retirement and at the rate of 50% of accumulated benefits upon termination for reasons other than death or retirement.

A liability for this amount is accrued and reported in the government-wide financial statements. The County estimates that the maximum liability for unpaid and unused sick leave would be approximately \$789,072 at December 31, 2005 if all employees who accumulated sick leave under the prior plan retired. Only the portion of this liability that has matured is recognized as a current liability. An actuarial estimate of the amount payable to employees upon retirement at December 31, 2005 is \$761,769 and is funded in the Compensated Absences Fund, a Special Revenue Fund, with a corresponding designated fund balance. On the government wide statements, however, it is included in the non-current portion of long-term obligations.

The County has fully funded the vacation liability. The vacation expenditure/expense was recorded in each fund, and this amount was transferred and recorded in the Compensated Absences Fund, a Special Revenue Fund, with a corresponding designated fund balance. An adjustment was made at December 31, 2005 to reflect the change in the balance to \$2,124,688.

Only the matured portion of compensated absences for the Road Commission discrete component unit is accrued for the fund financial statements (general fund balance sheet and general fund statement of revenues, expenditures and changes in fund balance) and the long-term portion is recorded as an adjustment to the fund financial statements which results in the government-wide statements including both short and long-term portions of this liability. Vacation leave is payable upon termination up to specific limits while 25% of sick leave is payable upon retirement up to a maximum of 25% of 1,120 hours.

The Dispatch Authority's accumulated unpaid vacation is recorded as a liability only in the government wide statement the Authority, as it has not matured. Accumulated unpaid sick pay is not recorded in the financial statements as it does not vest.

9. *Deferred compensation plan*

The County, the Road Commission and the Dispatch Authority offer to their employees several different deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to County and Dispatch Authority employees with various options depending on which bargaining unit the employee is a member. All plans permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County employee contributions for 2005 were \$1,636,377 and the County match was \$327,265.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

9. *Deferred compensation plan (continued)*

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

Investments are managed by the plans' trustees, under one of several investment options, or combination thereof. The choice of the investment option(s) is made by the participants or the investment manager at the option of the employee. As the assets of the trust are managed by the plans trustees, the plan assets are not recorded in the financial statements of the County.

10. *Employee Retirement Plans*

The County, the Road Commission and the Dispatch Authority have contributory pension plans covering substantially all of their employees. The plans are funded through annual contributions to the Michigan Municipal Employees' Retirement System in amounts sufficient to fund the normal cost of the plans and to amortize prior service cost over 30 years.

11. *Long-term obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, the 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. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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.

12. *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. Details on these reservations and designations follow:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

12. Fund equity (continued)

	<u>General Fund</u>	<u>Parks and Recreation Fund</u>	<u>Health Fund</u>	<u>Mental Health Fund</u>	<u>Public Improvement Fund</u>	<u>Revenue Sharing Reserve Fund</u>	<u>Other Governmental Funds</u>
Reserved:							
Long-term advances to other funds and component units	\$325,000						
Prepaid expenditures	28,564	\$24,200	\$16,406	\$165,085			\$44
Convention facilities tax monies	1,561,111						
Public Improvement Revenue Sharing Reserve					\$5,176,075	\$12,073,393	
Infrastructure loans							2,054,057
Program costs							52,301
Debt service							16,734
Perpetual care							5,770
Total	<u>\$1,914,675</u>	<u>\$24,200</u>	<u>\$16,406</u>	<u>\$165,085</u>	<u>\$5,176,075</u>	<u>\$12,073,393</u>	<u>\$2,128,906</u>
Designated:							
Voting machines	\$31,488						
Planning	220,245						
Grants	152,893						
Mental Health	599,510			\$1,277,583			
Aerial survey	704,296						
Building improvements	3,985,749						
Jail booking fees	91,430						
Computer technology	484,113						
Reserve for budget	1,211,075						
Register of Deeds Technology							\$108,878
Compensated absences							2,886,456
Capital Projects							2,374,153
Total	<u>\$7,480,799</u>	<u>\$- 0 -</u>	<u>\$- 0 -</u>	<u>\$1,277,583</u>	<u>\$- 0 -</u>	<u>\$- 0 -</u>	<u>\$5,369,487</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, liabilities, and net assets or equity (continued)

13. Comparative data/reclassifications

Presentation of comparative total data for the prior year have been presented when available in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds are under formal budgetary control.

Formal budgetary integration is employed as a management control device during the year for governmental funds. Formal budgetary integration is not employed for other funds; however, informational summaries are prepared and presented to the Board for consideration for proprietary fund types. The County adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget. Budgets, as presented for these funds in the accompanying financial statements, were prepared on the modified accrual basis of accounting. The County does not use encumbrances in its accounting system.

Budgets for the succeeding fiscal year are presented to the County Administrator for review each July. The Administrator meets with the various department heads submitting budgets to discuss the content and revenue/expenditure levels contained in their budgets. During September, the Administrator submits the budgets with recommendations to the Finance Committee of the County Board of Commissioners. The Finance Committee then makes a budget recommendation to the County Board of Commissioners in October. A public hearing is held in October to provide any County resident the opportunity to discuss the budget with the Board. The budget, and an appropriation ordinance implementing it, is then adopted in October. A separate budget report is then made available to the public.

Budgets for the current year are continually reviewed for any required revisions of original estimates. Proposed increases or reductions in appropriations are presented to the Finance Committee and the Board for their action. The Board amends the general appropriation act as soon as it becomes apparent this action is necessary. The budgetary information as

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary information (continued)

presented herein has been amended by official actions of the Finance Committee and/or County Board of Commissioners.

Transfers of any unexpended balance, or any portion thereof, to any other appropriation account may not be made without approval by the Finance Committee with certain exceptions. The Board has delegated authority to the Administrator and Fiscal Services Director to approve transfers within a fund if the amount to be transferred does not exceed \$50,000.

Budgetary control over expenditures is maintained on a line item basis by department, which is the legal level of control. A separate budgetary report is prepared which demonstrates compliance at the legal level of control and is available to the public in the County Clerk's office. Expenditures may not legally exceed budgeted amounts and certain Special Revenue Funds expenditures must be in accordance with the respective agreements with Federal and State grantor agencies.

All budget appropriations lapse at the end of each fiscal year unless specific Board action is taken.

B. Excess of expenditures over appropriations

In the Parks and Recreation fund, expenditures exceeded appropriations in Capital Outlay due to the unanticipated completion of land purchase negotiations in December of 2005. The expenditure was allowed because the fund had sufficient fund balance to cover the overage. Capital outlay expenditures in the Health fund also exceeded appropriations. The expenditure was allowed because the items purchased were covered by grant dollars.

In the Mental Health fund, client care expenditures exceeded appropriations due to unanticipated accruals. The appropriation was allowed because the fund had sufficient fund balance to cover the overage. In the Public Improvement fund, other services and charges expenditures exceed appropriations due to timing issues involved in construction projects. Since money had been appropriated for the project, the expenditure was allowed. Certain nonmajor funds also experienced overages, all of which were immaterial. These expenditures were permitted either because the County was assured of reimbursement from an outside party (grants) or because the fund had sufficient fund balance to cover the overage.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of various short-term investments with an original maturity of three months or less and are carried at cost, which approximates fair value.

The captions on the financial statements relating to cash and cash equivalents are as follows:

	Primary Government	Discretely Presented Component Units
Cash and Cash Equivalents	<u>\$14,755,735</u>	<u>\$10,776,124</u>

B. Investments

The County's investments are stated at fair value which is determined as follows: (a) securities are priced by FTI an on-line pricing service as of the end of each business day and (b) investments that do not have established market values are reported at estimated fair value.

Michigan statutes authorize the County to invest in bonds, other direct obligations and repurchase agreements of the United States, certificate of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. The County's investment policy, last amended in April of 2000, allows for all of these types of investments.

The Ottawa County Insurance Authority investment policy allows for all of the investment types authorized for the County as well as investment grade fixed income securities and common stock of U.S. companies.

The Ottawa County Insurance Authority's investments and restricted investments are stated at fair value which is determined as follows: (a) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates and (b) investments that do not have established market values are reported at estimated fair value. The investments of the Ottawa County Road Commission and Central Dispatch Authority were in money market mutual funds.

The County chooses to disclose its investments by Weighted Average Maturity. As of December 31, 2005, the County had the following investments. Except for the Ottawa County Insurance Authority, Ottawa County Road Commission and Ottawa County Central Dispatch Authority, all investments are in an internal investment pool.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Investments (continued)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>
Money Market Mutual Fund	\$10,640,203	N/A
Agency-FHLB	15,939,504	2.4306
Agency – FNMA	11,480,131	2.0005
Agency-FHLMC	10,399,238	3.7430
Treasury Bill	419,269	0.0508
Treasury Strip	5,517,356	0.8017
Treasury Note	<u>29,434,276</u>	2.1613
	<u>\$83,829,977</u>	
Portfolio Weighted Average Maturity		<u>2.0253</u>

In addition, as of December 31, 2005, the Ottawa County Insurance Authority had the following investments and maturities in debt securities (none of which are callable):

	<u>Cost</u>	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>		
			<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
2005					
U.S. treasuries	\$2,708,845	\$2,622,481	\$149,056	\$1,437,180	\$1,036,245
U.S. agencies	2,081,913	2,100,189	587,871	546,628	965,690
Corporate bonds	<u>868,867</u>	<u>853,863</u>	<u>0</u>	<u>607,255</u>	<u>246,608</u>
	5,659,625	5,576,533	\$736,927	\$2,591,063	\$2,248,543
Equity Securities:					
Common Stocks	<u>4,856,589</u>	<u>5,903,113</u>			
Total investment held					
by the Authority	<u>\$10,516,214</u>	<u>\$11,479,646</u>			

In 1998, to comply with Michigan Insurance Bureau regulations, the Ottawa County Insurance Authority transferred certain investments – i.e., U.S. Treasury Notes – to the Michigan Department of Treasury as security for the benefit of the Authority’s policyholders. As these investments mature, they

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Investments (continued)

are replaced with comparable investments to maintain a face value balance of \$5.0 million. Such investments held by the State Treasurer as of December 31, 2005 and 2004, are as summarized:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Face Value</u>	<u>Fair Value</u>	
				<u>2005</u>	<u>2004</u>
U.S. Treasury Notes	02/15/2007	6.250%	\$ 485,000	\$ 494,588	\$ 516,147
U.S. Treasury Notes	05/15/2007	4.375%	1,400,000	1,399,454	1,438,178
U.S. Treasury Notes	08/15/2007	6.125%	1,675,000	1,720,543	1,796,823
U.S. Treasury Notes	11/15/2008	4.750%	1,100,000	1,111,220	1,151,480
U.S. Treasury Notes	02/15/2012	4.875%	<u>340,000</u>	<u>349,391</u>	<u>358,448</u>
			<u>\$5,000,000</u>	<u>\$5,075,196</u>	<u>\$5,261,076</u>

The Ottawa County Central Dispatch Authority and the Ottawa County Road Commission, discretely presented component units, choose to disclose their investments by specifically identifying them:

Ottawa County Central Dispatch Authority:

Fifth Third Local Units of Government Money Market	\$ 532,096
MBIA Class Investment Pool	<u>2,369,696</u>
Total Ottawa County Central Dispatch Authority	<u>\$2,901,792</u>

Ottawa County Road Commission:

Fifth Third Local Units of Government Money Market	\$2,013,921
Fifth Third Money Saver	<u>190,559</u>
Total Ottawa County Road Commission	<u>\$2,204,480</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the County's deposits may not be returned to the County. It is County policy to review and verify a bank's creditworthiness through a system of ratio analysis and from information provided by several third party sources. The County policy also places maximum limits on percent of portfolio, per issuer and duration. The County places concentration limits on banks based on creditworthiness analysis. At year end, the carrying amount of the County's cash and deposits (including certificates of deposit) was \$14,754,580 and the bank balance was \$14,383,280. Of the bank balance, \$625,201 was covered by federal depository insurance and \$13,758,079 was uninsured and uncollateralized.

The Ottawa County Insurance Authority's cash in the amount of \$1,155 and \$1,241,792 at December 31, 2005 and 2004, respectively, was uninsured and uncollateralized.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Investments (continued)

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. The County's investment policy requires that investment securities be held in third-party safekeeping by an institution designated as primary agent. The policy further states that safekeeping agent follows the procedure of delivery vs. payment. As of December 31, 2005, the County's \$73,189,774 in investments was held in third-party safekeeping in the County's name.

The County also invests in money market funds that have their securities safe kept with a third party selected by the counter party. However, the pool's securities are held in trust for the participants of the fund and are not available to the counter party if the counter party should happen to fail. We believe this arrangement satisfies the County's investment policy's safekeeping requirement.

The Ottawa County Insurance Authority's short-term investments in money market funds amounting to \$879,419 and \$212,009 at 12/31/2005 and 2004, respectively, are not subject to custodial risk categorization.

Credit Risk. The County's investment in U.S. Treasury and U.S. Agencies are rated AAA by Standard & Poor's and Aaa by Moody's. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations with a maximum maturity of 270 days. The County's investment policy further limits its investment choices by limiting the maturity to A-1 90 days and A-2 60 days. As of December 31, 2005, the County had no investments in commercial paper. The two money market bank investment pools used by the County are rated Aaa by Moody's. The two external money market funds used by the County are not rated. The County's investment policy is silent on the use of rated vs. unrated money market funds. In addition, there is no rating level requirement for those money market funds that are rated.

Of the Ottawa County Insurance Authority's investments in the mortgage-backed bonds of U.S agencies as of December 31, 2005, \$2,049,690 was rated AAA and \$50,499 was rated A by Standard & Poor's. The Authority's investments in corporate bonds were rated as follows:

Rated by Standard & Poor's:	
AAA	\$50,095
AA	97,302
A	706,466
	<u>\$853,863</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (continued)

B. Investments (continued)

Concentration of Credit Risk. The County's investment policy specifies a plan to diversify and set concentration limits to further manage credit risk. The policy sets maximum percentages of the pooled portfolio by investment type with additional maximums by issuer. A minimum of 15% is to be invested in U.S. Treasuries. The policy sets a maximum of 50% in U.S. agencies with a maximum of 20% in any one issuer. Certificates of deposit have a 50% maximum with concentration limits set at 5% of the issuer's net worth. More than 5% of the County's investments were in FHLB (17.3%), FHLMC (11.3%), and FNMA (12.3%), however, they do not exceed the County's policy. No other issuer of investments exceeded 5%.

Interest Rate Risk. The County does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy sets the maximum maturity by specific type of security and by specific issuer with the maximum of 10 years. The average maturity of the portfolio as a whole may not exceed three years.

C. Deferred/Unearned Revenue

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 or for resources that have been received, but not yet earned. The governmental activities column of the statement of net assets reports unearned revenue for resources that have been received, but not yet earned as well as property taxes which have been levied as of year end for use in the next fiscal year.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital assets

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government

Governmental activities:	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of Year</u>
Capital assets, not being depreciated:				
Land	\$23,216,877	\$12,352,000		\$35,568,877
Construction in progress	3,590,383	5,550,977	(3,590,383)	5,550,977
Total capital assets, not being depreciated	<u>26,807,260</u>	<u>17,902,977</u>	<u>(3,590,383)</u>	<u>41,119,854</u>
Capital assets, being depreciated:				
Land improvements	10,097,502	499,803		10,597,305
Buildings	54,337,676	5,548,363	(833,303)	59,052,736
Machinery and equipment	19,039,522	2,193,083	(720,502)	20,512,103
Total capital assets, being depreciated	<u>83,474,700</u>	<u>8,241,249</u>	<u>(1,553,805)</u>	<u>90,162,144</u>
Less accumulated depreciation for:				
Land improvements	(3,315,930)	(513,136)		(3,829,066)
Buildings	(12,319,135)	(1,620,242)		(13,939,377)
Machinery and equipment	(15,109,843)	(1,349,316)	692,159	(15,767,000)
Total accumulated depreciation	<u>(30,744,908)</u>	<u>(3,482,694)</u>	<u>692,159</u>	<u>(33,535,443)</u>
Net capital assets, being depreciated	<u>52,729,792</u>	<u>4,758,555</u>	<u>(861,646)</u>	<u>56,626,701</u>
Net governmental activities capital assets	<u>\$79,537,052</u>	<u>\$22,661,532</u>	<u>(\$4,452,029)</u>	<u>\$97,746,555</u>
Business-type activities:	<u>Beginning Of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of Year</u>
Capital assets, being depreciated:				
Machinery and equipment	\$58,443			\$58,443
Less accumulated depreciation for:				
Machinery and equipment	(51,570)	(\$1,450)		(53,020)
Net business-type activities capital assets	<u>\$6,873</u>	<u>(\$1,450)</u>		<u>\$5,423</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

D. Capital assets (continued)

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

Governmental activities:

Judicial	\$19,025
General government	1,690,159
Public safety	218,540
Public works	43,880
Health and welfare	308,122
Culture and recreation	412,564
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>790,404</u>

Total depreciation expense – governmental activities \$3,482,694

Business-type activities:

Delinquent tax collection	<u>\$1,450</u>
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COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital assets (continued)

Discretely Presented Component Units

Activity for the capital assets of the component units for the various years ended were as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of Year</u>
Capital assets, not being depreciated:				
Land and improvements	\$1,367,182			\$1,367,182
Construction in progress		\$574,889		574,889
	<u>1,367,182</u>	<u>574,889</u>		<u>1,942,071</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings	10,561,103			10,561,103
Machinery and equipment	22,732,364	1,116,639	\$1,102,594	22,746,409
Infrastructure	59,995,016	17,478,101		77,473,117
	<u>93,288,483</u>	<u>18,594,740</u>	<u>1,102,594</u>	<u>110,780,629</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings	(2,300,331)	(280,803)		(2,581,134)
Machinery and equipment	(16,032,017)	(2,046,059)	1,102,594	(16,975,482)
Infrastructure	(3,721,063)	(2,291,137)		(6,012,200)
	<u>(22,053,411)</u>	<u>(4,617,999)</u>	<u>1,102,594</u>	<u>(25,568,816)</u>
Total depreciation				
Net capital assets, being depreciated	<u>71,235,072</u>	<u>13,976,741</u>	<u>0</u>	<u>85,211,813</u>
Net component unit capital assets	<u>\$72,602,254</u>	<u>\$14,551,630</u>	<u>\$0</u>	<u>\$87,153,884</u>

Commitments

At December 31, 2005, the County has \$2.4 million in commitments for the construction of the Holland District Court facility. In addition, \$234,000 is committed for various telecommunications projects including fiber optics and video arraignment.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital assets (continued)

Commitments (continued)

The Ottawa County Public Utilities discrete component unit has commitments for various construction projects totaling approximately \$490,500. These commitments are being funded from bond proceeds issued in prior years.

As of September 30, 2005, the Ottawa County Road Commission had entered into contracts for construction of various projects for approximately \$1,045,000.

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2005, is as follows:

<u>Due to and from Other Funds:</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Primary Government:		
Major Governmental Funds:		
General Fund		\$1,339,847
Parks and Recreation	\$165,891	
Mental Health	23,943	
Public Improvement Fund	101,039	
Revenue Sharing Reserve Fund	62,361	
Major Enterprise Fund:		
Delinquent Tax Revolving	440,423	
Non-major Governmental Funds	290,787	
Internal Service Funds	<u>3,785,265</u>	<u>3,446,789</u>
	4,869,709	4,786,636
September 30 due from paid before December 31 year end		83,073
Total	<u>\$4,869,709</u>	<u>\$4,869,709</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

E. Interfund receivables, payables, and transfers (continued)

Interfund balances primarily reflect the interest on investments that will be allocated from the General Fund. However, included in the Internal Services Funds is \$3,446,789 which represents funds from the Worker's Compensation program that are invested by the Ottawa County Insurance Authority. There are no plans to pay off this liability within the next year.

Due to and from Primary Government and Component Units

	<u>Due from Component Units</u>	<u>Due to Primary Government</u>
Major Enterprise Fund:		
Delinquent Tax Revolving	\$81,180	
Ottawa County Public Utilities System		\$81,180
Total	<u>\$81,180</u>	<u>\$81,180</u>

Due to and from Other Component Units

	<u>Due from Other Component Units</u>	<u>Due to Other Component Units</u>
Ottawa County Road Commission		\$14,605
Ottawa County Public Utilities		\$227,114
Ottawa County Drains	\$14,605	
	14,605	241,719
December 31 due from established after September 30 year end	227,114	
Total	<u>\$241,719</u>	<u>\$241,719</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

E. Interfund receivables, payables, and transfers (continued)

Interfund Receivables and Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General Fund	\$960,949	
Non-major Governmental Funds		\$699,493
Internal Service Funds		261,456
Total	<u>\$960,949</u>	<u>\$960,949</u>

Advances to and from Primary Government and Component Units

	<u>Advances to Component Units</u>	<u>Advances from Primary Government</u>
Primary Government:		
Major Governmental Funds:		
General Fund	\$325,000	
Component Units:		
Ottawa County Public Utilities		\$150,000
Ottawa County Drain Commissioner		175,000
Total	<u>\$325,000</u>	<u>\$325,000</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund receivables, payables, and transfers (continued)

Interfund transfers within the Primary Government

Transfer In:									
General fund	Parks and Recreation	Health	Mental Health	Public Improvement	Nonmajor Governmental funds	Delinquent Tax Revolving	Internal Service funds	12/31/2005 transfer out made after 9/30/2005 year end	Total
Transfer out:									
Major Funds:									
General fund	\$530,000	\$5,645,922	\$476,500		\$6,576,416			\$11,215	\$13,240,053
Revenue Sharing Reserve	\$4,104,101								4,104,101
Nonmajor governmental funds				\$2,169,258		\$367,540			2,536,798
Delinquent Tax Revolving	625,000			372,742					997,742
Internal Service funds	546,244						\$146,941		693,185
\$5,275,345	\$530,000	\$5,645,922	\$476,500	\$2,542,000	\$6,576,416	\$367,540	\$146,941	\$11,215	\$21,571,879

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

F. Leases

Operating Leases

The County is committed under various leases for building and office space. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended December 31, 2005 amounted to \$305,231. Future minimum lease payments for these leases are as follows:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases (continued)

<u>Year Ending</u>	<u>Amount</u>
2006	\$222,985
2007	118,704
2008	35,123
2009	19,801
2010	<u>1,250</u>
Total	<u>\$397,863</u>

In addition, the County is a lessor under various operating lease agreements for office space and marinas. The original cost of these assets was \$16,579,021 and the accumulated depreciation totals \$3,668,194 leaving a carrying value of \$12,910,827.

Lease revenue for the year ending December 31, 2005 was \$1,159,040. Future lease revenues for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2006	\$636,300
2007	636,300
2008	636,300
2009	636,300
2010	636,300
2011-2014	<u>2,545,200</u>
Total	<u>\$5,726,700</u>

Capital Leases

The Ottawa County Central Dispatch Authority, a component unit, has entered into a capital lease agreement for the purchase and installation of a mobile data system. The agreement provided financing of \$3,200,000 for this project. As of December 31, 2005, capital assets of approximately \$2,300,000 were included on the statement of net assets which were financed through this lease agreement. Terms for this agreement include annual payments ranging from \$330,543 to \$929,901 including interest at 4.07% through 2006.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases (continued)

Changes in debt for the year are as follows:

	<u>Beginning Of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End Of Year</u>	<u>Due in One Year</u>
Leases Payable	<u>\$675,625</u>	<u>\$ - 0 -</u>	<u>\$330,543</u>	<u>\$345,082</u>	<u>\$345,082</u>

Future minimum lease payments under capital lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
2006	<u>\$345,082</u>	<u>\$14,139</u>

G. Long-term debt

The County issues general obligation bonds to provide funds for the construction of water and sewage disposal systems, drains and buildings and to refund previously issued bonds. General obligations have been issued only for governmental activities and component units. The bonds are being repaid generally from funds received from local municipalities in the County, from drain assessments levied, and from lease revenues received by the Building Authority. Under the terms of the bond agreements, the local municipalities have pledged their full faith and credit to pay the County, each year, amounts sufficient to make principal and interest payments on the bonds.

In addition, the County has pledged its full faith and credit for payment on the bonds. The County has not established a reserve or sinking fund to cover defaults by property owners or local units. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year.

The original issue amount of the primary government's bonds is \$34,275,000. The original issue amount of the Drain Commissioner's and Ottawa County Public Utilities' bonds are \$1,350,000 and \$106,193,000 respectively.

In November 2001, the Ottawa County Road Commission issued \$4,500,000 in Public Act 143 bonds for the purpose of constructing a maintenance facility in Holland. The borrowing will be paid from State revenue allocated to the County Road Commission for road purposes. The County did not pledge its full faith and credit for these bonds.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-term debt (continued)

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rate	Primary Government	Component Units			Total Ottawa County
			Ottawa County Drain Commissioner	Ottawa County Public Utilities System	Ottawa County Road Commission	
Governmental activities	2.0 – 7.0%	\$10,065,000	\$320,000	\$36,587,533	\$2,700,000	\$49,672,533
Governmental activities – refunding	2.0 – 7.6%	13,165,000		35,985,000		49,150,000
Total		\$23,230,000	\$320,000	\$72,572,533	\$2,700,000	\$98,822,533

The annual debt service requirements (to maturity) for the bonds outstanding at year-end follow. Interest is payable on all bond obligations semi-annually. Principal payments are made annually.

Year Ending December 31	Government Activities			
	Primary Government		Component Units	
	Principal	Interest	Principal	Interest
2006	\$1,720,000	\$1,468,828	\$7,737,000	\$3,302,939
2007	1,830,000	1,394,248	7,092,000	2,985,049
2008	1,910,000	1,319,373	7,557,000	2,727,629
2009	1,995,000	784,371	6,343,000	2,435,343
2010	1,680,000	707,757	6,241,000	1,930,424
2011 - 2015	7,065,000	2,592,743	20,873,000	6,741,481
2016 – 2020	4,400,000	1,020,051	14,549,533	2,880,543
2021 - 2025	2,630,000	350,295	4,875,000	514,906
2026 – 2030			150,000	64,062
2031 – 2035			175,000	22,424
	\$23,230,000	\$9,637,666	\$75,592,533	\$23,604,800

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-term debt (continued)

Parks and Recreation Land Contracts. The Parks and Recreation department has engaged in two land contracts for the purpose of acquiring land for park development. The initial issuance amount was \$525,000. The interest rates range from 8.0% to 9.25%. Principal and interest requirements are as follows:

Year Ending December 31	Principal	Interest
2006	\$66,471	\$15,037
2007	72,392	9,117
2008	28,840	2,668
	<u>\$167,703</u>	<u>\$26,822</u>

Current Year Advance Refundings. During fiscal year 2005, the Building Authority (a blended component unit) issued \$10,005,000 in general obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$9,975,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. This advance refunding was undertaken to reduce total debt service payments by \$642,941 over the next 12 years and resulted in an economic gain of \$552,818.

Also during fiscal year 2005, the Ottawa County Public Utilities System issued \$5,035,000, \$4,670,000 and \$1,155,000 of Ottawa County general obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$4,670,000, \$4,670,000, and \$1,110,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Assets. This advance refunding was undertaken to reduce total debt service payments by \$346,807, \$156,104, and \$63,109, respectively, which resulted in economic gains of \$268,559, \$144,711, and \$54,455, respectively.

Prior Years Advance Refundings. In prior years, the Building Authority advance refunded certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The advance refunding resulted in a defeasance of the bonds. As a result of these advance refundings, the trust account assets and the liability for the

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Long-term debt (continued)

deceased bonds are not included in these financial statements. At December 31, 2005, \$3,070,000 and \$10,450,000 of bonds are considered deceased for the Building Authority and the Ottawa County Public Utilities System, respectively.

Changes in Long-Term Liabilities. Long-term liability activity for the year ended December 31, 2005 was as follows:

Primary Government

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Due within One Year</u>
Governmental activities:					
General obligation bonds	\$16,795,000	\$17,870,000	\$11,435,000	\$23,230,000	\$1,720,000
Landfill reclamation	6,827,941		1,103,196	5,724,745	4,539,245
Compensated absences	2,838,607	271,141	223,291	2,886,457	2,124,688
Parks & Recreation land contracts	228,737		61,034	167,703	66,471
Total	<u>\$26,690,285</u>	<u>\$18,141,141</u>	<u>\$12,822,521</u>	<u>\$32,008,905</u>	<u>\$8,450,404</u>

The reporting entity's legal debt margin at December 31, 2005 is \$939,685,491.

For the governmental activities, compensated absences are generally liquidated by the Compensated Absences Special Revenue fund. Future payments for the land contracts are paid out of the Parks and Recreation Special Revenue fund.

Discretely Presented Component Units

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Due within One Year</u>
Governmental activities:					
General obligation bonds	\$78,399,533	\$14,895,000	\$17,702,000	\$75,592,533	\$7,737,000
Notes payable	76,000		7,600	68,400	7,600
Claims payable	108,398	147,749	151,026	105,121	
Compensated absences	653,098	139,320	104,557	687,861	104,558
Capital leases/Installment Purchases	1,217,708	160,195	417,398	960,505	410,143
Total	<u>\$80,454,737</u>	<u>\$15,342,264</u>	<u>\$18,382,581</u>	<u>\$77,414,420</u>	<u>\$8,259,301</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Landfill reclamation

The County owns the Southwest Ottawa County Refuse Disposal Center ("SOCRDC") otherwise known as the Southwest Ottawa County Landfill. Waste Management operated the landfill from the early 1970's until it was closed in 1981. The landfill was closed per the terms of the "1981 closure agreement" between the County and the Department of Natural Resources (DNR). The agreement outlined a plan to cap the landfill and install a pump and carbon filtration system. Waste Management installed the cap in the mid 1980's; the pump and carbon filtration system was built by the County in 1987, as per the terms of the closure agreement. The County has been operating the pump and filter system 24 hours a day, 7 days a week since beginning operation in 1987.

The pump and filter system has not been effective in containing the plume of contaminants in the groundwater down gradient from the landfill. As a result, contaminants have escaped past the outer purge wells and are migrating southwest towards Lake Michigan. Even though the contaminated water meets drinking water standards, the County is providing municipal water to the property owners in the path of the plume, and is working with the local unit of government to place institutional controls on future users moving into the area. The County has completed negotiations with the Michigan Department of Environmental Quality (MDEQ), formerly known as the DNR, with a revised plan to clean up the contamination. The County will begin work in 2006 to recap the landfill and enhance the water filtration system. The cost of these enhancements could well exceed \$4.4 million dollars.

The County's estimate of annual operating and maintenance costs and capital improvements for the purge system is as follows:

<u>Estimated Cost</u>	<u>Year Ending</u>
2006	\$4,539,245
2007	152,000
2008	127,000
2009	127,000
2010	127,000
2011-2015	652,500
	<u>\$5,724,745</u>

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION

A. Defined benefit pension plan

1. *Plan Description.* The County of Ottawa, the Ottawa County Road Commission and the Ottawa County Central Dispatch Authority have defined benefit pension plans which provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County of Ottawa, the Ottawa County Road Commission and the Ottawa County Central Dispatch Authority participate in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan, 48917 or by calling (800) 767-6377.
2. *Funding Policy.*

County of Ottawa:

The County is required to contribute at an actuarially determined rate; the current rate ranges from 5.41% to 21.30% as a percentage of annual covered payroll and varies by participating division. Certain employee groups are currently required to contribute to the Plan that ranges from 1% to 6.99% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted and/or negotiated by the County.

Ottawa County Road Commission:

The Road Commission is required to contribute at an actuarially determined rate of 13.69% to 37.56% as a percentage of annual covered payroll and varies by participating division. Employees are currently not required to contribute to the plan. The contribution requirements of the Road Commission are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members, if any, are established and may be amended by the Road Commission, depending on the MERS contribution program adopted by the Road Commission.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION

A. Defined benefit pension plan (continued)

Ottawa County Central Dispatch Authority:

The Dispatch Authority is required to contribute at an actuarially determined rate; the current rate ranges from 2.5% to 10.12% as a percentage of annual covered payroll and varies by participating division. Employees do not currently contribute to the plan. The contribution requirements of the Dispatch Authority are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members, if any, are established and may be amended by the Dispatch Authority, depending on the MERS contribution program adopted by the Dispatch Authority.

Annual Pension Cost - County of Ottawa:

For the year ended December 31, 2005, the County's annual pension cost of \$3,743,136 was greater than the County's required contribution of \$3,688,472. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age 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 increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit.

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 included an adjustment to reflect market value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 30 years.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Asset
12/31/03	\$2,897,672	98%	\$2,129,268
12/31/04	3,476,737	98	2,073,124
12/31/05	3,743,136	99	2,018,460

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b-a/c)
12/31/02	\$82,390,079	\$94,625,203	\$12,235,124	87%	\$33,412,998	37%
12/31/03	90,403,304	102,982,304	12,579,000	88	34,289,985	37
12/31/04	98,134,649	115,966,795	17,832,146	85	36,798,996	48

The County's Annual Pension Cost and Net Pension Asset for the current year are as follows:

Actuarially determined contribution	\$3,688,472
Interest on Net Pension Asset	165,850
Adjustment to actuarially determined contribution	<u>(111,186)</u>
Annual pension cost	3,743,136
Contributions made	<u>3,688,472</u>
Decrease in Net Pension Asset	(54,664)
Net Pension Asset beginning of year	<u>2,073,124</u>
Net Pension Asset at end of year	<u>\$2,018,460</u>

Ottawa County Road Commission:

For the year ended September 30, 2005, the Road Commission's annual pension cost of \$682,372 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age 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 increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.16% per year, depending on age, attributable to seniority/merit. 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 included an adjustment to reflect market value. The Road Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 30 years.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Three Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	\$458,375	100%	- \$0 -
2004	590,747	100	-0-
2004	682,372	100	-0-

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAL) (b-a)</u>	<u>Fund Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAL as a Percentage of Covered Payroll (b-a/c)</u>
12/31/02	\$27,392,001	\$30,418,765	\$3,026,764	90%	\$6,025,239	50%
12/31/03	28,199,845	33,490,840	5,290,840	84	6,300,356	84
12/31/04	28,971,985	35,450,480	6,478,495	82	6,286,653	103

Ottawa County Central Dispatch Authority:

For the year ended December 31, 2005, the Dispatch Authority's annual pension expense of \$59,077 for MERS was equal to the Authority's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age 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 increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. 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 included an adjustment to reflect market value. The Dispatch Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a period of 30 years on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 30 years.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

A. Defined benefit pension plan (continued)

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
12/31/03	\$61,766	100%	- \$0 -
12/31/04	50,231	100	- 0 -
12/31/05	59,077	100	- 0 -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b-a/c)
12/31/02	\$867,934	\$896,328	\$28,394	97%	\$705,310	4%
12/31/03	1,019,059	1,163,869	144,810	88%	635,846	23
12/31/04	1,165,248	1,285,826	120,578	91%	625,571	19

B. Defined contribution pension plan

The Ottawa County Central Dispatch Authority's defined contribution pension plan provides pension benefits for employees hired after January 1, 2000 who work 30 or more hours per week and those hired before January 1, 2000 electing participation in the defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately upon employment. The Authority contributes 2% of each participant's base salary to the plan. The Authority also matches employee contributions up to a total Authority contribution of 5%. Employees are required to contribute a minimum of 2% of base pay to the plans. The Authority's contributions are vested 100% upon hire. The plan provisions and contribution amounts were established by the Authority Board and may be amended by the Authority Board. The plan is administered by MERS and the ICMA.

The Authority and member contributions were \$35,181 for the year ended December 31, 2005. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are excluded from this report as the fiduciary responsibility rests with MERS and the ICMA.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance

The County is self-funded for liability, worker's compensation, health insurance, unemployment, dental insurance and vision insurance. The claims liabilities reported at December 31, 2005 are based on the requirements of Statement No. 10 of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

The Ottawa County, Michigan Insurance Authority (the "Insurance Authority") blended component unit accounts for the self-insurance program for municipal excess liability, law enforcement liability, professional liability, and property liability. The Insurance Authority's participating members include the County of Ottawa and the Ottawa County Building Authority blended component unit. The Insurance Authority purchases municipal excess liability, auto liability, professional liability and property coverage. Property coverage carries a \$50,000 deductible and the liability coverages attach above a \$1 million SIR for all other coverages. The liability policies in total provide layers of coverage of up to \$12 million which is equal to the coverage from the prior year for property protection. In addition, the Ottawa County Insurance Authority, a blended component unit, provides coverage above the \$12 million for total aggregate coverage of \$20 million. The property coverage is \$91,423,859, which is \$14,502,824 more than the prior year. Coverage was adjusted to reflect updated property values and the new Holland District Court facility which is under construction.

The revenues for this fund's operation are reimbursements from various funds. The funds are charged based on the number of full time equivalents, number of vehicles and other pertinent information. Losses, damages and administrative expenses are all paid from this fund. Administrative expenses are first paid from Internal Service fund 6770, Protected Self-Funded Insurance Programs and then invoiced to the Authority. The claim liability for known claims and incurred but not reported claims are determined by an actuary. No annuity contracts have been purchased to satisfy claim liabilities. Settled claims have not exceeded insurance coverage in the history of the self-insurance program.

The changes in the claims liability for the years ended December 31, 2004 and 2005 as recorded in the Insurance Authority blended component unit are as follows:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	End of Year <u>Liability</u>
2004	\$10,363,283	\$111,842	\$13,672	\$10,461,453
2005	10,461,453	(977,380)	268,640	9,215,433

The County's self-insured worker's compensation program provides Michigan statutorily required coverage for worker's compensation claims. It also provides employer's liability coverage of \$13 million excess above the \$750,000 self-insured retention. An independent third party administrator administers the program for an annual fee.

The self-insurance program for health insurance including prescription coverage is accounted for in the Protected Self-Funded Health fund (Internal Service fund 6771). An independent administrator is contracted to process the daily claims. The County is responsible for claims up to \$200,000 per individual, and purchases specific excess reinsurance to a lifetime maximum of \$2 million. There is no aggregate limit on the claims for which the county is responsible. The previous deductible on the specific excess reinsurance was \$150,000. The County is also responsible for paying administrative charges which are included in this fund. The revenues for this fund's operation are reimbursements from various funds, employee withholdings, and retiree co-payments. The liability at the end of the year is based on claims already incurred and not reported.

Settled claims have not exceeded insurance coverage in the history of the self-insurance program. The changes in the claims liability for the years ended December 31, 2004 and 2005 are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	End of Year <u>Liability</u>
2004	\$495,269	\$7,579,844	\$7,404,159	\$670,954
2005	670,954	7,870,571	7,756,890	784,635

The self-insurance programs for unemployment, dental insurance and vision insurance are accounted for in the Protected Self-Funded Unemployment fund, Protected Self-Funded Dental Insurance fund

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

and Protected Self-Funded Vision Insurance fund (Internal Service funds 6772, 6776, and 6777, respectively). Unemployment claims are reimbursed to the Michigan Employment Security Commission based on actual claims annually. An independent administrator is contracted to process the daily dental and vision claims. Benefits for the dental program are capped at \$1,200 to \$1,400 per person annually, depending on bargaining unit and the dental plan chosen. Vision is capped at various dollar limits per person every two years for eye exams, frames, and lenses. Previous dental coverage had been capped at \$1,000 for employees choosing the standard dental plan. There were no changes in the vision benefit. The County is also responsible for paying administrative charges which are included in these funds. The revenues for these fund's operations are paid from various funds, employee withholdings, and retiree co-payments. The liabilities at the end of the year are based on claims already incurred and reported. Settled claims have not exceeded insurance coverage in the history of the self-insurance program.

The changes in the claims liabilities for the years ended December 31, 2004 and 2005 are as follows:

	<u>Beginning Of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2004	\$63,553	\$647,292	\$667,239	\$43,606
2005	43,606	748,075	739,408	52,273

Discretely Presented Component Units:

The Ottawa County Road Commission is exposed to lawsuits and claims made by individuals. In response to this exposure, the Ottawa County Road Commission participates in the Michigan County Road Commission Self-Insurance Pool (MCRCSIP). Participation in the MCRCSIP requires payment of premiums to the pool. The pool purchases commercial reinsurance on behalf of its members.

Due to the Road Commission's participation in this pool, the liability of the Ottawa County Road Commission relative to claims covered by the pool is limited to \$25,000 per occurrence.

The Road Commission's self-funded workers' compensation program contains stop-loss and coverage of \$300,000 per incident. This limits the Commissions' responsibility for payment to \$300,000 per workers' compensation claim.

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

Settled claims for the Road Commission have not exceeded coverage during the past three years. There have been no significant reductions in insurance coverage during the past year.

The Road Commission's self-funded insurance claims that have been incurred through the end of the year include both those claims that have been reported as well as those that have not been reported. These estimates are recorded in the government-wide statements as they are not expected to be liquidated with available financial resources. Changes in the estimates are as follows:

	<u>MCRCSIP Liability Plan</u>	<u>Workers' Compensation Plan</u>	<u>Total</u>
Estimated liability – October 1, 2003	\$22,527	\$105,046	\$127,573
Estimated claims incurred including changes in estimates and re-insurance	20,775	115,475	136,250
Claims and premiums paid	<u>(43,302)</u>	<u>(112,123)</u>	<u>(155,425)</u>
Estimated liability – September 30, 2004	0	108,398	108,398
Estimated claims incurred including changes in estimates	28,277	119,472	147,749
Claims paid	<u>(18,577)</u>	<u>(132,449)</u>	<u>(151,026)</u>
Estimated liability – September 30, 2005	<u>\$ 9,700</u>	<u>\$95,421</u>	<u>\$105,121</u>

The Ottawa County Central Dispatch Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries, as well as medical benefits provided to employees. The Authority has purchased commercial insurance for the above risks of loss. Settled claims have not exceeded insurance coverage for the last three years.

Ottawa County Public Utilities System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees and natural disasters. In order to minimize its exposure to these risks, Ottawa County Public Utility System participates in the Michigan County Road Commission Self-Insurance Pool. Settled claims relating

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

C. Self-insurance (continued)

to participation in Michigan County Road Commission Self-Insurance Pool have not exceeded the amount of insurance coverage in any of the past three fiscal years.

D. Litigation

In the normal course of its activities, the County is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. Although some actions have been brought, the County has not experienced significant losses or costs. The County administration is of the opinion that the outcome of any pending actions will not have a material effect on the County's financial position or results of operations.

E. Other post-employment benefits

In addition to the pension benefits described in Note IV. A., the County provides certain post retirement health care benefits to unclassified employees and employees of the Police Officers Association of Michigan and the Command Officers Association of Michigan in accordance with their contracts in which the County will credit the retiree \$4 - \$8 for each year of service, to a maximum of \$100 - \$200 per month, to be applied toward health coverage through the County for the retiree and spouse until age 65. Currently, twenty three retirees meet the eligibility requirements. A credit against the retiree's insurance premium is given each month that a retiree and or spouse qualify for the benefit. During the year, the County's expense for such credits given to retirees for health care benefits was \$44,034.

F. Related party transactions

The County (primary government) collects taxes related to a .4411 millage property tax to provide an operating grant to the Ottawa County Central Dispatch Authority. At December 31, 2005, the County's financial statements included taxes receivable of \$3,560,143 and deferred revenue of \$3,827,692 relating to such millage, which was levied for use in 2006. In addition, during the year ended December 31, 2005, Ottawa County provided operating grants of \$3,302,574 to the Ottawa County Central Dispatch Authority.

The Drains assess the Ottawa County Road Commission (a component unit of Ottawa County) and Ottawa County (the primary government of which the Drain Commissioner is a component unit) for drain projects. During 2005 the following assessments were paid to the Drain Commissioner by:

COUNTY OF OTTAWA, MICHIGAN

Notes to the Financial Statements

For the Year Ended December 31, 2005

IV. OTHER INFORMATION (CONTINUED)

F. Related party transactions (continued)

Ottawa County	<u>\$15,218</u>
Ottawa County Road Commission	<u>\$24,968</u>

Ottawa County Public Utilities (OCPU) incurred expenses of \$496,000 for services and labor provided by the Ottawa County Road Commission which also provides fiscal and managerial services to OCPU. At year end, OCPU owed the Ottawa County Road Commission \$227,114 for these goods and services.

G. Prior period adjustments

The activities and balances of the Spring Lake Lake Board and the Lloyd's Bayou Lake Board were recorded within prior Office of Drain Commissioner audit reports. Based on guidance provided by the GASB, it was determined that the board is not required to be included in the Office of the Drain Commissioner audit report. The result of this change was to decrease beginning fund balance in the Chapter 6 Drain by \$62,000.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

Friend of the Court Fund (2160) - This Fund accounts for the operations of the Friend of the Court including the Co-op Reimbursement Grant, the Medical Support Enforcement Grant, and the 3% Friend of the Court incentive payments established under Act 297 of 1982, Section 2530.

Solid Waste Clean-Up Fund (2271) - This Fund was established to account for monies received from settlement of a claim. The monies are to be used exclusively for the clean-up of the Southwest Ottawa Landfill.

Landfill Tipping Fees Fund (2272) - This Fund was established to account for the County's share of the tipping fee surcharge of Ottawa County Farms landfill starting in 1991 in accordance with an agreement between Ottawa County, Sunset Waste System, Inc., and the Township of Polkton. The monies are to be used for implementation of the Solid Waste Management Plan.

Transportation System Fund (2320) - This Fund is used to account for a grant from the Michigan Department of Transportation to provide public transportation in concentrated areas for persons who are handicapped or who are sixty-five years of age or older.

Planning Commission Fund (2420) - This Fund was established by the County Board under MCLA 125. A planning commission was created to prepare and oversee a County Development Plan relative to the economic, social and physical development of the County.

Infrastructure Fund (2444) - This fund was established by the County Board to provide financial assistance to local units of government for water, sewer, road and bridge projects that are especially unique, non-routine, and out-of-the ordinary.

Homestead Property Tax (2550) – This fund was established as a result of the passage of Public Act 105 of 2003 which provides for the denial of homestead status by local governments, counties and/or State of Michigan. The County's share of interest on tax revenue collected under this statute is to be used solely for the administration of this program, and any unused funds remaining after a period of three years will lapse to the county general fund (MCL 211.7cc, as amended).

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

SPECIAL REVENUE FUNDS (CONTINUED)

Register of Deeds Technology Fund (2560) – This Fund was established under Public Act 698 of 2002 to account for newly authorized additional recording fees effective March 31, 2003. The revenue collected is to be spent on technology upgrades.

Stabilization Fund (2570) - This Fund was established to assure the continued solid financial condition of the County in case of an emergency.

Prosecuting Attorney Grants Fund (2601) - This Fund is used to account for monies granted to the County by the State for prosecution against drug offenders.

Community Oriented Policing Services (C.O.P.S.) Funds (2608 and 2610) - These Funds account for Federal monies granted to the townships who contract with the County to improve the long-term ability of local law enforcement agencies public safety through innovative crime prevention, including community policing.

Sheriff 9/30 Grant Programs Fund (2609) - This Fund accounts for miscellaneous grant revenue received by the Sheriff's department from the State for special purpose programs.

Emergency Medical Technician ("EMT") Holland-Park Township Fund (2640) - This Fund is used to account for monies received under contractual agreements with Holland and Park Townships. Ottawa County agrees to provide police protection and emergency medical services to the Townships on a cost-reimbursement basis.

Emergency Medical Technician ("EMT") Georgetown Township Fund (2650) - This Fund is used to account for monies received under contractual agreement with Georgetown Township. The County agrees to provide police protection and emergency medical services to the Township on a cost-reimbursement basis.

Sheriff Road Patrol Fund (2661) - This Fund accounts for monies granted to the County by the State for the purpose of providing additional police supervision of traffic safety and additional patrol of the roads and parks as described in Public Act 416 of 1978.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

SPECIAL REVENUE FUNDS (CONTINUED)

Law Library Fund (2690) - This Fund is used to account for monies received from the Library Penal Fine Fund in accordance with Public Act 18 of 1982 and appropriations from the County for the purpose of maintaining the County's law library.

Workforce Investment Act Funds (2740, 2741, 2742, 2743, 2744, 2748, and 2749) - These Funds are used to account for Federal funds which are received by the County under the Workforce Investment Act. These Funds are targeted for training and employment programs for the under employed and economically disadvantaged citizens.

Grant Programs - Pass Thru Fund (2750) - This Fund is used to account for monies received from State and Federal grants which are passed on to outside agencies through contractual agreements to carry out the grants intended purpose.

Emergency Feeding Fund (2800) - This Fund is used to account for monies received from the State for the purpose of distributing surplus food to the impoverished residents of the County.

Federal Emergency Management Agency Fund (2810) - This Fund is used to account for monies received through the Emergency Food and Shelter National Board program for utility payments to prevent utility disconnection or heating source loss in households that have exhausted all other resources and do not qualify for other Community Action emergency funds.

Community Corrections Fund (2850) - This Fund is used to account for State monies and fees received to enhance the delivery of adult probation services in the County. This fund also receives money from the County for a Domestic Violence Intervention Program.

Community Action Agency Fund (2870) - This Fund is used to account for monies received from the State to be applied to various community programs for the impoverished residents of the County.

Weatherization Fund (2890) - This Fund is used to account for monies received through a State grant which aids in weatherizing homes of the disadvantaged, the elderly and people in the poverty zone.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

SPECIAL REVENUE FUNDS (CONTINUED)

Family Independence Agency Fund (2900) - This Fund is used primarily to account for monies from State and local funding sources and to assist with the welfare program which offers aid to disadvantaged individuals of Ottawa County.

Child Care Funds (2920 and 2921) - These Funds are used to account for foster child care in the County. This encompasses the Ottawa County Detention Center, which is a facility that houses juveniles on a short-term basis. The primary funding comes from the State and a County appropriation which is used to aid children who require placement outside of their home.

Soldiers' and Sailors' Relief Fund (2930) - This Fund is used to account for monies earmarked for indigent veterans and is mandated by State Law.

Veterans Trust Fund (2940) - This fund was established under Section 35.607 of the Compiled laws of 1970. It is used to account for monies received by the State and distributed to needy veterans.

Compensated Absences Fund (2980) - This Fund is used to account for future payments of accumulated sick pay of County employees under the sick days/short and long-term disability plan. This fund is also used to accrue vacation pay.

DEBT SERVICE FUND

Building Authority Fund (5690-5693) - This Fund was established to account for the accumulation of resources for payment of principal and interest on bonds issued to finance building projects for the County of Ottawa. Bonds have been issued for the following projects: 1985-Life Consultation Center; 1990-Ottawa County Central Dispatch Authority; 1992-Probate Court/Jail Complex; 1997-Jail addition and Sheriff and Administrative Annex. A portion of the 1985 and 1990 bonds were refunded during 1993. A portion of the 1992 bonds were refunded during 1997. Financing is provided by cash rental payments pursuant to lease agreements with the County of Ottawa.

**COUNTY OF OTTAWA
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

CAPITAL PROJECTS FUND

Building Authority Fund (5690-5693) - This Fund was established to account for construction projects of the building authority. Financing is provided by bond proceeds, interest income, and occasionally State grants. This Fund records only those projects funded with bond proceeds. Other capital construction projects funded with cash are reported primarily in the Public Improvement Fund (Special Revenue Fund 2450). Projects at County park facilities are reported in the Parks and Recreation Fund (Special Revenue Fund 2081).

PERMANENT FUND

Cemetery Trust Fund (1500) - This Fund was established under State statute to care for cemetery plots of specific individuals who have willed monies in trust to the County for perpetual care of their gravesites.

COUNTY OF OTTAWA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

(with comparative totals for December 31, 2004)

	Special Revenue					
	Friend of the Court (2160)	Solid Waste Clean-Up (2271)	Landfill Tipping Fees (2272)	Transpor- tation System (2320)	Planning Commission (2420)	Infrastructure (2444)
ASSETS						
Cash and pooled investments		\$7,681,547	\$1,014,802	\$25,787	\$170,172	\$1,442,606
Investments						
Receivables (net of allowance for estimated uncollectibles):						
Accounts			53,154			1,454,057
Due from other funds		152,246				47,699
Due from other governmental units	\$441,242			10,175		
Inventory of supplies						
Prepaid expenditures			44			
Total assets	\$441,242	\$7,833,793	\$1,068,000	\$35,962	\$170,172	\$2,944,362
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$40,329	\$29,696	\$13,797	\$10,175	\$3,758	
Due to other governmental units						
Due to component units						
Interfund payable	400,913					
Advances from other governmental units						
Interest payable						
Deferred revenue						
Total liabilities	441,242	29,696	13,797	10,175	3,758	
Fund balances:						
Reserved for prepaid expenditures			44			
Reserved for debt service						
Reserved for perpetual care						
Reserved for infrastructure loans						\$2,054,057
Reserved for program costs						
Unreserved:						
Designated for construction						
Designated for register of deeds technology						
Designated for compensated absences						
Undesignated		7,804,097	1,054,159	25,787	166,414	890,305
Total fund balances		7,804,097	1,054,203	25,787	166,414	2,944,362
Total liabilities and fund balances	\$441,242	\$7,833,793	\$1,068,000	\$35,962	\$170,172	\$2,944,362

Special Revenue

Homestead Property Tax (2550)	Register of Deeds Technology (2560)	Stabilization (2570)	Prosecuting Attorney Grants (2601)	COPS Fast- Allendale (2608)	Sheriff 9/30 Grant Programs (2609)	COPS Universal (2610)	EMT Holland - Park Township (2640)	EMT Georgetown Township (2650)
\$86,726	\$123,325	\$7,603,560		\$1,174			\$17,168	\$14,137
10,133	3,667		\$32,928	8,209	\$29,888	\$31,120 176,886	70,924	58,021
<u>\$96,859</u>	<u>\$126,992</u>	<u>\$7,603,560</u>	<u>\$32,928</u>	<u>\$9,383</u>	<u>\$29,888</u>	<u>\$208,006</u>	<u>\$88,092</u>	<u>\$72,158</u>
	\$18,114		\$2,726	\$1,597	\$21,892	\$32,971	\$22,851	\$19,628
			5,110		7,996	136,469		
				7,786		38,367	65,241	52,530
	<u>18,114</u>		<u>7,836</u>	<u>9,383</u>	<u>29,888</u>	<u>207,807</u>	<u>88,092</u>	<u>72,158</u>
	108,878							
<u>\$96,859</u>		<u>\$7,603,560</u>	<u>25,092</u>			<u>199</u>		
<u>96,859</u>	<u>108,878</u>	<u>7,603,560</u>	<u>25,092</u>			<u>199</u>		
<u>\$96,859</u>	<u>\$126,992</u>	<u>\$7,603,560</u>	<u>\$32,928</u>	<u>\$9,383</u>	<u>\$29,888</u>	<u>\$208,006</u>	<u>\$88,092</u>	<u>\$72,158</u>

(Continued on next page)

COUNTY OF OTTAWA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

(with comparative totals for December 31, 2004)

	Special Revenue					
	Sheriff Road Patrol (2661)	Law Library (2690)	Workforce Investment Act - ACP (2740)	Workforce Investment Act - Youth (2741)	Workforce Investment Act - Adult (2742)	Workforce Investment Act - 6/30 Grant Programs (2743)
ASSETS						
Cash and pooled investments		\$40,424				\$1,050
Investments						
Receivables (net of allowance for estimated uncollectibles):						
Accounts					\$9,505	12,906
Due from other funds						
Due from other governmental units	\$56,235		\$12,808	\$55,178	100,598	422,166
Inventory of supplies						372
Prepaid expenditures						
Total assets	<u>\$56,235</u>	<u>\$40,424</u>	<u>\$12,808</u>	<u>\$55,178</u>	<u>\$110,103</u>	<u>\$436,494</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$5,186	\$1,760	\$6,003	\$54,173	\$97,683	\$295,604
Due to other governmental units						91
Due to component units						
Interfund payable	51,049		5,847	1,005	2,404	
Advances from other governmental units						
Interest payable						
Deferred revenue			10			6,590
Total liabilities	<u>56,235</u>	<u>1,760</u>	<u>11,860</u>	<u>55,178</u>	<u>100,087</u>	<u>302,285</u>
Fund balances:						
Reserved for prepaid expenditures						
Reserved for debt service						
Reserved for perpetual care						
Reserved for infrastructure loans						
Reserved for program costs						
Unreserved:						
Designated for construction						
Designated for register of deeds technology						
Designated for compensated absences						
Undesignated		38,664	948		10,016	134,209
Total fund balances		<u>38,664</u>	<u>948</u>		<u>10,016</u>	<u>134,209</u>
Total liabilities and fund balances	<u>\$56,235</u>	<u>\$40,424</u>	<u>\$12,808</u>	<u>\$55,178</u>	<u>\$110,103</u>	<u>\$436,494</u>

Special Revenue

Workforce Investment Act - 12/31 Grant Programs (2744)	Workforce Investment Act- 9/30 Grant Programs (2748)	Workforce Investment Act- 3/31 Grant Programs (2749)	Grant Programs - Pass Thru (2750)	Emergency Feeding (2800)	Federal Emergency Management Agency (2810)	Community Corrections (2850)	Community Action Agency (2870)	Weather- ization (2890)
		\$391		\$23		\$215,022	\$99,045	
						80,425		
\$102,962	\$221,433	843	\$63,872			51,299	33,157	\$69,383
<u>\$102,962</u>	<u>\$221,433</u>	<u>\$1,234</u>	<u>\$63,872</u>	<u>\$23</u>	<u>None</u>	<u>\$346,746</u>	<u>\$132,202</u>	<u>\$69,383</u>
\$13,468	\$156,500	\$4	\$61,694			\$35,208	\$14,773	\$27,074
				\$23				
35,587	8,794		2,178					42,141
		1,230					5,535	
49,055	165,294	1,234	63,872	23		35,208	20,308	69,215
52,301								
1,606	56,139					311,538	111,894	168
53,907	56,139					311,538	111,894	168
<u>\$102,962</u>	<u>\$221,433</u>	<u>\$1,234</u>	<u>\$63,872</u>	<u>\$23</u>	<u>None</u>	<u>\$346,746</u>	<u>\$132,202</u>	<u>\$69,383</u>

(Continued on next page)

COUNTY OF OTTAWA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2005

(with comparative totals for December 31, 2004)

	Special Revenue					
	Family Independence Agency (2900)	Child Care - Circuit Court (2920)	Child Care - Social Services (2921)	Soldiers' and Sailors' Relief (2930)	Veterans Trust (2940)	Compensated Absences (2980)
ASSETS						
Cash and pooled investments	\$634,566	\$1,287,105	\$68,418	\$9,392	\$72	\$3,653,107
Investments						
Receivables (net of allowance for estimated uncollectibles):						
Accounts	3,906	15,403				
Due from other funds						77,042
Due from other governmental units	9,219	687,212	858		3,203	
Inventory of supplies						
Prepaid expenditures						
Total assets	\$647,691	\$1,989,720	\$69,276	\$9,392	\$3,275	\$3,730,149
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$20,770	\$501,323		\$9,392	\$2,389	\$11,010
Due to other governmental units						
Due to component units						
Interfund payable						
Advances from other governmental units	36,000					
Interest payable						
Deferred revenue						
Total liabilities	56,770	501,323		9,392	2,389	11,010
Fund balances:						
Reserved for prepaid expenditures						
Reserved for debt service						
Reserved for perpetual care						
Reserved for infrastructure loans						
Reserved for program costs						
Unreserved:						
Designated for construction						
Designated for register of deeds technology						
Designated for compensated absences						2,886,456
Undesignated	590,921	1,488,397	\$69,276		886	832,683
Total fund balances	590,921	1,488,397	69,276		886	3,719,139
Total liabilities and fund balances	\$647,691	\$1,989,720	\$69,276	\$9,392	\$3,275	\$3,730,149

<u>Special Revenue</u>	<u>Debt Service Ottawa County Building Authority (5690-5693)</u>	<u>Capital Projects Ottawa County Building Authority (5690-5693)</u>	<u>Permanent Cemetery Trust (1500)</u>	<u>Total Nonmajor Governmental Funds</u>	
Total				2005	2004
\$24,189,619	\$297,658	\$1,622 2,723,116	\$331 5,770	\$24,489,230 2,728,886	\$24,622,375 5,770
1,660,476				1,660,476	763,004
290,787				290,787	247,379
2,718,699				2,718,699	2,452,936
372				372	
44				44	
<u>\$28,859,997</u>	<u>\$297,658</u>	<u>\$2,724,738</u>	<u>\$6,101</u>	<u>\$31,888,494</u>	<u>\$28,091,464</u>
\$1,531,548		\$350,585		\$1,882,133	\$1,611,815
114				114	26
699,493				699,493	61,917
199,924				199,924	846,440
	\$280,924			280,924	206,782
13,365				13,365	137,626
<u>2,444,444</u>	<u>280,924</u>	<u>350,585</u>		<u>3,075,953</u>	<u>2,864,606</u>
44				44	
	16,734			16,734	522,939
2,054,057			\$5,770	5,770	5,770
52,301				2,054,057	638,751
				52,301	
		2,374,153		2,374,153	
108,878				108,878	264,960
2,886,456				2,886,456	2,838,607
21,313,817			331	21,314,148	20,955,831
<u>26,415,553</u>	<u>16,734</u>	<u>2,374,153</u>	<u>6,101</u>	<u>28,812,541</u>	<u>25,226,858</u>
<u>\$28,859,997</u>	<u>\$297,658</u>	<u>\$2,724,738</u>	<u>\$6,101</u>	<u>\$31,888,494</u>	<u>\$28,091,464</u>

(Concluded)

COUNTY OF OTTAWA

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Special Revenue					
	Friend of the Court (2160)	Solid Waste Clean-Up (2271)	Landfill Tipping Fees (2272)	Transpor- tation System (2320)	Planning Commission (2420)	Infrastructure (2444)
Revenues:						
Taxes						
Intergovernmental revenues	\$1,673,931	\$278,468		\$40,700		
Charges for services	203,689		\$434,964			\$32,430
Fines and forfeits						
Interest on investments		152,246				65,020
Rental income						
Other		4,585	13,666			
Total revenues	<u>1,877,620</u>	<u>435,299</u>	<u>448,630</u>	<u>40,700</u>		<u>97,450</u>
Expenditures:						
Current operations:						
Judicial	2,437,948					
General government						
Public safety						
Public works		223,710	375,528	40,700		
Health and welfare						
Community and Economic Development					\$13,963	
Debt service						
Capital projects						
Total expenditures	<u>2,437,948</u>	<u>223,710</u>	<u>375,528</u>	<u>40,700</u>	<u>13,963</u>	
Revenues over (under) expenditures	<u>(560,328)</u>	<u>211,589</u>	<u>73,102</u>		<u>(13,963)</u>	<u>97,450</u>
Other financing sources (uses):						
Transfers in (out):						
General Fund	560,328				29,267	
Delinquent Tax Revolving						
Public Improvement						
Community Action Agency						
Weatherization						
Issuance of bonds						
Refunding bonds issued						
Premium on bonds issued						
Payment to refunding bond escrow agent						
Total other financing sources (uses)	<u>560,328</u>				<u>29,267</u>	
Net change in fund balances		211,589	73,102		15,304	97,450
Fund balances, beginning of year		<u>7,592,508</u>	<u>981,101</u>	<u>25,787</u>	<u>151,110</u>	<u>2,846,912</u>
Fund balances, end of year	<u>None</u>	<u>\$7,804,097</u>	<u>\$1,054,203</u>	<u>\$25,787</u>	<u>\$166,414</u>	<u>\$2,944,362</u>

Special Revenue

Homestead Property Tax (2550)	Register of Deeds Technology (2560)	Stabilization (2570)	Prosecuting Attorney Grants (2601)	COPS Fast- Allendale (2608)	Sheriff 9/30 Grant Programs (2609)	COPS Universal (2610)	EMT Holland - Park Township (2640)	EMT Georgetown Township (2650)
\$44,828			\$142,600	\$100,911	\$62,383	\$1,324,578	\$767,753	\$627,442
	\$323,750							
10,134	3,667				86			
			425			200		
<u>54,962</u>	<u>327,417</u>		<u>143,025</u>	<u>100,911</u>	<u>62,469</u>	<u>1,324,778</u>	<u>767,753</u>	<u>627,442</u>
500	514,532		168,874	100,911	76,989	1,524,615	767,753	627,442
<u>500</u>	<u>514,532</u>		<u>168,874</u>	<u>100,911</u>	<u>76,989</u>	<u>1,524,615</u>	<u>767,753</u>	<u>627,442</u>
<u>54,462</u>	<u>(187,115)</u>		<u>(25,849)</u>		<u>(14,520)</u>	<u>(199,837)</u>		
	31,033	\$568,336	25,849		14,520	199,520		
	31,033	568,336	25,849		14,520	199,520		
54,462	(156,082)	568,336				(317)		
<u>42,397</u>	<u>264,960</u>	<u>7,035,224</u>	<u>25,092</u>			<u>516</u>		
<u>\$96,859</u>	<u>\$108,878</u>	<u>\$7,603,560</u>	<u>\$25,092</u>	<u>None</u>	<u>None</u>	<u>\$199</u>	<u>None</u>	<u>None</u>

(Continued on next page)

COUNTY OF OTTAWA

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Special Revenue Funds						
	Sheriff Road Patrol (2661)	Law Library (2690)	Workforce Investment Act - ACP (2740)	Workforce Investment Act - Youth (2741)	Workforce Investment Act - Adult (2742)	Workforce Investment Act - 6/30 Grant Programs (2743)	Workforce Investment Act - 12/31 Grant Programs (2744)
Revenues:							
Taxes							
Intergovernmental revenues	\$264,539		\$131,672	\$514,779	\$422,199	\$1,907,392	\$252,273
Charges for services							15,980
Fines and forfeits		\$6,500					
Interest on investments							
Rental income							
Other			450				90,144
Total revenues	<u>264,539</u>	<u>6,500</u>	<u>132,122</u>	<u>514,779</u>	<u>422,199</u>	<u>1,907,392</u>	<u>358,397</u>
Expenditures:							
Current operations:							
Judicial		28,276					
General government							
Public safety	268,597						
Public works							
Health and welfare			131,676	514,779	412,694	1,797,750	305,849
Community and Economic Development							
Debt service							
Capital projects							
Total expenditures	<u>268,597</u>	<u>28,276</u>	<u>131,676</u>	<u>514,779</u>	<u>412,694</u>	<u>1,797,750</u>	<u>305,849</u>
Revenues over (under) expenditures	<u>(4,058)</u>	<u>(21,776)</u>	<u>446</u>		<u>9,505</u>	<u>109,642</u>	<u>52,548</u>
Other financing sources (uses):							
Transfers in (out):							
General Fund	4,058	26,500					
Delinquent Tax Revolving							
Public Improvement							
Community Action Agency							
Weatherization							
Issuance of bonds							
Refunding bonds issued							
Premium on bonds issued							
Payment to refunding bond escrow agent							
Total other financing sources (uses)	<u>4,058</u>	<u>26,500</u>					
Net change in fund balances		4,724	446		9,505	109,642	52,548
Fund balances, beginning of year		33,940	502		511	24,567	1,359
Fund balances, end of year	<u>None</u>	<u>\$38,664</u>	<u>\$948</u>	<u>None</u>	<u>\$10,016</u>	<u>\$134,209</u>	<u>\$53,907</u>

Special Revenue

Workforce Investment Act - 9/30 Grant Programs (2748)	Workforce Investment Act - 3/31 Grant Programs (2749)	Grant Programs - Pass Thru (2750)	Emergency Feeding (2800)	Federal Emergency Management Agency (2810)	Community Corrections (2850)	Community Action Agency (2870)	Weather- ization (2890)
\$1,188,804	\$22,454	\$210,684	\$44,088	\$5,000	\$314,041 260,834	\$406,965	\$185,725
<u>1,188,804</u>	<u>22,454</u>	<u>210,684</u>	<u>44,088</u>	<u>5,000</u>	<u>9,573</u> <u>584,448</u>	<u>18,992</u> <u>425,957</u>	<u>185,725</u>
1,140,366	22,454	100,000 130,735	44,088	5,000	1,003,861	447,840	185,725
<u>1,140,366</u>	<u>22,454</u>	<u>230,735</u>	<u>44,088</u>	<u>5,000</u>	<u>1,003,861</u>	<u>447,840</u>	<u>185,725</u>
48,438		(20,051)			(419,413)	(21,883)	
		20,051			409,352	29,000	
		<u>20,051</u>			<u>409,352</u>	<u>29,000</u>	
48,438					(10,061)	7,117	
7,701					321,599	104,777	168
<u>\$56,139</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>\$311,538</u>	<u>\$111,894</u>	<u>\$168</u>

(Continued on next page)

COUNTY OF OTTAWA

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Family Independence Agency (2900)	Child Care - Circuit Court (2920)	Child Care - Social Services (2921)	Soldiers' and Sailors' Relief (2930)	Veterans Trust (2940)	Compensated Absences (2980)
Revenues:						
Taxes						
Intergovernmental revenues	\$225,581	\$2,912,947	\$18,583		\$21,808	
Charges for services	35,658					\$134,356
Fines and forfeits						
Interest on investments						77,042
Rental income						
Other	300	599,894				
Total revenues	<u>261,539</u>	<u>3,512,841</u>	<u>18,583</u>		<u>21,808</u>	<u>211,398</u>
Expenditures:						
Current operations:						
Judicial						
General government						92,882
Public safety						
Public works						
Health and welfare	927,154	6,884,297	37,220	\$90,000	21,808	
Community and Economic Development						
Debt service						
Capital projects						
Total expenditures	<u>927,154</u>	<u>6,884,297</u>	<u>37,220</u>	<u>90,000</u>	<u>21,808</u>	<u>92,882</u>
Revenues over (under) expenditures	<u>(665,615)</u>	<u>(3,371,456)</u>	<u>(18,637)</u>	<u>(90,000)</u>		<u>118,516</u>
Other financing sources (uses):						
Transfers in (out):						
General Fund	702,578	3,846,024	20,000	90,000		
Delinquent Tax Revolving						
Public Improvement						
Community Action Agency						
Weatherization						
Issuance of bonds						
Refunding bonds issued						
Premium on bonds issued						
Payment to refunding bond escrow agent						
Total other financing sources (uses)	<u>702,578</u>	<u>3,846,024</u>	<u>20,000</u>	<u>90,000</u>		
Net change in fund balances	36,963	474,568	1,363			118,516
Fund balances, beginning of year	<u>553,958</u>	<u>1,013,829</u>	<u>67,913</u>		<u>886</u>	<u>3,600,623</u>
Fund balances, end of year	<u><u>\$590,921</u></u>	<u><u>\$1,488,397</u></u>	<u><u>\$69,276</u></u>	<u><u>None</u></u>	<u><u>\$886</u></u>	<u><u>\$3,719,139</u></u>

Special Revenue	Debt Service Ottawa County Building Authority (5690-5693)	Capital Projects Ottawa County Building Authority (5690-5693)	Permanent Cemetery Trust (1500)	Total Nonmajor Governmental Funds	
				2005	2004
\$44,828				\$44,828	\$44,529
14,068,300				14,068,300	12,682,967
1,441,661				1,441,661	1,388,445
6,500				6,500	6,500
308,195	\$13,976	\$19,681	\$122	341,974	274,200
	2,008,656			2,008,656	2,243,461
738,229		29,042		767,271	301,677
<u>16,607,713</u>	<u>2,022,632</u>	<u>48,723</u>	<u>122</u>	<u>18,679,190</u>	<u>16,941,779</u>
3,570,085				3,570,085	3,298,245
776,788				776,788	882,258
3,497,042				3,497,042	3,183,957
639,938				639,938	746,016
12,968,700				12,968,700	11,147,952
13,963				13,963	338,181
	2,299,621	458,638		2,758,259	2,299,901
		3,044,672		3,044,672	
<u>21,466,516</u>	<u>2,299,621</u>	<u>3,503,310</u>		<u>27,269,447</u>	<u>21,896,510</u>
<u>(4,858,803)</u>	<u>(276,989)</u>	<u>(3,454,587)</u>	<u>122</u>	<u>(8,590,257)</u>	<u>(4,954,731)</u>
6,576,416	(367,540)	(2,169,258)		6,576,416	6,160,612
				(367,540)	
				(2,169,258)	(939)
					939
		7,865,000		7,865,000	
	10,005,000			10,005,000	
	557,974	132,998		690,972	
	<u>(10,424,650)</u>			<u>(10,424,650)</u>	
<u>6,576,416</u>	<u>(229,216)</u>	<u>5,828,740</u>		<u>12,175,940</u>	<u>6,160,612</u>
1,717,613	(506,205)	2,374,153	122	3,585,683	1,205,881
24,697,940	522,939		5,979	25,226,858	24,020,977
<u>\$26,415,553</u>	<u>\$16,734</u>	<u>\$2,374,153</u>	<u>\$6,101</u>	<u>\$28,812,541</u>	<u>\$25,226,858</u>

(Concluded)

COUNTY OF OTTAWA

**FRIEND OF THE COURT SPECIAL REVENUE FUND (2160) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,678,184	\$1,619,194	\$1,673,931	\$54,737	\$1,945,555
Charges for services	145,647	219,184	203,689	(15,495)	143,379
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	1,823,831	1,838,378	1,877,620	39,242	2,088,934
Expenditures:					
Current operations:					
Personnel services	2,064,987	2,073,399	2,014,447	58,952	1,866,580
Supplies	99,222	72,777	70,283	2,494	74,330
Other services and charges	400,162	375,351	353,218	22,133	258,522
Capital outlay					
Total expenditures	2,564,371	2,521,527	2,437,948	83,579	2,199,432
Revenues over (under) expenditures	(740,540)	(683,149)	(560,328)	122,821	(110,498)
Other financing sources (uses):					
Transfers in (out):					
General Fund	740,540	683,149	560,328	(122,821)	110,498
Total other financing sources (uses)	740,540	683,149	560,328	(122,821)	110,498
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**SOLID WASTE CLEAN-UP SPECIAL REVENUE FUND (2271) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues		\$278,469	\$278,468	(\$1)	
Charges for services					
Interest on investments	\$300,996	300,996	152,246	(148,750)	\$139,632
Licenses and permits					
Rental income					
Other			4,585	4,585	
Total revenues	300,996	579,465	435,299	(144,166)	139,632
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	173,000	173,000	117,060	55,940	172,543
Capital outlay		200,000	106,650	93,350	60,451
Total expenditures	173,000	373,000	223,710	149,290	232,994
Revenues over (under) expenditures	127,996	206,465	211,589	5,124	(93,362)
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	127,996	206,465	211,589	5,124	(93,362)
Fund balance, beginning of year	7,592,508	7,592,508	7,592,508		7,685,870
Fund balance, end of year	\$7,720,504	\$7,798,973	\$7,804,097	\$5,124	\$7,592,508

COUNTY OF OTTAWA

**LANDFILL TIPPING FEES SPECIAL REVENUE FUND (2272) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services	\$435,000	\$435,000	\$434,964	(\$36)	\$411,318
Interest on investments					
Licenses and permits					
Rental income					
Other	33,070	15,070	13,666	(1,404)	10,723
Total revenues	468,070	450,070	448,630	(1,440)	422,041
Expenditures:					
Current operations:					
Personnel services	219,844	202,494	192,318	10,176	148,888
Supplies	11,327	9,727	8,319	1,408	21,339
Other services and charges	228,576	224,421	163,374	61,047	155,048
Capital outlay		13,076	11,517	1,559	143,210
Total expenditures	459,747	449,718	375,528	74,190	468,485
Revenues over (under) expenditures	8,323	352	73,102	72,750	(46,444)
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	8,323	352	73,102	72,750	(46,444)
Fund balance, beginning of year	981,101	981,101	981,101		1,027,545
Fund balance, end of year	<u>\$989,424</u>	<u>\$981,453</u>	<u>\$1,054,203</u>	<u>\$72,750</u>	<u>\$981,101</u>

COUNTY OF OTTAWA

**TRANSPORTATION SYSTEM SPECIAL REVENUE FUND (2320) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$44,537	\$40,700	\$40,700		\$44,537
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>44,537</u>	<u>40,700</u>	<u>40,700</u>		<u>44,537</u>
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	44,537	40,700	40,700		44,537
Capital outlay					
Total expenditures	<u>44,537</u>	<u>40,700</u>	<u>40,700</u>		<u>44,537</u>
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year	<u>25,787</u>	<u>25,787</u>	<u>25,787</u>		<u>25,787</u>
Fund balance, end of year	<u>\$25,787</u>	<u>\$25,787</u>	<u>\$25,787</u>	<u>None</u>	<u>\$25,787</u>

COUNTY OF OTTAWA

**PLANNING COMMISSION SPECIAL REVENUE FUND (2420) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues		\$24,680		(\$24,680)	
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	\$20	20		(20)	\$75
Total revenues	20	24,700		(24,700)	75
Expenditures:					
Current operations:					
Personnel services	1,124	1,124	\$575	549	546
Supplies	9,161	10,737	7,362	3,375	4,207
Other services and charges	20,902	117,460	6,026	111,434	2,078
Capital outlay					
Total expenditures	31,187	129,321	13,963	115,358	6,831
Revenues over (under) expenditures	(31,167)	(104,621)	(13,963)	90,658	(6,756)
Other financing sources (uses):					
Transfers in (out):					
General Fund	29,267	29,267	29,267		104,726
Total other financing sources (uses)	29,267	29,267	29,267		104,726
Net change in fund balance	(1,900)	(75,354)	15,304	90,658	97,970
Fund balance, beginning of year	151,110	151,110	151,110		53,140
Fund balance, end of year	\$149,210	\$75,756	\$166,414	\$90,658	\$151,110

COUNTY OF OTTAWA

**INFRASTRUCTURE SPECIAL REVENUE FUND (2444) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services	\$184,446	\$32,431	\$32,430	(\$1)	\$33,727
Interest on investments	104,105	28,693	65,020	36,327	54,295
Licenses and permits					
Rental income					
Other					
Total revenues	288,551	61,124	97,450	36,326	88,022
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges					
Capital outlay					
Total expenditures					
Revenues over (under) expenditures	288,551	61,124	97,450	36,326	88,022
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Infrastructure					
Total other financing sources (uses)					
Net change in fund balance	288,551	61,124	97,450	36,326	88,022
Fund balance, beginning of year	2,846,912	2,846,912	2,846,912		2,758,890
Fund balance, end of year	\$3,135,463	\$2,908,036	\$2,944,362	\$36,326	\$2,846,912

COUNTY OF OTTAWA

**HOMESTEAD PROPERTY TAX SPECIAL REVENUE FUND (2550) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Taxes	\$50,000	\$40,000	\$44,828	\$4,828	\$44,529
Intergovernmental revenues					
Charges for services					
Interest on investments		300	10,134	9,834	368
Licenses and permits					
Rental income					
Other					
Total revenues	50,000	40,300	54,962	14,662	44,897
Expenditures:					
Personnel services					
Supplies	500	500	500		2,500
Other services and charges					
Capital outlay					
Total expenditures	500	500	500		2,500
Revenues over (under) expenditures	49,500	39,800	54,462	14,662	42,397
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	49,500	39,800	54,462	14,662	42,397
Fund balance, beginning of year	42,397	42,397	42,397		
Fund balance, end of year	\$91,897	\$82,197	\$96,859	\$14,662	\$42,397

COUNTY OF OTTAWA

**REGISTER OF DEEDS TECHNOLOGY SPECIAL REVENUE FUND (2560) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services	\$380,000	\$300,000	\$323,750	\$23,750	\$364,233
Interest on investments			3,667	3,667	11,565
Licenses and permits					
Rental income					
Other					
Total revenues	380,000	300,000	327,417	27,417	375,798
Expenditures:					
Personnel services					4,240
Supplies	1,500	1,500		1,500	799
Other services and charges	526,756	572,910	514,532	58,378	460,871
Capital outlay					
Total expenditures	528,256	574,410	514,532	59,878	465,910
Revenues over (under) expenditures	(148,256)	(274,410)	(187,115)	87,295	(90,112)
Other financing sources (uses):					
Transfers in (out):					
General Fund		28,000	31,033	3,033	
Total other financing sources (uses)		28,000	31,033	3,033	
Net change in fund balance	(148,256)	(246,410)	(156,082)	90,328	(90,112)
Fund balance, beginning of year	264,960	264,960	264,960		355,072
Fund balance, end of year	\$116,704	\$18,550	\$108,878	\$90,328	\$264,960

COUNTY OF OTTAWA

**STABILIZATION SPECIAL REVENUE FUND (2570) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005			2004 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues				
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other				
Total revenues				
Expenditures:				
Current operations:				
Personnel services				
Supplies				
Other services and charges				
Capital outlay				
Total expenditures				
Revenues over (under) expenditures				
Other financing sources (uses):				
Transfers in (out):				
General Fund	\$1,047,782	\$568,336	\$568,336	\$437,297
Total other financing sources (uses)	<u>1,047,782</u>	<u>568,336</u>	<u>568,336</u>	<u>437,297</u>
Net change in fund balance	<u>1,047,782</u>	<u>568,336</u>	<u>568,336</u>	<u>437,297</u>
Fund balance, beginning of year	<u>7,035,224</u>	<u>7,035,224</u>	<u>7,035,224</u>	<u>6,597,927</u>
Fund balance, end of year	<u><u>\$8,083,006</u></u>	<u><u>\$7,603,560</u></u>	<u><u>\$7,603,560</u></u>	<u><u>None</u></u>

COUNTY OF OTTAWA

**PROSECUTING ATTORNEY GRANTS SPECIAL REVENUE FUND (2601) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$142,600	\$142,600	\$142,600		\$139,000
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	440	440	425	(\$15)	440
Total revenues	143,040	143,040	143,025	(15)	139,440
Expenditures:					
Current operations:					
Personnel services	150,368	151,077	151,542	(465)	140,342
Supplies	14,081	14,028	13,638	390	14,130
Other services and charges	5,604	4,948	3,694	1,254	5,172
Capital outlay					
Total expenditures	170,053	170,053	168,874	1,179	159,644
Revenues over (under) expenditures	(27,013)	(27,013)	(25,849)	1,164	(20,204)
Other financing sources (uses):					
Transfers in (out):					
General Fund	27,013	27,013	25,849	(1,164)	17,390
Total other financing sources (uses)	27,013	27,013	25,849	(1,164)	17,390
Net change in fund balance					(2,814)
Fund balance, beginning of year	25,092	25,092	25,092		27,906
Fund balance, end of year	<u>\$25,092</u>	<u>\$25,092</u>	<u>\$25,092</u>	<u>None</u>	<u>\$25,092</u>

COUNTY OF OTTAWA

**COPS FAST - ALLENDALE SPECIAL REVENUE FUND (2608) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$93,038	\$97,428	\$100,911	\$3,483	\$86,740
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	93,038	97,428	100,911	3,483	86,740
Expenditures:					
Current operations:					
Personnel services	81,110	86,225	89,994	(3,769)	72,571
Supplies	1,250	450	445	5	431
Other services and charges	10,678	10,753	10,472	281	13,738
Capital outlay					
Total expenditures	93,038	97,428	100,911	(3,483)	86,740
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**SHERIFF 9/30 GRANT PROGRAMS SPECIAL REVENUE FUND (2609) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$42,715	\$67,156	\$62,383	(\$4,773)	\$63,799
Charges for services					
Interest on investments			86	86	422
Licenses and permits					
Rental income					
Other					
Total revenues	42,715	67,156	62,469	(4,687)	64,221
Expenditures:					
Current operations:					
Personnel services	21,199	30,283	29,290	993	21,144
Supplies	23,667	28,667	26,993	1,674	49,164
Other services and charges					
Capital outlay		20,000	20,706	(706)	
Total expenditures	44,866	78,950	76,989	1,961	70,308
Revenues over (under) expenditures	(2,151)	(11,794)	(14,520)	(2,726)	(6,087)
Other financing sources (uses):					
Transfers in (out):					
General Fund	2,151	13,651	14,520	869	6,087
Total other financing sources (uses)	2,151	13,651	14,520	869	6,087
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**COPS UNIVERSAL SPECIAL REVENUE FUND (2610) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$1,328,345	\$1,413,609	\$1,324,578	(\$89,031)	\$1,164,507
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other		200	200		70
Total revenues	1,328,345	1,413,809	1,324,778	(89,031)	1,164,577
Expenditures:					
Current operations:					
Personnel services	1,306,778	1,393,242	1,318,376	74,866	1,130,547
Supplies	37,416	31,312	27,388	3,924	18,019
Other services and charges	188,290	204,262	178,851	25,411	192,784
Capital outlay					
Total expenditures	1,532,484	1,628,816	1,524,615	104,201	1,341,350
Revenues over (under) expenditures	(204,139)	(215,007)	(199,837)	15,170	(176,773)
Other financing sources (uses):					
Transfers in (out):					
General Fund	204,139	215,207	199,520	(15,687)	176,171
Total other financing sources (uses)	204,139	215,207	199,520	(15,687)	176,171
Net change in fund balance		200	(317)	(517)	(602)
Fund balance, beginning of year	516	516	516		1,118
Fund balance, end of year	\$516	\$716	\$199	(\$517)	\$516

COUNTY OF OTTAWA

**EMT HOLLAND-PARK TOWNSHIP SPECIAL REVENUE FUND (2640) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$777,034	\$787,757	\$767,753	(\$20,004)	\$754,806
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>777,034</u>	<u>787,757</u>	<u>767,753</u>	<u>(20,004)</u>	<u>754,806</u>
Expenditures:					
Current operations:					
Personnel services	706,929	719,135	702,615	16,520	674,850
Supplies	10,250	13,715	12,513	1,202	14,066
Other services and charges	59,855	54,907	52,625	2,282	65,890
Capital outlay					
Total expenditures	<u>777,034</u>	<u>787,757</u>	<u>767,753</u>	<u>20,004</u>	<u>754,806</u>
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

COUNTY OF OTTAWA

**EMT GEORGETOWN TOWNSHIP SPECIAL REVENUE FUND (2650) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$630,358	\$630,358	\$627,442	(\$2,916)	\$608,817
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	630,358	630,358	627,442	(2,916)	608,817
Expenditures:					
Current operations:					
Personnel services	535,809	535,109	536,841	(1,732)	518,575
Supplies	14,175	14,175	13,995	180	11,818
Other services and charges	80,374	81,074	76,606	4,468	78,424
Capital outlay					
Total expenditures	630,358	630,358	627,442	2,916	608,817
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**SHERIFF ROAD PATROL SPECIAL REVENUE FUND (2661) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$281,095	\$264,539	\$264,539		\$264,444
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	281,095	264,539	264,539		264,444
Expenditures:					
Current operations:					
Personnel services	226,380	229,702	232,149	(\$2,447)	203,961
Supplies	7,374	3,163	3,220	(57)	10,137
Other services and charges	47,341	31,674	33,228	(1,554)	33,516
Capital outlay					19,592
Total expenditures	281,095	264,539	268,597	(4,058)	267,206
Revenues over (under) expenditures			(4,058)	(4,058)	(2,762)
Other financing sources (uses):					
Transfers in (out):					
General Fund			4,058	4,058	2,762
Total other financing sources (uses)			4,058	4,058	2,762
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**LAW LIBRARY SPECIAL REVENUE FUND (2690) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services					
Fines and forfeits	\$6,500	\$6,500	\$6,500		\$6,500
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	6,500	6,500	6,500		6,500
Expenditures:					
Current operations:					
Personnel services					
Supplies	33,000	33,000	28,276	\$4,724	22,174
Other services and charges					
Capital outlay					
Total expenditures	33,000	33,000	28,276	4,724	22,174
Revenues over (under) expenditures	(26,500)	(26,500)	(21,776)	4,724	(15,674)
Other financing sources (uses):					
Transfers in (out):					
General Fund	26,500	26,500	26,500		26,500
Total other financing sources (uses)	26,500	26,500	26,500		26,500
Net change in fund balance			4,724	4,724	10,826
Fund balance, beginning of year	33,940	33,940	33,940		23,114
Fund balance, end of year	<u>\$33,940</u>	<u>\$33,940</u>	<u>\$38,664</u>	<u>\$4,724</u>	<u>\$33,940</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - ADMINISTRATIVE COST POOL SPECIAL REVENUE FUND (2740) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$162,356	\$182,092	\$131,672	(\$50,420)	\$71,704
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other		450	450		200
Total revenues	162,356	182,542	132,122	(50,420)	71,904
Expenditures:					
Current operations:					
Personnel services	125,411	124,011	87,114	36,897	50,199
Supplies	2,465	8,554	5,328	3,226	3,029
Other services and charges	34,480	49,977	39,234	10,743	18,474
Capital outlay					
Total expenditures	162,356	182,542	131,676	50,866	71,702
Revenues over (under) expenditures			446	446	202
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance			446	446	202
Fund balance, beginning of year	502	502	502		300
Fund balance, end of year	<u>\$502</u>	<u>\$502</u>	<u>\$948</u>	<u>\$446</u>	<u>\$502</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - YOUTH SPECIAL REVENUE FUND (2741) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$537,354	\$598,367	\$514,779	(\$83,588)	\$311,243
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	537,354	598,367	514,779	(83,588)	311,243
Expenditures:					
Current operations:					
Personnel services	69,394	74,189	70,068	4,121	41,646
Supplies	1,882	2,232	1,594	638	3,609
Other services and charges	466,078	521,946	443,117	78,829	265,988
Capital outlay					
Total expenditures	537,354	598,367	514,779	83,588	311,243
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - ADULT SPECIAL REVENUE FUND (2742) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$371,975	\$490,810	\$422,199	(\$68,611)	\$253,503
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	371,975	490,810	422,199	(68,611)	253,503
Expenditures:					
Current operations:					
Personnel services	48,249	50,009	48,546	1,463	51,306
Supplies	1,412	21,712	15,689	6,023	4,547
Other services and charges	322,314	401,089	339,688	61,401	197,650
Capital outlay		18,000	8,771	9,229	
Total expenditures	371,975	490,810	412,694	78,116	253,503
Revenues over (under) expenditures			9,505	9,505	
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance			9,505	9,505	
Fund balance, beginning of year	511	511	511		511
Fund balance, end of year	<u>\$511</u>	<u>\$511</u>	<u>\$10,016</u>	<u>\$9,505</u>	<u>\$511</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - 6/30 GRANT PROGRAMS
SPECIAL REVENUE FUND (2743) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended June 30, 2005
(with comparative actual amounts for the year ended June 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$2,003,557	\$2,571,853	\$1,907,392	(\$664,461)	\$1,344,348
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>2,003,557</u>	<u>2,571,853</u>	<u>1,907,392</u>	<u>(664,461)</u>	<u>1,344,348</u>
Expenditures:					
Current operations:					
Personnel services	270,848	281,001	199,186	81,815	162,356
Supplies	92,213	169,986	86,310	83,676	39,617
Other services and charges	1,640,496	2,102,866	1,503,483	599,383	1,143,409
Total expenditures	<u>2,003,557</u>	<u>2,571,853</u>	<u>1,797,750</u>	<u>774,103</u>	<u>1,345,382</u>
Revenues over (under) expenditures			109,642	109,642	(1,034)
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance			109,642	109,642	(1,034)
Fund balance, beginning of year	24,567	24,567	24,567		25,601
Fund balance, end of year	<u>\$24,567</u>	<u>\$24,567</u>	<u>\$134,209</u>	<u>\$109,642</u>	<u>\$24,567</u>

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT - 12/31 GRANT PROGRAMS
SPECIAL REVENUE FUND (2744) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$350,400	\$379,429	\$252,273	(\$127,156)	\$169,818
Charges for services	30,000	30,000	15,980	(14,020)	2,230
Interest on investments					
Licenses and permits					
Rental income					
Other	61,000	81,000	90,144	9,144	24,641
Total revenues	441,400	490,429	358,397	(132,032)	196,689
Expenditures:					
Current operations:					
Personnel services	43,210	52,476	45,591	6,885	41,554
Supplies	1,412	2,264	1,355	909	1,899
Other services and charges	396,778	435,689	258,903	176,786	152,778
Total expenditures	441,400	490,429	305,849	184,580	196,231
Revenues over (under) expenditures			52,548	52,548	458
Other financing sources (uses):					
Transfers in (out):					
Total other financing sources (uses)					
Net change in fund balance			52,548	52,548	458
Fund balance, beginning of year	1,359	1,359	1,359		901
Fund balance, end of year	\$1,359	\$1,359	\$53,907	\$52,548	\$1,359

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT-9/30 GRANT PROGRAMS
SPECIAL REVENUE FUND (2748) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$353,912	\$1,284,837	\$1,188,804	(\$96,033)	\$1,470,599
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					632
Total revenues	353,912	1,284,837	1,188,804	(96,033)	1,471,231
Expenditures:					
Current operations:					
Personnel services	59,224	170,847	140,492	30,355	99,180
Supplies	57,440	103,324	60,675	42,649	137,254
Other services and charges	237,248	1,010,666	939,199	71,467	1,227,096
Capital outlay					
Total expenditures	353,912	1,284,837	1,140,366	144,471	1,463,530
Revenues over (under) expenditures			48,438	48,438	7,701
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance			48,438	48,438	7,701
Fund balance, beginning of year	7,701	7,701	7,701		
Fund balance, end of year	\$7,701	\$7,701	\$56,139	\$48,438	\$7,701

COUNTY OF OTTAWA

**WORKFORCE INVESTMENT ACT-3/31 GRANT PROGRAMS
SPECIAL REVENUE FUND (2749) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended March 31, 2005
(with comparative actual amounts for the year ended March 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$25,454	\$25,454	\$22,454	(\$3,000)	\$43,700
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	25,454	25,454	22,454	(3,000)	43,700
Expenditures:					
Current operations:					
Personnel services	4,299	4,299	3,711	588	10,950
Supplies	740	740	79	661	247
Other services and charges	20,415	20,415	18,664	1,751	32,503
Capital outlay					
Total expenditures	25,454	25,454	22,454	3,000	43,700
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**GRANT PROGRAMS - PASS THRU SPECIAL REVENUE FUND (2750)-
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$51,913	\$217,837	\$210,684	(\$7,153)	\$443,019
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	51,913	217,837	210,684	(7,153)	443,019
Expenditures:					
Current operations:					
Personnel services	66,241	57,856	53,864	3,992	45,804
Supplies	3,250	3,250	659	2,591	2,302
Other services and charges	8,379	177,994	176,212	1,782	412,974
Capital outlay					
Total expenditures	77,870	239,100	230,735	8,365	461,080
Revenues over (under) expenditures	(25,957)	(21,263)	(20,051)	1,212	(18,061)
Other financing sources (uses):					
Transfers in (out):					
General Fund	25,957	21,263	20,051	(1,212)	18,061
Total other financing sources (uses)	25,957	21,263	20,051	(1,212)	18,061
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**EMERGENCY FEEDING SPECIAL REVENUE FUND (2800) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$43,000	\$45,944	\$44,088	(\$1,856)	\$44,164
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	43,000	45,944	44,088	(1,856)	44,164
Expenditures:					
Current operations:					
Personnel services	16,743	21,308	21,128	180	8,522
Supplies	470	1,734	1,633	101	9,564
Other services and charges	25,787	22,902	21,327	1,575	26,078
Capital outlay					
Total expenditures	43,000	45,944	44,088	1,856	44,164
Revenues over (under) expenditures					
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

COUNTY OF OTTAWA

**FEDERAL EMERGENCY MANAGEMENT AGENCY SPECIAL REVENUE FUND (2810) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005			2004 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Intergovernmental revenues		\$5,000	\$5,000	\$4,400
Charges for services				
Interest on investments				
Licenses and permits				
Rental income				
Other				
Total revenues		5,000	5,000	4,400
Expenditures:				
Current operations:				
Personnel services				
Supplies				
Other services and charges		5,000	5,000	4,400
Capital outlay				
Total expenditures		5,000	5,000	4,400
Revenues over (under) expenditures				
Other financing sources (uses):				
Transfers in (out):				
General Fund				
Total other financing sources (uses)				
Net change in fund balance				
Fund balance, beginning of year				
Fund balance, end of year	None	None	None	None

COUNTY OF OTTAWA

**COMMUNITY CORRECTIONS SPECIAL REVENUE FUND (2850) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$314,170	\$314,170	\$314,041	(\$129)	\$290,264
Charges for services	360,050	201,050	260,834	59,784	208,059
Interest on investments					
Licenses and permits					
Rental income					
Other	13,000	9,500	9,573	73	7,129
Total revenues	687,220	524,720	584,448	59,728	505,452
Expenditures:					
Current operations:					
Personnel services	703,609	649,695	635,066	14,629	636,250
Supplies	31,544	30,244	26,623	3,621	39,256
Other services and charges	393,375	351,534	342,172	9,362	326,133
Capital outlay					
Total expenditures	1,128,528	1,031,473	1,003,861	27,612	1,001,639
Revenues over (under) expenditures	(441,308)	(506,753)	(419,413)	87,340	(496,187)
Other financing sources (uses):					
Transfers in (out):					
General Fund	441,308	409,352	409,352		405,241
Total other financing sources (uses)	441,308	409,352	409,352		405,241
Net change in fund balance		(97,401)	(10,061)	87,340	(90,946)
Fund balance, beginning of year	321,599	321,599	321,599		412,545
Fund balance, end of year	<u>\$321,599</u>	<u>\$224,198</u>	<u>\$311,538</u>	<u>\$87,340</u>	<u>\$321,599</u>

COUNTY OF OTTAWA

**COMMUNITY ACTION AGENCY SPECIAL REVENUE FUND (2870) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$341,637	\$538,946	\$406,965	(\$131,981)	\$313,697
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	11,400	22,734	18,992	(3,742)	26,459
Total revenues	353,037	561,680	425,957	(135,723)	340,156
Expenditures:					
Current operations:					
Personnel services	264,443	292,526	200,846	91,680	168,756
Supplies	6,801	37,291	32,425	4,866	14,771
Other services and charges	110,793	268,263	214,569	53,694	189,066
Capital outlay					
Total expenditures	382,037	598,080	447,840	150,240	372,593
Revenues over (under) expenditures	(29,000)	(36,400)	(21,883)	14,517	(32,437)
Other financing sources (uses):					
Transfers in (out):					
General Fund	29,000	29,000	29,000		29,000
Weatherization					(939)
Total other financing sources (uses)	29,000	29,000	29,000		28,061
Net change in fund balance		(7,400)	7,117	14,517	(4,376)
Fund balance, beginning of year	104,777	104,777	104,777		109,153
Fund balance, end of year	<u>\$104,777</u>	<u>\$97,377</u>	<u>\$111,894</u>	<u>\$14,517</u>	<u>\$104,777</u>

COUNTY OF OTTAWA

**WEATHERIZATION SPECIAL REVENUE FUND (2890) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended March 31, 2005
(with comparative actual amounts for the year ended March 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$189,635	\$189,635	\$185,725	(\$3,910)	\$246,372
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	189,635	189,635	185,725	(3,910)	246,372
Expenditures:					
Current operations:					
Personnel services	43,734	35,221	34,830	391	41,757
Supplies	69,964	66,611	70,033	(3,422)	69,030
Other services and charges	75,937	87,803	80,862	6,941	136,524
Capital outlay					
Total expenditures	189,635	189,635	185,725	3,910	247,311
Revenues over (under) expenditures					(939)
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Community Action Agency					939
Total other financing sources (uses)					939
Net change in fund balance					
Fund balance, beginning of year	168	168	168		168
Fund balance, end of year	<u>\$168</u>	<u>\$168</u>	<u>\$168</u>	<u>None</u>	<u>\$168</u>

COUNTY OF OTTAWA

**FAMILY INDEPENDENCE AGENCY SPECIAL REVENUE FUND (2900) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$420,000	\$421,000	\$225,581	(\$195,419)	\$300,341
Charges for services	33,604	33,604	35,658	2,054	36,420
Interest on investments					
Licenses and permits					
Rental income					
Other	1,100	400	300	(100)	726
Total revenues	454,704	455,004	261,539	(193,465)	337,487
Expenditures:					
Current operations:					
Personnel services	626,520	622,320	591,422	30,898	579,905
Supplies	411,634	413,584	221,826	191,758	310,312
Other services and charges	110,795	113,345	113,906	(561)	99,930
Capital outlay					
Total expenditures	1,148,949	1,149,249	927,154	222,095	990,147
Revenues over (under) expenditures	(694,245)	(694,245)	(665,615)	28,630	(652,660)
Other financing sources (uses):					
Transfers in (out):					
General Fund	694,245	694,245	702,578	8,333	683,127
Total other financing sources (uses)	694,245	694,245	702,578	8,333	683,127
Net change in fund balance			36,963	36,963	30,467
Fund balance, beginning of year	553,958	553,958	553,958		523,491
Fund balance, end of year	<u>\$553,958</u>	<u>\$553,958</u>	<u>\$590,921</u>	<u>\$36,963</u>	<u>\$553,958</u>

COUNTY OF OTTAWA

**CHILD CARE - CIRCUIT COURT SPECIAL REVENUE FUND (2920) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$3,088,955	\$2,952,456	\$2,912,947	(\$39,509)	\$2,268,490
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other	220,500	585,400	599,894	14,494	230,582
Total revenues	3,309,455	3,537,856	3,512,841	(25,015)	2,499,072
Expenditures:					
Current operations:					
Personnel services	3,375,178	3,340,451	3,309,905	30,546	2,557,877
Supplies	201,863	200,101	177,962	22,139	184,262
Other services and charges	3,578,438	3,552,801	3,396,430	156,371	2,912,920
Capital outlay					
Total expenditures	7,155,479	7,093,353	6,884,297	209,056	5,655,059
Revenues over (under) expenditures	(3,846,024)	(3,555,497)	(3,371,456)	184,041	(3,155,987)
Other financing sources (uses):					
Transfers in (out):					
General Fund	3,846,024	3,846,024	3,846,024		4,023,408
Total other financing sources (uses)	3,846,024	3,846,024	3,846,024		4,023,408
Net change in fund balance		290,527	474,568	184,041	867,421
Fund balance, beginning of year	1,013,829	1,013,829	1,013,829		146,408
Fund balance, end of year	\$1,013,829	\$1,304,356	\$1,488,397	\$184,041	\$1,013,829

COUNTY OF OTTAWA

**CHILD CARE - SOCIAL SERVICES SPECIAL REVENUE FUND (2921) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended September 30, 2005
(with comparative actual amounts for the year ended September 30, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$18,750	\$18,750	\$18,583	(\$167)	\$16,870
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>18,750</u>	<u>18,750</u>	<u>18,583</u>	<u>(167)</u>	<u>16,870</u>
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	38,750	38,750	37,220	1,530	33,741
Capital outlay					
Total expenditures	<u>38,750</u>	<u>38,750</u>	<u>37,220</u>	<u>1,530</u>	<u>33,741</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>(18,637)</u>	<u>1,363</u>	<u>(16,871)</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund	20,000	20,000	20,000		23,250
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>		<u>23,250</u>
Net change in fund balance			1,363	1,363	6,379
Fund balance, beginning of year	<u>67,913</u>	<u>67,913</u>	<u>67,913</u>		<u>61,534</u>
Fund balance, end of year	<u>\$67,913</u>	<u>\$67,913</u>	<u>\$69,276</u>	<u>\$1,363</u>	<u>\$67,913</u>

COUNTY OF OTTAWA

**SOLDIERS' AND SAILORS' RELIEF SPECIAL REVENUE FUND (2930) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues					
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	\$90,000	\$90,000	\$90,000		\$97,094
Capital outlay					
Total expenditures	90,000	90,000	90,000		97,094
Revenues over (under) expenditures	(90,000)	(90,000)	(90,000)		(97,094)
Other financing sources (uses):					
Transfers in (out):					
General Fund	90,000	90,000	90,000		97,094
Total other financing sources (uses)	90,000	90,000	90,000		97,094
Net change in fund balance					
Fund balance, beginning of year					
Fund balance, end of year	None	None	None	None	None

COUNTY OF OTTAWA

**VETERANS TRUST SPECIAL REVENUE FUND (2940) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues	\$19,000	\$19,000	\$21,808	\$2,808	\$18,230
Charges for services					
Interest on investments					
Licenses and permits					
Rental income					
Other					
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>21,808</u>	<u>2,808</u>	<u>18,230</u>
Expenditures:					
Current operations:					
Personnel services					
Supplies					
Other services and charges	19,000	19,000	21,808	(2,808)	18,152
Capital outlay					
Total expenditures	<u>19,000</u>	<u>19,000</u>	<u>21,808</u>	<u>(2,808)</u>	<u>18,152</u>
Revenues over (under) expenditures					<u>78</u>
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance					78
Fund balance, beginning of year	<u>886</u>	<u>886</u>	<u>886</u>		<u>808</u>
Fund balance, end of year	<u><u>\$886</u></u>	<u><u>\$886</u></u>	<u><u>\$886</u></u>	<u>None</u>	<u><u>\$886</u></u>

COUNTY OF OTTAWA

**COMPENSATED ABSENCES SPECIAL REVENUE FUND (2980) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services		\$100,000	\$134,356	\$34,356	\$189,079
Interest on investments	\$120,000	18,750	77,042	58,292	63,292
Licenses and permits					
Rental income					
Other					
Total revenues	120,000	118,750	211,398	92,648	252,371
Expenditures:					
Current operations:					
Personnel services	34,850	34,850	92,882	(58,032)	254,204
Supplies					
Other services and charges					
Capital outlay					
Total expenditures	34,850	34,850	92,882	(58,032)	254,204
Revenues over (under) expenditures	85,150	83,900	118,516	34,616	(1,833)
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	85,150	83,900	118,516	34,616	(1,833)
Fund balance, beginning of year	3,600,623	3,600,623	3,600,623		3,602,456
Fund balance, end of year	<u>\$3,685,773</u>	<u>\$3,684,523</u>	<u>\$3,719,139</u>	<u>\$34,616</u>	<u>\$3,600,623</u>

COUNTY OF OTTAWA

**OTTAWA COUNTY BUILDING AUTHORITY DEBT SERVICE FUND (5690 - 5694) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Interest on investments	\$2,565	\$9,668	\$13,976	\$4,308	\$4,573
Rental income	2,173,522	2,177,997	2,008,656	(169,341)	2,243,461
Total revenues	2,176,087	2,187,665	2,022,632	(165,033)	2,248,034
Expenditures:					
Principal retirement	1,460,000	1,460,000	1,460,000		1,395,000
Interest and fiscal charges	842,463	846,938	701,297	145,641	904,901
Bond issuance costs		138,324	138,324		
Total expenditures	2,302,463	2,445,262	2,299,621	145,641	2,299,901
Revenues over (under) expenditures	(126,376)	(257,597)	(276,989)	(19,392)	(51,867)
Other financing sources (uses):					
Transfers in (out)					
Delinquent Tax Revolving			(367,540)	(367,540)	
Refunding bonds issued		10,005,000	10,005,000		
Premium on refunding bonds		557,974	557,974		
Payment to refunding bond escrow agent		(10,424,650)	(10,424,650)		
Total other financing sources (uses)		138,324	(229,216)	(367,540)	
Net change in fund balance	(126,376)	(119,273)	(506,205)	(386,932)	(51,867)
Fund balances, beginning of year	522,939	522,939	522,939		574,806
Fund balances, end of year	<u>\$396,563</u>	<u>\$403,666</u>	<u>\$16,734</u>	<u>(\$386,932)</u>	<u>\$522,939</u>

COUNTY OF OTTAWA

**OTTAWA COUNTY BUILDING AUTHORITY CAPITAL PROJECTS FUND (5690 - 5694) -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005			2004 Actual
	Original Budget	Final Amended Budget	Actual	
Revenues:				
Interest on investments		\$60,188	\$19,681	(\$40,507)
Other			29,042	\$29,042
Total revenues		60,188	48,723	(11,465)
Expenditures:				
Construction contracts		3,114,000	3,044,672	69,328
Bond issue costs		460,247	458,638	1,609
Total expenditures		3,574,247	3,503,310	70,937
Revenues over (under) expenditures		(3,514,059)	(3,454,587)	59,472
Other financing sources (uses):				
Transfers in (out):				
Public Improvement		(2,169,258)	(2,169,258)	
Issuance of bonds		7,865,000	7,865,000	
Premium on bonds issued		132,998	132,998	
Total other financing sources (uses)		5,828,740	5,828,740	
Net change in fund balance		2,314,681	2,374,153	59,472
Fund balances, beginning of year				
Fund balances, end of year	None	\$2,314,681	\$2,374,153	\$59,472

COUNTY OF OTTAWA

**CEMETERY TRUST PERMANENT FUND (1500)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the Year Ended December 31, 2005
(with comparative actual amounts for the year ended December 31, 2004)

	2005				2004 Actual
	Original Budget	Final Amended Budget	Actual	Variance	
Revenues:					
Intergovernmental revenues					
Charges for services					
Interest on investments	\$100	\$100	\$122	\$22	\$53
Licenses and permits					
Rental income					
Other					
Total revenues	100	100	122	22	53
Expenditures:					
Personnel services					
Supplies					
Other services and charges					
Capital outlay					
Other					
Total expenditures					
Revenues over (under) expenditures	100	100	122	22	53
Other financing sources (uses):					
Transfers in (out):					
General Fund					
Total other financing sources (uses)					
Net change in fund balance	100	100	122	22	53
Fund balance, beginning of year	\$5,979	5,979	5,979		5,926
Fund balance, end of year	\$6,079	\$6,079	\$6,101	\$22	\$5,979

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

Internal Service Funds are established to account for the financing of goods or services provided by one department to other departments of the governmental unit on a cost-reimbursement basis.

Management Information Services Fund (6360) - The Management Information Services Fund is used to account for revenues collected from user departments for service charges to cover the costs incurred in the operation of the department including computer processing time and programming time.

Duplicating Fund (6450) - The Duplicating Fund is used to account for revenues received from user departments and expenses incurred in providing copier services.

Telecommunications Fund (6550) - The Telecommunications Fund is used to account for revenues received from user departments and expenses incurred in providing telephone service.

Equipment Pool Fund (6641) - The Equipment Pool Fund is used to account for revenues collected from user departments for the equipment rental charges to cover the costs incurred to administer the equipment pool fund and depreciation of the equipment.

Protected Self-Funded Insurance Programs Fund (6770) - The Protected Self-Funded Insurance Programs Fund is used to account for the administrative costs associated with managing the self-insured portion of the vehicle protection program, the workers' compensation program, the liability protection program and the property and fire protection program.

Protected Self-Funded Health Fund (6771) - The Protected Self-Funded Health Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded health insurance program, third party administrative expenses and actual health claims paid.

Protected Self-Funded Unemployment Fund (6772) - The protected Self-Funded Unemployment Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded unemployment insurance program, third party administrative expenses and actual unemployment claims paid.

Long-Term Disability Insurance Fund (6775) - The Long-term Disability Insurance Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the long-term disability insurance program and insurance premiums paid.

COUNTY OF OTTAWA

INTERNAL SERVICE FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2005

Protected Self-Funded Dental Insurance Fund (6776) - The Protected Self-Funded Dental Insurance Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded dental insurance program, third party administrative expenses and actual dental claims paid.

Protected Self-Funded Vision Insurance Fund (6777) - The Protected Self-Funded Vision Insurance Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded dental insurance program, third party administrative expenses and actual vision claims paid.

Ottawa County, Michigan Insurance Authority Fund (6780) - The Ottawa County, Michigan Insurance Authority Fund is used to account for insurance coverage and risk management related services to participating public entities pursuant to State of Michigan Act No. 36 of the Public Acts of 1988.

Protected Self-Funded Insurance - Mental Health Fund (6782) - The Protected Self-Funded Insurance - Mental Health Fund is used to account for funds covering risk exposure under the Managed Care Specialty Services Program.

COUNTY OF OTTAWA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2005
(with comparative totals for December 31, 2004)**

	Management Information Services (6360)	Duplicating (6450)	Tele- communications (6550)
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Current assets:			
Cash and pooled investments	\$2,347,089	\$551,188	\$3,549,129
Investments			
Accounts receivable			12,091
Accrued interest on investments			
Due from other governmental units			
Due from other funds	51,291	11,573	79,970
Inventory of supplies	38,676		
Prepaid expenses	111,722		10,600
	<u> </u>	<u> </u>	<u> </u>
Total current assets	<u>2,548,778</u>	<u>562,761</u>	<u>3,651,790</u>
Noncurrent assets:			
Capital assets:			
Office furniture and equipment	43,000		
Copy machines		139,261	
Telephone equipment			2,748,013
Vehicles			
Less accumulated depreciation	(43,000)	(77,161)	(2,013,316)
	<u> </u>	<u> </u>	<u> </u>
Net capital assets	<u> </u>	<u>62,100</u>	<u>734,697</u>
Total assets	<u>2,548,778</u>	<u>624,861</u>	<u>4,386,487</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	70,211	1,796	6,684
Due to other governmental units			
Interfund payable			
Due to other funds			
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	<u>70,211</u>	<u>1,796</u>	<u>6,684</u>
<u>NET ASSETS</u>			
Investment in capital assets		62,100	734,697
Restricted for managed care risk exposure			
Unrestricted	2,478,567	560,965	3,645,106
	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>\$2,478,567</u>	<u>\$623,065</u>	<u>\$4,379,803</u>

Equipment Pool (6641)	Protected Self-Funded Insurance Programs (6770)	Protected Self-Funded Health (6771)	Protected Self-Funded Unemployment (6772)	Long-Term Disability Insurance (6775)	Protected Self-Funded Dental Insurance (6776)	Protected Self-Funded Vision Insurance (6777)
\$3,556,523		\$1,407,494	\$1,243,276	\$113,084	\$52,926	
75,938	\$3,446,789	30,016	28,278	2,280		
			1,220			\$8,100
<u>3,632,461</u>	<u>3,446,789</u>	<u>1,437,510</u>	<u>1,272,774</u>	<u>115,364</u>	<u>52,926</u>	<u>8,100</u>
4,018,737	8,732					
3,771,159 (5,585,012)	(8,732)					
<u>2,204,884</u>						
<u>5,837,345</u>	<u>3,446,789</u>	<u>1,437,510</u>	<u>1,272,774</u>	<u>115,364</u>	<u>52,926</u>	<u>8,100</u>
195,807	738,477	787,664	37,817	111	52,926	652
	254,008		70,666			7,448
<u>195,807</u>	<u>992,485</u>	<u>787,664</u>	<u>108,483</u>	<u>111</u>	<u>52,926</u>	<u>8,100</u>
2,204,884						
<u>3,436,654</u>	<u>2,454,304</u>	<u>649,846</u>	<u>1,164,291</u>	<u>115,253</u>		
<u>\$5,641,538</u>	<u>\$2,454,304</u>	<u>\$649,846</u>	<u>\$1,164,291</u>	<u>\$115,253</u>	<u>None</u>	<u>None</u>

(Continued on next page)

COUNTY OF OTTAWA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2005
(with comparative totals for December 31, 2004)**

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
			2005	2004
<u>ASSETS</u>				
Current assets:				
Cash and pooled investments	\$880,574	\$1,913,202	\$15,614,485	\$16,378,338
Investments	16,554,842		16,554,842	16,593,952
Accounts receivable			12,091	117,239
Accrued interest on investments	145,200		145,200	136,756
Due from other governmental units				2,895
Due from other funds		59,130	3,785,265	4,913,187
Inventory of supplies			38,676	31,634
Prepaid expenses	115,887		247,529	191,565
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	17,696,503	1,972,332	36,398,088	38,365,566
Noncurrent assets:				
Capital assets:				
Office furniture and equipment			4,070,469	3,454,004
Copy machines			139,261	158,898
Telephone equipment			2,748,013	2,274,911
Vehicles			3,771,159	3,699,509
Less accumulated depreciation			<hr/> (7,727,221)	<hr/> (7,429,433)
			<hr/>	<hr/>
Net capital assets			3,001,681	2,157,889
Total assets	<hr/> 17,696,503	<hr/> 1,972,332	<hr/> 39,399,769	<hr/> 40,523,455
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	9,215,433		11,107,578	12,250,919
Due to other governmental units			70,666	
Interfund payable			261,456	1,239,396
Due to other funds	3,446,789		3,446,789	4,608,731
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	12,662,222		14,886,489	18,099,046
<u>NET ASSETS</u>				
Investment in capital assets			3,001,681	2,157,889
Restricted for managed care risk exposure		1,972,332	1,972,332	1,913,202
Unrestricted	5,034,281		19,539,267	18,353,318
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	<hr/> \$5,034,281	<hr/> \$1,972,332	<hr/> \$24,513,280	<hr/> \$22,424,409

(Concluded)

COUNTY OF OTTAWA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS**

For the Year Ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	<u>Management Information Services (6360)</u>	<u>Duplicating (6450)</u>	<u>Tele- communications (6550)</u>
Operating revenues:			
Charges for services	\$2,119,290	\$133,001	\$645,468
Other revenue			
Total operating revenues	<u>2,119,290</u>	<u>133,001</u>	<u>645,468</u>
Operating expenses:			
Personnel services	1,424,587	5,707	100,347
Contractual services	364,278	43,447	176,207
Supplies	53,079	16,400	47,490
Depreciation		30,031	69,963
Building and equipment rental	33,993		
Claims and legal			
Miscellaneous	232,447	7,876	17,710
Total operating expenses	<u>2,108,384</u>	<u>103,461</u>	<u>411,717</u>
Operating income (loss)	<u>10,906</u>	<u>29,540</u>	<u>233,751</u>
Nonoperating revenues (expenses):			
Interest on investments	51,291	11,573	79,970
Net change in the fair value of investments			
Gain (loss) on retirement of capital assets		(1,068)	
Total nonoperating revenues (expenses)	<u>51,291</u>	<u>10,505</u>	<u>79,970</u>
Income (loss) before transfers	62,197	40,045	313,721
Transfers in (out):			
General Fund			
Protected Self-Funded Unemployment			
Protected Self-Funded Dental Insurance			
Protected Self-Funded Vision Insurance			
Protected Self-Funded Health Insurance			
Total transfers	<u> </u>	<u> </u>	<u> </u>
Change in net assets	62,197	40,045	313,721
Total net assets, beginning of year	2,416,370	583,020	4,066,082
Total net assets, end of year	<u>\$2,478,567</u>	<u>\$623,065</u>	<u>\$4,379,803</u>

Equipment Pool (6641)	Protected Self-Funded Insurance Programs (6770)	Protected Self-Funded Health (6771)	Protected Self-Funded Unemployment (6772)	Long-Term Disability Insurance (6775)	Protected Self-Funded Dental Insurance (6776)	Protected Self-Funded Vision Insurance (6777)
\$781,526	\$280,848	\$8,712,352	\$60,466	\$132,966	\$513,793	\$114,205
<u>781,526</u>	<u>280,848</u>	<u>8,712,352</u>	<u>60,466</u>	<u>132,966</u>	<u>513,793</u>	<u>114,205</u>
22,104	160,673	96,874	47,478	3,455	19,245	19,246
38,882	50,657	522,897	42,895	128,849	36,193	15,909
690,410	1,896	18,406				
	327,110	7,870,571	70,666		589,022	88,389
<u>17,874</u>	<u>9,590</u>	<u>9,766</u>	<u>115,320</u>	<u>3,316</u>	<u>3,722</u>	<u>3,213</u>
<u>769,270</u>	<u>549,926</u>	<u>8,518,514</u>	<u>276,359</u>	<u>135,620</u>	<u>648,182</u>	<u>126,757</u>
<u>12,256</u>	<u>(269,078)</u>	<u>193,838</u>	<u>(215,893)</u>	<u>(2,654)</u>	<u>(134,389)</u>	<u>(12,552)</u>
75,938	114,064	30,016	28,278	2,280		
(19,992)						
<u>55,946</u>	<u>114,064</u>	<u>30,016</u>	<u>28,278</u>	<u>2,280</u>		
68,202	(155,014)	223,854	(187,615)	(374)	(134,389)	(12,552)
		(134,389)				
		(12,552)				
					134,389	12,552
		(146,941)			134,389	12,552
68,202	(155,014)	76,913	(187,615)	(374)		
5,573,336	2,609,318	572,933	1,351,906	115,627		
<u>\$5,641,538</u>	<u>\$2,454,304</u>	<u>\$649,846</u>	<u>\$1,164,291</u>	<u>\$115,253</u>	<u>None</u>	<u>None</u>

(Continued on next page)

COUNTY OF OTTAWA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS**

For the Year Ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
			2005	2004
Operating revenues:				
Charges for services	\$1,615,037		\$15,108,952	\$13,829,795
Other revenue	62,381		62,381	5,050
Total operating revenues	<u>1,677,418</u>		<u>15,171,333</u>	<u>13,834,845</u>
Operating expenses:				
Personnel services			1,899,716	1,921,562
Contractual services	697,110		2,078,442	1,987,526
Supplies			176,153	240,044
Depreciation			790,404	756,415
Building and equipment rental			33,993	35,184
Claims and legal	(906,458)		8,039,300	8,148,129
Miscellaneous			420,834	400,971
Total operating expenses	<u>(209,348)</u>		<u>13,438,842</u>	<u>13,489,831</u>
Operating income (loss)	<u>1,886,766</u>		<u>1,732,491</u>	<u>345,014</u>
Nonoperating revenues (expenses):				
Interest on investments	511,194	\$59,130	963,734	948,436
Net change in the fair value of investments	(40,050)		(40,050)	78,808
Gain (loss) on retirement of capital assets			(21,060)	14,580
Total nonoperating revenues (expenses)	<u>471,144</u>	<u>59,130</u>	<u>902,624</u>	<u>1,041,824</u>
Income (loss) before transfers	2,357,910	59,130	2,635,115	1,386,838
Transfers in (out):				
General Fund	(546,244)		(546,244)	(3,245,268)
Protected Self-Funded Unemployment				87,478
Protected Self-Funded Dental Insurance			(134,389)	(81,939)
Protected Self-Funded Vision Insurance			(12,552)	(5,539)
Protected Self-Funded Health Insurance			146,941	
Total transfers	<u>(546,244)</u>		<u>(546,244)</u>	<u>(3,245,268)</u>
Change in net assets	1,811,666	59,130	2,088,871	(1,858,430)
Total net assets, beginning of year	3,222,615	1,913,202	22,424,409	24,282,839
Total net assets, end of year	<u>\$5,034,281</u>	<u>\$1,972,332</u>	<u>\$24,513,280</u>	<u>\$22,424,409</u>

Concluded

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Management Information Services (6360)	Duplicating (6450)	Tele- communications (6550)
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Cash received from interfund services provided	\$2,119,290	\$133,001	\$654,959
Cash payments to suppliers for goods and services	(740,813)	(68,416)	(284,106)
Cash payments for self-funded insurance claims			
Cash payments to employees for services	<u>(1,424,587)</u>	<u>(5,707)</u>	<u>(100,347)</u>
Net cash provided by (used for) operating activities	<u>(46,110)</u>	<u>58,878</u>	<u>270,506</u>
Cash flows from noncapital financing activities:			
Transfers in from other funds			
Transfers out to other funds			
Net cash provided by (used for) noncapital financing activities	<u> </u>	<u> </u>	<u> </u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets		(21,913)	(473,102)
Proceeds from sale of equipment			
Net cash provided by (used for) capital and related financing activities	<u> </u>	<u>(21,913)</u>	<u>(473,102)</u>
Cash flows from investing activities:			
Purchase of investments			
Interest on investments	43,553	9,086	66,843
Proceeds on sale of investments			
Net cash provided by (used for) investing activities	<u>43,553</u>	<u>9,086</u>	<u>66,843</u>
Net increase (decrease) in cash and pooled investments	(2,557)	46,051	(135,753)
Cash and pooled investments, beginning of year	<u>2,349,646</u>	<u>505,137</u>	<u>3,684,882</u>
Cash and pooled investments, end of year	<u><u>\$2,347,089</u></u>	<u><u>\$551,188</u></u>	<u><u>\$3,549,129</u></u>

Equipment Pool (6641)	Protected Self-Funded Insurance Programs (6770)	Protected Self-Funded Health (6771)	Protected Self-Funded Unemployment (6772)	Long-Term Disability Insurance (6775)	Protected Self-Funded Dental Insurance (6776)	Protected Self-Funded Vision Insurance (6777)
\$781,526	\$280,848	\$8,712,352	\$60,466	\$132,966	\$513,793	\$114,205
(56,756)	(62,143)	(551,069)	(199,650)	(132,171)	(39,915)	(19,122)
	(356,008)	(7,757,110)			(580,454)	(88,397)
(22,104)	(160,673)	(96,874)	(47,478)	(3,455)	(19,245)	(19,246)
<u>702,666</u>	<u>(297,976)</u>	<u>307,299</u>	<u>(186,662)</u>	<u>(2,660)</u>	<u>(125,821)</u>	<u>(12,560)</u>
					134,389	12,552
	<u>(978,030)</u>	<u>(146,941)</u>				
	<u>(978,030)</u>	<u>(146,941)</u>			<u>134,389</u>	<u>12,552</u>
(965,603)						
<u>(965,603)</u>						
69,444	1,276,006	24,013	27,930	2,102	692	8
<u>69,444</u>	<u>1,276,006</u>	<u>24,013</u>	<u>27,930</u>	<u>2,102</u>	<u>692</u>	<u>8</u>
(193,493)		184,371	(158,732)	(558)	9,260	
3,750,016		1,223,123	1,402,008	113,642	43,666	
<u>\$3,556,523</u>	<u>None</u>	<u>\$1,407,494</u>	<u>\$1,243,276</u>	<u>\$113,084</u>	<u>\$52,926</u>	<u>None</u>

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	<u>Totals</u>	
			2005	2004
Cash flows from operating activities:				
Cash received from interfund services provided	\$1,677,418		\$15,180,824	\$13,873,116
Cash payments to suppliers for goods and services	(1,382,682)		(3,536,843)	(2,150,702)
Cash payments for self-funded insurance claims	(823,529)		(9,605,498)	(8,821,226)
Cash payments to employees for services			(1,899,716)	(1,921,562)
Net cash provided by (used for) operating activities	<u>(528,793)</u>		<u>138,767</u>	<u>979,626</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds			146,941	87,478
Transfers out to other funds	(546,244)		(1,671,215)	(2,100,708)
Net cash provided by (used for) noncapital financing activities	<u>(546,244)</u>		<u>(1,524,274)</u>	<u>(2,013,230)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets			(1,460,618)	(1,085,303)
Proceeds from sale of equipment				19,190
Net cash provided by (used for) capital and related financing activities			<u>(1,460,618)</u>	<u>(1,066,113)</u>
Cash flows from investing activities:				
Purchase of investments	(11,083,560)		(11,083,560)	(13,096,764)
Interest on investments	502,750	60,785	2,083,212	1,015,799
Proceeds on sale of investments	11,082,620		11,082,620	13,163,700
Net cash provided by (used for) investing activities	<u>501,810</u>	<u>60,785</u>	<u>2,082,272</u>	<u>1,082,735</u>
Net increase (decrease) in cash and pooled investments	(573,227)	60,785	(763,853)	(1,016,982)
Cash and pooled investments, beginning of year	<u>1,453,801</u>	<u>1,852,417</u>	<u>16,378,338</u>	<u>17,395,320</u>
Cash and pooled investments, end of year	<u>\$880,574</u>	<u>\$1,913,202</u>	<u>\$15,614,485</u>	<u>\$16,378,338</u>

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Management Information Services (6360)	Duplicating (6450)	Tele- communications (6550)
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$10,906	\$29,540	\$233,751
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		30,031	69,963
Change in assets and liabilities not affecting cash provided by (used for) operating activities:			
(Increase) decrease in receivables			12,386
(Increase) decrease in due from other governmental units			
(Increase) decrease in inventory	(7,042)		
(Increase) decrease in prepaid expenses	(47,647)		
Increase (decrease) in unpaid claims liability			
Increase (decrease) in accounts payable	(2,327)	(693)	(45,594)
Increase (decrease) in due to other funds			
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) operating activities	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>

Equipment Pool (6641)	Protected Self-Funded Insurance Programs (6770)	Protected Self-Funded Health (6771)	Protected Self-Funded Unemployment (6772)	Long-Term Disability Insurance (6775)	Protected Self-Funded Dental Insurance (6776)	Protected Self-Funded Vision Insurance (6777)
\$12,256	(\$269,078)	\$193,838	(\$215,893)	(\$2,654)	(\$134,389)	(\$12,552)
690,410		95,657	70,666			
	(28,898)	17,804	(720)	(6)	8,568	(8)
<u>\$702,666</u>	<u>(\$297,976)</u>	<u>\$307,299</u>	<u>(\$186,662)</u>	<u>(\$2,660)</u>	<u>(\$125,821)</u>	<u>(\$12,560)</u>

(Continued on next page)

COUNTY OF OTTAWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	Ottawa County, Michigan Insurance Authority (6780)	Protected Self-Funded Insurance - Mental Health (6782)	Totals	
			2005	2004
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$1,886,766		\$1,732,491	\$345,014
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation			790,404	756,415
Change in assets and liabilities not affecting cash provided by (used for) operating activities:				
(Increase) decrease in receivables			108,043	(97,442)
(Increase) decrease in due from other governmental units			70,666	
(Increase) decrease in inventory			(7,042)	
(Increase) decrease in prepaid expenses	(7,597)		(55,964)	(18,640)
Increase (decrease) in unpaid claims liability	(1,246,020)		(1,246,020)	98,170
Increase (decrease) in accounts payable			(91,869)	(143,069)
Increase (decrease) in due to other funds	(1,161,942)		(1,161,942)	39,178
	(\$528,793)	None	\$138,767	\$979,626

(Concluded)

COUNTY OF OTTAWA

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

Fiduciary Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

AGENCY FUNDS

Trust and Agency Fund (7010) - This Fund was established to account for monies received by the County for later distribution to other agencies or persons.

Library Penal Fine Fund (7210) - This Fund was established under Act 236, Section 4351 to account for monies received from District Court fines which are allocated annually for operations of the County's libraries.

Imprest Payroll Fund (7040) - This Fund was established to account for the salaries and fringes of the County employees payroll. Money is disbursed from the Imprest Payroll Fund after being reimbursed by the benefiting funds.

Inland Lake Improvement (8725) – The Drain Commissioner serves on various inland lake boards that do not meet the requirements of a component unit. The Drain Commissioner also serves as the treasurer for these boards, so the financial activity is recorded on the County's general ledger. Accordingly, the County is recording this activity in an agency fund.

COUNTY OF OTTAWA

**FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

December 31, 2005

(with comparative totals for December 31, 2004)

	Agency Funds				Total	
	Trust and Agency 7010	Library Penal Fine 7210	Imprest Payroll 7040	Inland Lake Improvement 8725	2005	2004
ASSETS						
Cash and short-term investments	\$2,325,342	\$459,984	\$559,154	\$164,634	\$3,509,114	\$2,864,161
Receivables:						
Accounts	582,401				582,401	172,954
Due from other governmental units	261,498				261,498	74,282
Total assets	<u>\$3,169,241</u>	<u>\$459,984</u>	<u>\$559,154</u>	<u>\$164,634</u>	<u>\$4,353,013</u>	<u>\$3,111,397</u>
LIABILITIES						
Liabilities:						
Due to other governmental units:						
Due to State of Michigan	\$1,188,089		\$126,525		\$1,314,614	\$1,408,157
Fines and fees due to local libraries		\$459,984			459,984	428,008
Agency deposits	1,981,152		432,629	\$164,634	2,578,415	1,275,232
Total liabilities	<u>\$3,169,241</u>	<u>\$459,984</u>	<u>\$559,154</u>	<u>\$164,634</u>	<u>\$4,353,013</u>	<u>\$3,111,397</u>

**COUNTY OF OTTAWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Balances January 1, 2005	Additions	Deductions	Balances December 31, 2005
<u>TRUST AND AGENCY FUND (7010)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$2,175,512	\$121,749,080	\$121,599,250	\$2,325,342
Accounts receivable	172,954	6,221,070	5,811,623	582,401
Due from other governmental units	74,282	757,323	570,107	261,498
Total assets	<u>\$2,422,748</u>	<u>\$128,727,473</u>	<u>\$127,980,980</u>	<u>\$3,169,241</u>
<u>LIABILITIES</u>				
Due to other taxing units		\$43,541,719	\$43,541,719	
Due to State of Michigan	\$1,290,321	63,069,941	63,172,173	\$1,188,089
Agency deposits	1,132,427	114,176,686	113,327,961	1,981,152
Total liabilities	<u>\$2,422,748</u>	<u>\$220,788,346</u>	<u>\$220,041,853</u>	<u>\$3,169,241</u>
 <u>LIBRARY PENAL FINE FUND (7210)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$428,008	\$936,572	\$904,596	\$459,984
Total assets	<u>\$428,008</u>	<u>\$936,572</u>	<u>\$904,596</u>	<u>\$459,984</u>
<u>LIABILITIES</u>				
Fines and fees due to local libraries	\$428,008	\$936,572	\$904,596	\$459,984
Agency deposits		890,679	890,679	
Total liabilities	<u>\$428,008</u>	<u>\$1,827,251</u>	<u>\$1,795,275</u>	<u>\$459,984</u>

(Continued on next page)

**COUNTY OF OTTAWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Balances January 1, 2005	Additions	Deductions	Balances December 31, 2005
<u>IMPREST PAYROLL FUND (7040)</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$260,641	\$62,676,483	\$62,377,970	\$559,154
Accounts receivable		59,144,930	59,144,930	
Total assets	<u>\$260,641</u>	<u>\$121,821,413</u>	<u>\$121,522,900</u>	<u>\$559,154</u>
<u>LIABILITIES</u>				
Due to State of Michigan	\$117,836	\$1,571,154	\$1,562,465	\$126,525
Agency deposits	142,805	61,946,473	61,656,649	432,629
Total liabilities	<u>\$260,641</u>	<u>\$63,517,627</u>	<u>\$63,219,114</u>	<u>\$559,154</u>
<u>INLAND LAKE IMPROVEMENT (8725)</u>				
<u>ASSETS</u>				
Cash and pooled investments		\$3,584,199	\$3,419,565	\$164,634
Accounts receivable		64,657	64,657	
Total assets		<u>\$3,648,856</u>	<u>\$3,484,222</u>	<u>\$164,634</u>
<u>LIABILITIES</u>				
Agency deposits		\$4,230,946	\$4,066,312	\$164,634
Total liabilities		<u>\$4,230,946</u>	<u>\$4,066,312</u>	<u>\$164,634</u>
<u>TOTALS - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$2,864,161	\$188,946,334	\$188,301,381	\$3,509,114
Accounts receivable	172,954	65,430,657	65,021,210	582,401
Due from other governmental units	74,282	757,323	570,107	261,498
Total assets	<u>\$3,111,397</u>	<u>\$255,134,314</u>	<u>\$253,892,698</u>	<u>\$4,353,013</u>
<u>LIABILITIES</u>				
Due to other taxing units		\$43,541,719	\$43,541,719	
Due to State of Michigan	\$1,408,157	64,641,095	64,734,638	\$1,314,614
Fines and fees due to local libraries	428,008	936,572	904,596	459,984
Agency deposits	1,275,232	181,244,784	179,941,601	2,578,415
Total liabilities	<u>\$3,111,397</u>	<u>\$290,364,170</u>	<u>\$289,122,554</u>	<u>\$4,353,013</u>

(Concluded)

COUNTY OF OTTAWA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

FOR THE LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>Legislative</u>	<u>Judicial</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Community and Economic Development</u>
1996	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A
2000	\$492,308	\$11,870,542	\$8,686,499	\$18,290,754	\$549,657	N/A
2001	475,045	12,314,531	9,462,268	19,734,031	4,567,437	N/A
2002	495,502	12,742,673	11,048,540	21,868,754	26,442	\$549,037
2003	485,174	11,922,865	11,665,978	21,912,133	742,711	558,852
2004	469,994	11,736,487	13,628,246	21,832,984	1,044,377	848,964
2005	548,532	11,987,986	13,962,772	23,328,246	(508,530)	555,485

<u>Year Ended December 31</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Interest on Long-term Debt</u>	<u>Business- type Activities</u>	<u>Total</u>
1996	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A
2000	\$38,534,629	\$1,150,464	\$1,120,902	\$1,882,086	\$82,577,841
2001	39,924,234	1,324,736	1,274,567	1,884,112	90,960,961
2002	43,436,806	1,310,229	1,009,585	1,893,669	94,381,237
2003	45,357,514	1,326,197	958,283	1,892,364	96,822,071 (1)
2004	48,066,300	1,658,024	890,774	1,888,210	102,064,360
2005	51,784,416	1,830,849	709,485	1,789,661	105,988,902

N/A - Information not available

(1) In 2003, there was a contribution of \$481,329 to the West Michigan Enforcement Team (WEMET) for the organization's formation.

**GOVERNMENT-WIDE REVENUES
FOR THE LAST TEN FISCAL YEARS**

PROGRAM REVENUES				GENERAL REVENUES				
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Investment Earnings	Miscellaneous	Total
Governmental activities:								
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	\$17,104,352	\$37,362,996	\$815,479	\$26,228,129	\$4,063,864	\$6,891,430	\$228,759	\$92,695,009
2001	19,049,448	38,045,513	613,085	27,635,964	5,456,975	5,974,915	629,538	97,405,438
2002	20,334,073	39,075,902	412,699	29,108,216	5,056,875	4,896,600	413,552	99,297,917
2003	21,667,142	38,146,000	944,647	30,477,703	4,236,699	3,622,427	258,117	99,352,735 (1)
2004	21,337,288	42,742,884	464,436	41,606,745	1,448,461	2,440,814	416,890	110,457,518
2005	21,984,416	47,211,640	9,250,395	44,867,713	31,374	2,514,383	307,525	126,167,446
Business-type activities:								
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	\$1,157,093	\$0	\$0	\$0	\$0	\$1,699,367	\$0	\$2,856,460
2001	1,234,332	0	0	0	0	1,421,743	0	2,656,075
2002	1,175,605	0	0	0	0	1,332,432	0	2,508,037
2003	1,004,489	0	0	0	0	547,099	0	1,551,588
2004	32,114	0	0	0	0	401,166	0	433,280
2005	1,095,241	0	0	0	0	440,423	0	1,535,664

N/A - Information not available

(1) In 2003, there were capital contributions of \$6,149,100

COUNTY OF OTTAWA

GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

FOR THE LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>Legislative</u>	<u>Judicial</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Community and Economic Development</u>
1996	\$ 340,006	\$ 9,219,395	\$ 7,439,802	\$ 10,593,218	\$ 564,276	N/A
1997	310,415	10,036,066	6,749,058	11,344,348	623,611	N/A
1998	302,595	9,961,093	7,988,605	12,118,515	474,062	N/A
1999	364,344	10,603,396	11,703,261	13,321,138	552,978	N/A
2000	483,042	11,682,651	9,135,010	15,061,039	536,191	N/A
2001	469,478	12,190,228	8,667,703	19,101,304	637,981	N/A
2002	489,564	12,727,750	10,766,482	21,132,434	565,778	\$549,037
2003	480,630	11,712,072	15,782,021	20,623,695	1,349,214	555,858
2004	463,217	11,726,514	18,095,323	21,894,009	900,395	843,051
2005	549,673	12,124,762	15,999,861	24,080,645	668,004	555,363

<u>Year Ended December 31</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Other</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
1996	\$ 32,216,765	\$ 990,346	\$ 212,176	\$ 60,891	\$ 1,072,701	\$ 62,709,576
1997	31,652,991	1,789,688	266,668	4,743,808	1,218,795	68,735,448
1998	33,273,749	1,737,166	1,249,406	10,218,191	2,102,246	79,425,628
1999	35,212,144	5,759,894	1,070,854	1,280,767	2,300,832	82,169,608
2000	39,744,250	2,919,619	54,464	431,414	2,320,902	82,368,582
2001	41,006,221	2,736,808	49,341	50,081	2,317,564	87,226,709
2002	43,103,091	1,882,841	60,411	4,996	2,315,975	93,598,359
2003	43,306,591	7,243,494	99,322	0	2,305,822	103,458,719
2004	47,423,236	3,239,016	107,577	0	2,299,901	106,992,239
2005	51,334,254	11,708,474	119,565	3,044,672	2,758,259	122,943,532

(1) Includes the General, Special Revenue, Debt Service, Capital Projects and Permanent funds of the primary government only

COUNTY OF OTTAWA
GOVERNMENTAL REVENUES BY SOURCE (1)
FOR THE LAST TEN FISCAL YEARS

Year Ended December 31	Taxes	Inter- governmental	Charges for Services	Fines and Forfeits	Interest on Investments
1996	\$ 22,523,670	\$ 30,510,621	\$ 6,966,214	\$ 747,738	\$ 2,116,625
1997	23,118,765	32,807,225	6,937,263	1,030,815	2,784,431
1998	24,745,645	35,147,772	7,353,232	1,154,175	3,588,694
1999	25,332,297	38,846,726	7,432,594	1,101,646	1,257,425
2000	26,228,129	43,826,796	7,636,824	1,016,413	3,811,029
2001	27,635,964	46,792,519	8,468,512	1,083,225	4,804,119
2002	29,108,216	46,857,944	9,335,988	1,068,804	4,442,975
2003	30,477,703	45,591,195	10,797,855	1,000,292	1,826,467
2004	41,606,745	47,634,209	10,135,135	1,033,297	1,413,570
2005	44,867,713	56,055,124	9,795,022	1,076,449	1,561,657

Year Ended December 31	Licenses and Permits	Rental Income	Other	Total
1996	\$ 465,587	\$ 3,220,210	\$ 1,014,986	\$ 67,565,651
1997	465,312	3,519,740	888,626	71,552,177
1998	452,160	4,611,609	1,036,065	78,089,352
1999	454,486	4,622,025	3,830,534	82,877,733
2000	478,711	5,028,340	2,811,400	90,837,642
2001	533,326	5,424,089	1,378,215	96,119,969
2002	545,031	5,504,855	1,153,830	98,017,643
2003	661,333	5,244,366	1,013,754	96,612,965
2004	704,422	5,253,344	989,481	108,770,203
2005	745,950	5,442,363	2,189,691	121,733,969

(1) Includes the General, Special Revenue, Debt Service, Capital Projects and Permanent funds of the primary government only

COUNTY OF OTTAWA

PROPERTY TAX LEVIES AND COLLECTIONS

FOR THE LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>Total Tax Levy</u>	<u>Collections To March 1 Each Year</u>	<u>Percent of Levy Collected</u>
1996	\$22,619,335	\$21,165,873	93.57 %
1997	24,156,828	22,534,035	93.28
1998	24,700,201	23,347,405	94.52
1999	25,572,191	24,145,161	94.42
2000	27,099,572	25,426,821	93.83
2001	28,526,575	26,691,849	93.57
2002	29,917,491	28,073,617	93.84
2003	31,476,092	29,615,425	94.09
2004	34,150,468	31,943,231	93.54
2005	36,208,233	33,835,639	93.45

NOTE: Ottawa County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1, of each year. Said fund pays all local units, school districts, villages, townships and the County General Fund for the full amount of taxes levied against real property. Uncollected personal property taxes must be collected by the local treasurers and are negligible.

COUNTY OF OTTAWA

ASSESSED AND EQUALIZED VALUE OF TAXABLE PROPERTY

FOR THE LAST TEN FISCAL YEARS

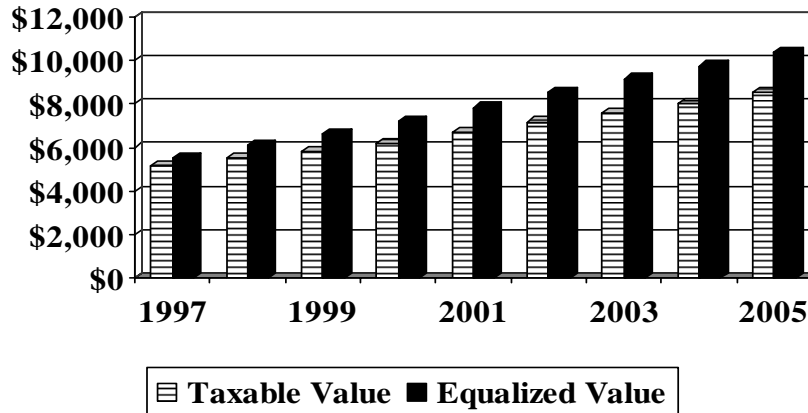
Year Ended December 31	Real Property		Personal Property Assessed and Equalized	Total Equalized Value (1)	Total Taxable Value (2)	Percent of Taxable Value to Equalized Value
	Assessed	Equalized				
1996	\$4,605,467,319	\$4,605,319,221	\$441,260,446	\$5,046,579,667	\$4,795,788,161	95.03 %
1997	5,075,360,797	5,076,464,019	467,067,035	5,543,531,054	5,141,390,896	92.75
1998	5,612,414,569	5,611,433,129	500,332,186	6,111,765,315	5,512,945,217	90.20
1999	6,091,633,150	6,091,633,150	531,823,269	6,623,456,419	5,836,800,522	88.12
2000	6,634,673,417	6,634,673,417	546,677,934	7,181,351,351	6,192,771,645	86.23
2001	7,242,481,898	7,242,481,898	595,338,563	7,837,820,461	6,677,256,800	85.19
2002	7,932,800,572	7,932,800,572	623,836,771	8,556,637,343	7,179,278,659	83.90
2003	8,546,034,713	8,546,034,713	610,105,073	9,156,139,786	7,564,368,026	82.62
2004	9,125,096,536	9,125,096,536	610,566,928	9,735,663,464	8,017,866,823	82.36
2005	9,728,434,540	9,728,434,540	616,987,894	10,345,422,434	8,503,786,076	82.20

- (1) The Michigan Constitution and Statutes provide that property is to be assessed and equalized at 50% of its fair market value.
- (2) Sweeping and complex changes have been made in the property tax system by the constitutional amendment adopted March 15, 1994 and the implementing legislation. The entire system of assessing and equalization remains in place and is required by law. However, a "capped value" is now required to be computed for each and every parcel and the lower of the capped value or SEV will be that parcel's "Taxable Value." The graph below illustrates the gap between equalized and taxable value.

N/A - Not applicable

Taxable Value vs. Equalized Value

Millions



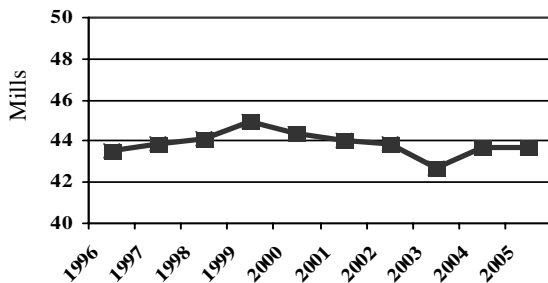
COUNTY OF OTTAWA
PROPERTY TAX RATES AND TAX LEVIES -
DIRECT AND OVERLAPPING GOVERNMENTS
FOR THE LAST TEN FISCAL YEARS

<u>Year Ended</u> <u>December 31</u>	<u>City and</u> <u>Villages</u>	<u>School</u> <u>Districts</u> <u>Intermediate</u> <u>and State</u> <u>Education</u>	<u>County</u>	<u>Township</u>	<u>Total</u>
Tax rates: (Per \$1,000 of equalized value)					
1996	12.86	22.27	4.7165	3.67	43.5165
1997	13.12	22.12	4.6985	3.92	43.8585
1998	13.66	22.15	4.4804	3.85	44.1404
1999	13.53	23.14	4.3812	3.91	44.9612
2000	13.30	22.90	4.3760	3.77	44.3460
2001	13.11	22.95	4.2722	3.74	44.0722
2002	12.80	23.16	4.1672	3.75	43.8772
2003	12.76	22.05	4.1611	3.70	42.6711
2004	12.84	22.91	4.2593	3.68	43.6893
2005	12.79	22.91	4.2579	3.73	43.6859

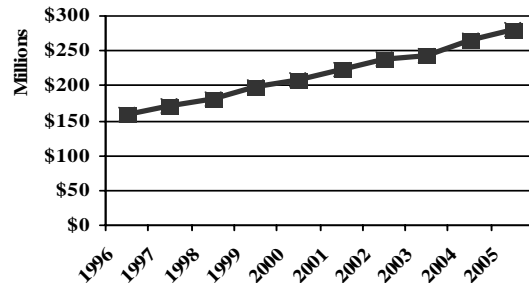
Tax levies:

1996	\$16,243,941	\$106,815,016	\$22,619,335	\$12,971,476	\$158,649,768
1997	17,475,933	113,735,411	24,156,828	14,921,871	170,290,043
1998	19,268,296	122,107,518	24,700,201	16,028,410	182,104,425
1999	19,924,977	135,040,922	25,572,191	17,083,227	197,621,317
2000	20,299,326	141,827,081	27,099,572	17,867,187	207,093,166
2001	21,381,983	153,211,397	28,526,575	19,161,496	222,281,451
2002	21,838,093	166,247,083	29,917,491	20,820,560	238,823,227
2003	22,688,296	166,784,668	31,476,089	21,728,568	242,677,621
2004	23,725,512	183,648,509	34,150,468	22,995,362	264,519,851
2005	24,567,101	194,838,183	36,208,233	24,886,799	280,500,316

Total Tax Levies



Total Tax Levy Collections



COUNTY OF OTTAWA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>Billed and Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Assessments</u>
1996	\$6,732,962	\$6,732,962	100 %	\$92,271,000
1997	5,337,500	5,337,500	100	86,308,050
1998	6,782,620	6,782,620	100	85,403,862
1999	7,153,310	7,153,310	100	93,049,023
2000	7,855,810	7,855,810	100	88,420,291
2001	8,723,810	8,723,810	100	83,313,521
2002	8,567,500	8,567,500	100	84,883,021
2003	7,187,000	7,187,000	100	76,939,536
2004	7,603,000	7,603,000	100	75,387,536
2005	6,809,600	6,809,600	100	72,960,933

COUNTY OF OTTAWA

COMPUTATION OF LEGAL DEBT MARGIN

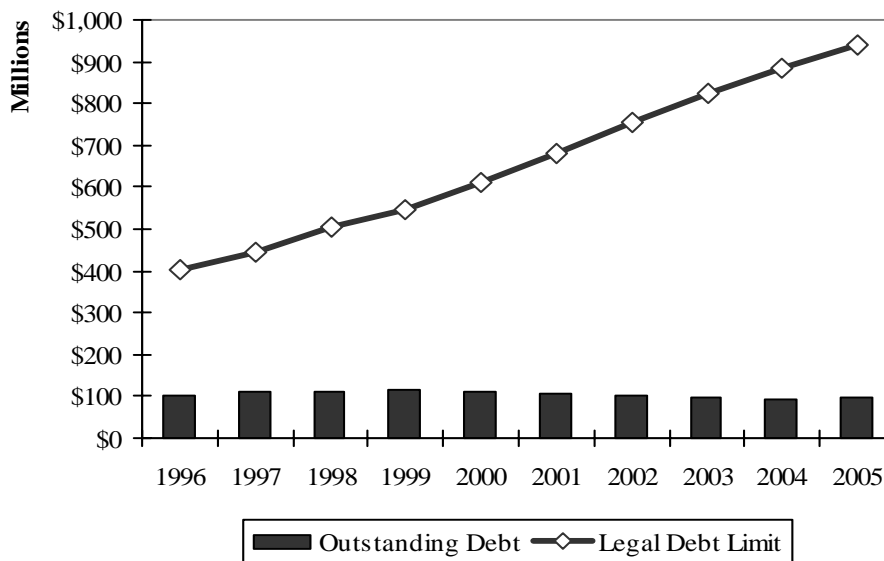
December 31, 2005

State equalized value	<u>\$10,345,422,434</u>
Debt limit 10 percent of equalized value	<u>1,034,542,243</u>
Amount of debt applicable to debt limit:	
Total bonded debt (1)	96,122,533
Other debt (2)	<u>167,703</u>
Total	96,290,236
Less:	
Assets available for debt retirement	<u>1,433,484</u>
Total amount of debt applicable to debt limit	<u>94,856,752</u>
Legal debt margin	<u><u>\$939,685,491</u></u>

(1) Total bonded debt does not include the Road Commission Bonds because the County does not guarantee them.

(2) Other debt does not include the Drain Commission notes because the County does not guarantee them.

County of Ottawa Legal Debt Limit and Debt Outstanding



COUNTY OF OTTAWA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2005

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To County of Ottawa</u>	<u>Amount Applicable To County of Ottawa</u>
Direct:			
County at large	\$23,230,000	100 %	\$23,230,000
Townships (1)	<u>72,284,934</u>	100	<u>72,284,934</u>
Total Direct	<u>\$95,514,934</u>		<u>\$95,514,934</u>
Overlapping:			
School districts	\$768,876,658	76.8	\$590,499,830
Cities and villages (1)	57,252,173	70.5	40,361,178
Grand Rapids Community College	57,460,000	1.3	723,006
Spring Lake District Library	<u>4,070,000</u>	100.0	<u>4,070,000</u>
Total Overlapping	<u>\$887,658,831</u>		<u>\$635,654,014</u>
Grand Total	<u><u>\$983,173,765</u></u>		<u><u>\$731,168,948</u></u>

(1) Includes county-issued bonds paid by local municipalities

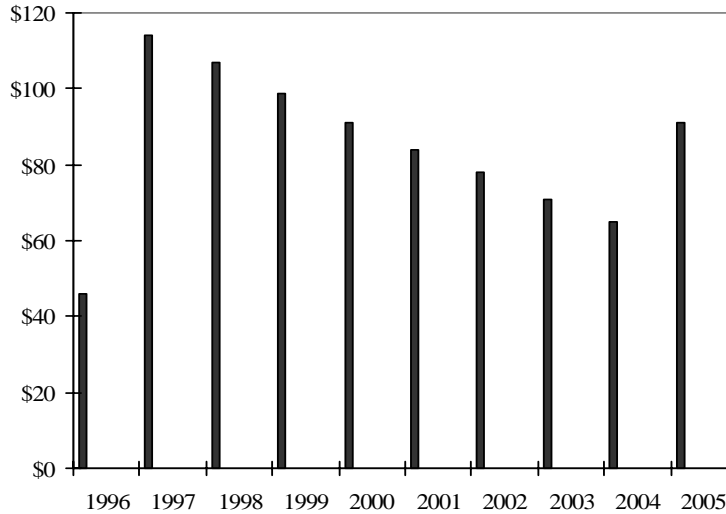
COUNTY OF OTTAWA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
FOR THE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Equalized Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Less Amount Available for Debt Retirement</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
1996	212,163	\$5,046,579,667	\$9,855,000	\$171,825	\$9,683,175	0.19 %	\$46
1997	220,403	5,543,531,054	25,305,000	266,486	25,038,514	0.45	114
1998	224,357	6,111,765,315	24,405,000	321,630	24,083,370	0.39	107
1999	230,261	6,623,456,419	23,270,000	377,083	22,892,917	0.35	99
2000	238,314	7,181,351,351	22,070,000	429,452	21,640,548	0.30	91
2001	243,571	7,837,820,461	20,825,000	481,040	20,343,960	0.26	84
2002	245,913	8,556,637,343	19,530,000	335,361	19,194,639	0.22	78
2003	249,391	9,156,139,786	18,190,000	391,732	17,798,268	0.19	71
2004	252,351	9,735,663,464	16,795,000	353,992	16,441,008	0.17	65
2005	255,406	10,345,422,434	23,230,000	0	23,230,000	0.22	91

(1) U.S. Department of Commerce, Grand Valley State University - Small Business Development Center, Census Bureau

(2) Gross Bonded Debt for the reporting entity includes general obligation building authority bonds.

Net Bonded Debt per Capita



COUNTY OF OTTAWA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT
TO TOTAL GOVERNMENTAL EXPENDITURES**

FOR THE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1996	\$490,000	\$582,701	\$1,072,701	\$62,709,576	1.71 %
1997	520,000	698,795	1,218,795	68,735,448	1.77
1998	900,000	1,202,246	2,102,246	79,425,628	2.65
1999	1,135,000	1,165,832	2,300,832	82,169,608	2.80
2000	1,200,000	1,120,902	2,320,902	82,368,582	2.82
2001	1,245,000	1,072,564	2,317,564	87,226,709	2.66
2002	1,295,000	1,020,975	2,315,975	93,598,359	2.47
2003	1,340,000	965,822	2,305,822	103,458,719	2.23
2004	1,395,000	904,901	2,299,901	106,992,239	2.15
2005	1,460,000	701,297	2,161,297	122,943,532	1.76

(1) Total Debt Service includes general obligation building authority bonds.

COUNTY OF OTTAWA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	New Commercial Construction Value (2)	New Industrial Construction Value (2)	New Residential Construction Value (2)	Bank Deposits (In Thousands) (1)	State Equalized Value (2)
1996	\$28,581,244	\$28,322,428	\$120,724,945	\$2,035,368	\$5,046,579,667
1997	35,250,928	21,935,338	143,850,569	2,326,481	5,543,531,054
1998	39,174,671	21,768,524	151,610,405	2,454,482	6,111,765,315
1999	32,030,685	17,399,761	134,832,545	2,577,071	6,623,456,419
2000	31,443,044	20,744,786	158,526,668	2,595,070	7,181,351,351
2001	28,875,814	30,548,584	145,741,768	2,658,663	7,837,820,461
2002	27,227,024	33,701,351	153,455,833	2,875,000	8,556,637,343
2003	51,094,877	21,802,045	159,109,038	3,170,000	9,156,139,786
2004	27,536,382	16,522,881	186,370,097	3,275,000	9,735,663,464
2005	38,118,928	18,724,103	200,234,744	3,348,000	10,343,422,434

(1) Source: FDIC, BANKS AND BRANCHES, Summary of deposits in all commercial and savings banks, Table 8. Figures are as of 6/30.

(2) Ottawa County Equalization Department

COUNTY OF OTTAWA
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1996	212,163	\$24,858	50,183	3.1 %
1997	220,403	25,689	51,152	2.7
1998	224,357	26,676	51,823	2.5
1999	230,261	27,279	53,213	2.7
2000	238,314	27,881	54,068	2.4
2001	243,514	27,769	54,620	4.0
2002	246,294	27,830	55,293	5.3
2003	249,391	28,570	55,060	6.2
2004	252,351	32,078	55,696	5.2
2005	255,406	n/a	55,575	5.0

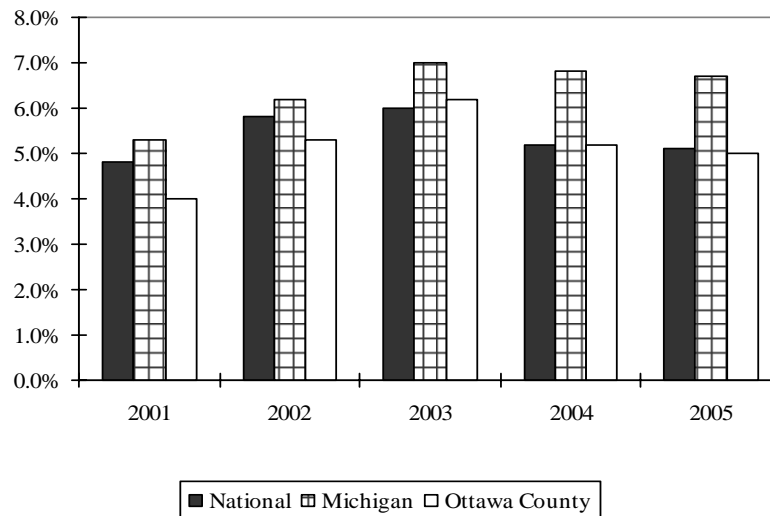
Median ages of individuals residing within Ottawa County for years 2000 and 1990 were 32.3 and 30.3, respectively.

n/a: Information is unavailable.

Sources:

- (1) U.S. Department of Commerce, Grand Valley State University - Small Business Development Center, Census Bureau
- (2) Grand Valley State University Seidman Business Services, U.S. Dept of Commerce
- (3) Fourth Friday Count, Ottawa Area Intermediate School District
- (4) Michigan Employment Security Commission

National, State and County Unemployment Rates



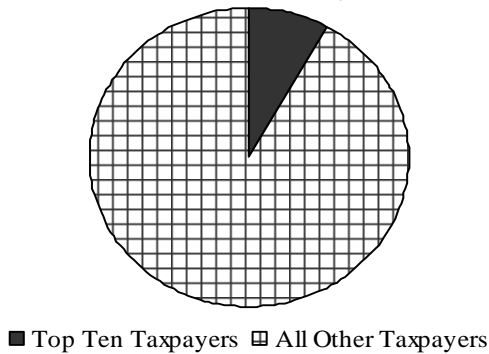
COUNTY OF OTTAWA
PRINCIPAL TAXPAYERS

DECEMBER 31, 2005

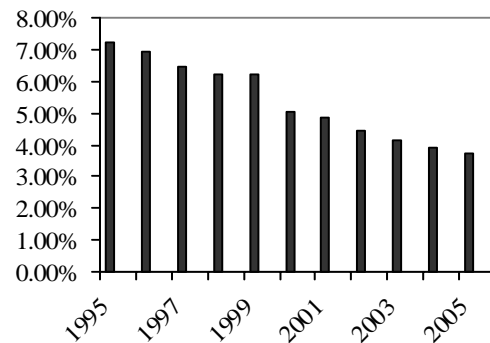
Taxpayer	Type of Business	Taxable Valuation (1)	Percent of Valuation
Consumers Energy	Utility	\$319,053,113	3.75 %
Herman Miller	Office Furniture	79,703,861	0.94
Gentex	Automotive Components	56,322,328	0.66
Parke-Davis Company	Pharmaceutical	43,973,073	0.52
Johnson Controls	Automotive Components	36,658,115	0.43
Shape Corp.	Metal Extrusion	35,871,597	0.42
Magna Donnelly Corp	Automotive Components	35,267,480	0.41
Delphi Automotive Systems	Automotive Components	34,797,289	0.41
Sara Lee	Food Products	30,075,594	0.35
Meijer, Inc.	Retail Stores	25,354,274	0.30
		<u>\$697,076,724</u>	<u>8.19 %</u>

(1) Ottawa County Equalization Department. The 2005 total Taxable Value was \$8,503,786,076.

**Concentration of Taxpayers in
Ottawa County**



**Consumers Energy as a
Percentage of Tax Base**



COUNTY OF OTTAWA
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

FOR THE YEAR ENDED DECEMBER 31, 2005

<u>Name and Title of Official</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond*</u>
Mary Richardson - Treasurer	\$67,445	\$1,000,000
Gary Rosema - Sheriff	88,845	1,000,000
Daniel C. Krueger - Clerk	77,293	1,000,000
Gary Scholten - Register of Deeds	67,445	1,000,000
Paul Geerlings - Drain Commissioner	61,525	1,000,000
Ronald Frantz - Prosecutor	106,765	1,000,000

*The Public Employee Blanket Bond covers for Honesty and Faithful Performance by Position. (Bond No. 81 BPEAK 1415)

COUNTY OF OTTAWA

LABOR AGREEMENTS

DECEMBER 31, 2005

<u>Name of Contract</u>	<u>Number of Employees December 31, 2005</u>	<u>Expiration</u>
Command Officers Association (P.A. 312 Eligible)	21	December 31, 2008
Command Officers Association (P.A. 312 Non-Eligible)	7	December 31, 2008
Police Officers Association of Michigan (P.A. 312 Eligible)	96	December 31, 2008
Police Officers Association of Michigan (P.A. 312 Non-Eligible)	84	December 31, 2008
Local 4014 Ottawa County Michigan Friend of the Court	30	December 31, 2006
Michigan Nurses Association	30	December 31, 2008
Probate/Juvenile Association	58	December 31, 2008
58th District Court Association	<u>51</u>	December 31, 2006
Total employees covered by labor agreements	377	
Employees not covered by labor agreements	<u>583</u>	
Total employees	<u>960</u>	

COUNTY OF OTTAWA

SCHEDULE OF INSURANCE IN FORCE

DECEMBER 31, 2005

<u>Type of Coverage</u>	<u>Policy</u>	<u>Annual</u>	<u>Premium</u>	<u>Details of Coverage</u>
<u>Name of Company</u>	<u>Number</u>	<u>Term</u>		

All Coverages within Deductibles and Retentions of Following Policies

Ottawa County, Michigan, Insurance Authority	04/01/05			All Coverages Within any Deductible or Retention of Other Policies
	04/01/06			

Property Including Boiler and Machinery

Federal Insurance Co.	3579-42-48	04/01/05	\$66,946	Blanket Buildings & Contents "All Risks," Including Flood, Earthquake, and Boiler and Machinery Perils Replacement Cost Valuation Extra Expense with No Monthly Limitation
		04/01/06		
Limits:				
\$70,416,480	- Blanket Buildings at Scheduled Premises			Deductible: \$50,000 – Property Damage
19,777,379	- Blanket Personal Property at Scheduled Premises			
1,000,000	- Blanket Extra Expense at Scheduled Premises			
50,000	- Personal Property at Any Other Premises			
Sub-Limits:				
\$5,000,000	- Earthquake, Policy Year Aggregate			
\$5,000,000	- Flood, Policy Year Aggregate			

Excess Flood and Earthquake

Ottawa County, Michigan Insurance Authority	04/01/05			Excess of Federal Property Policy
	04/01/06			
Up to \$20,000,000 - Flood, Policy Year Aggregate				
Up to \$20,000,000 - Earthquake, Policy Year Aggregate				

Automobile Liability

Scottsdale Indemnity Insurance Company	WAI0000683	04/01/05	\$116,153	Automobile Liability, Michigan Personal Injury Protection and Michigan Property Protection
		04/01/06		
Limits:				
\$500,000	- Liability			Deductibles: \$25,000 – Liability \$300 – Personal Injury Protection \$300 – Property Protection
Statutory	- Personal Injury Protection			
Statutory	- Property Protection			

COUNTY OF OTTAWA

SCHEDULE OF INSURANCE IN FORCE

DECEMBER 31, 2005

Excess Automobile Liability

Ottawa County, Michigan Insurance Authority	04/01/05	Liability in Excess of Scottsdale Indemnity Policy
\$500,000 each Accident	04/04/06	

Uninsured Motorists

Ottawa County, Michigan Insurance Authority	04/01/05
\$100,000 each Person	04/01/06

Special Tort Liability (“Mini-Tort”)

Ottawa County, Michigan Insurance Authority	04/01/05
Up to \$500 each Vehicle	04/01/06

Automobile Physical Damage

Ottawa County, Michigan Insurance Authority	04/01/05
Replacement Cost of Vehicle	04/01/06

Crime

Hartford Insurance Co.	81BPEAK1415	04/01/00	\$9,857	Public Employee Theft and Faithful Performance, Forgery or Alteration, Theft, Disappearance and Destruction
		Until Cancelled		

Limits:

\$1,000,000	- Faithful Performance
\$100,000	- Forgery or Alteration
\$100,000	- Theft, Disappearance, and Destruction
\$1,000,000	- Computer Theft

Deductibles:

\$25,000	Faithful Performance
\$ 1,000	Forgery or Alteration
\$ 5,000	Theft, Disappearance
\$25,000	Computer Theft

COUNTY OF OTTAWA
SCHEDULE OF INSURANCE IN FORCE

DECEMBER 31, 2005

Municipal Excess Liability

<p>International Insurance Co. of Hannover XSR 311042 04/01/05 \$115,112</p> <p>04/01/06</p> <p>Limits: \$1,000,000 - Each Occurrence and Wrongful Act and Aggregate \$1,000,000 - Employee Benefits Liability Aggregate</p>	<p>Excess General Liability Including Public Officials, Errors and Omissions, Law Enforcement Liability, Auto Liability, and Employee Benefits Liability Occurrence Basis</p> <p><u>Self-Insured Retention:</u> \$ 1,000,000 – Automobile Liability \$1,000,000- All other Liability</p>
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Excess Liability – First Layer

<p>International Insurance Co. of Hannover XLX 311041 04/01/05 \$91,326</p> <p>04/01/06</p> <p>Limits: \$5,000,000 - Each Occurrence 5,000,000 - Aggregate</p>	<p>Liability in Excess of Underlying Insurance</p> <p><u>Underlying Insurance:</u> International Insurance Co. of Hannover XSR 311042</p>
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Excess Liability – Second Layer

<p>Lexington Insurance Co. FFX6500790 04/01/05 \$62,400</p> <p>04/01/06</p> <p>Limits: \$5,000,000 - Each Occurrence \$5,000,000 - Aggregate</p>	<p>Liability in Excess of Underlying Insurance</p> <p><u>Underlying Insurance:</u> International Insurance Co. of Hannover XLX 311041</p>
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Excess Liability – Third Layer

<p>Ottawa County, Michigan Insurance Authority 04/01/05</p> <p>04/01/06</p> <p>Limits: Up to \$20,000,000 Aggregate</p>	<p>Liability in Excess of Underlying Insurance</p> <p><u>Underlying Insurance:</u> International Insurance Co. of Hannover XLX 311041 Lexington Insurance Co. FFX6500790</p>
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COUNTY OF OTTAWA

SCHEDULE OF INSURANCE IN FORCE

DECEMBER 31, 2005

<u>Type of Coverage</u> <u>Name of Company</u>	<u>Policy</u> <u>Number</u>	<u>Term</u>	<u>Annual</u> <u>Premium</u>	<u>Details of Coverage</u>
<u>Excess Workers' Compensation</u>				
Citizens Insurance Company Of America	WCX002582	02/01/05 02/01/09	\$11,496	Specific Excess Workers' Compensation and Employers' Liability
<u>Limits:</u>				<u>Retentions:</u>
Statutory	- Workers' Compensation			\$750,000 – Each Accident
\$1,000,000	- Employers' Liability			\$750,000 – Each Employee, Injury by Disease

Group Health Insurance

SAFECO Life / Symetra Life Insurance Co.	860/289/8434 Group 578	01/01/05 12/31/05	\$ 9.54 - Single \$21.28 – Family Per Month	Specific Stop Loss Reinsurance <u>Deductible:</u> \$200,000 – Per Individual
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COUNTY OF OTTAWA

MISCELLANEOUS STATISTICAL DATA

DECEMBER 31, 2005

Date of Incorporation: December 29, 1837

Form of Government: The County's legislative body is an eleven-member Board of Commissioners which is elected from single-member districts, determined by population, on a partisan basis for two-year terms. The Board annually elects from within its ranks a Chairman and Vice-Chairman by majority vote.

Location and Description: The County is located in the west-central part of Michigan's lower peninsula, having over 30 miles of Lake Michigan shoreline. The County is bordered by the City of Muskegon on its northwesterly boundary and the City of Grand Rapids on approximately half of its easterly boundary.

The topography of the County is flat to gently rolling, with approximately half of its land area being devoted to agricultural purposes. The County enjoys a healthy mix of tourism, industrial, commercial, and agricultural uses within its confines.

Area: 565 square miles

Police Protection:

Number of Employees	190
Vehicular Patrol Units	130
Correctional Facility:	
Jail/Work Release	462

Education: Higher educational opportunities are available to County residents at: Grand Valley State University in Allendale; Aquinas College, Calvin College, Calvin Theological Seminary, Cornerstone University, Davenport College, Grace Bible College, Grand Rapids Community College, ITT Technical Institute, Kendall College of Art and Design, and Reformed Bible College in Grand Rapids; Career Line Tech Center, Hope College, and Western Theological Seminary in Holland; Baker College and Muskegon Community College in Muskegon.

**COUNTY OF OTTAWA
MISCELLANEOUS STATISTICAL DATA**

DECEMBER 31, 2005

CHARACTERISTICS

Industrial: The County's major industrial employers are located throughout the County with, major concentrations in the Grand Haven, Holland, and Zeeland areas, and produce a wide variety of products including furniture, processed foods, motors, metal, die castings, drugs, boats, automobile parts and accessories, lifesavers, foundry parts, printing equipment, leather tanning, plastic parts, bakery products, musical instruments, pneumatic tools and hydraulic presses.

Residential: According to the 2000 U.S. Census, there are 86,856 housing units in Ottawa County; of these, 81,662 or 94% are occupied. Residential development is concentrated around the incorporated cities, with the bulk of the County's population located in and around Holland, Grand Haven, and Georgetown Township. Occupancy statistics are as follows:

Owner-occupied	80.7%
Renter-occupied	19.3%

Equalized Value: \$10,345,422,434

<u>By Use:</u>		<u>By Class:</u>	
Residential	69.96%	Real property	94.04%
Commercial	13.38	Personal property	5.96
Industrial	10.09		
Agricultural	5.25		
Other	1.32		

Ten (10) largest employers in Ottawa County in terms of employment:

<u>Company</u>	<u>Business</u>	<u>Approximate Number Employees</u>
Herman Miller (2)	Office Furniture	4,261
Johnson Controls (1)	Automotive Components	3,937
Grand Valley State University	Higher Education	2,413
Gentex Corporation	Automotive Mirrors	2,246
Haworth (1)	Office Furniture	1,820
Holland Community Hospital	Health Care	1,625
Magna Donnelly (1)	Automotive Windows & Mirrors	1,470
Meijer, Inc.	Retail Stores	1,436
County of Ottawa	Government	1,176
Shape Corporation	Metal Roll Forming	1,097

SOURCE: Ottawa County Economic Development Office, Inc.
 (1) Facilities located within Ottawa County and/or the City of Holland portion of Allegan County
 (2) Includes all subsidiaries