

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other			Local Government Name Berrien County		County Berrien
Audit Date 12/31/05		Opinion Date 4/13/06		Date Accountant Report Submitted to State: 6/22/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

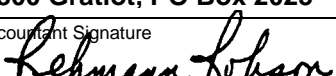
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) Rehmann Robson				
Street Address 5800 Gratiot, PO Box 2025		City Saginaw	State MI	ZIP 48605
Accountant Signature 			Date 6/22/06	



COUNTY OF BERRIEN, MICHIGAN

Audited Financial Statements

**For The Year Ended
December 31, 2005**



REHMANN ROBSON

Certified Public Accountants

COUNTY OF BERRIEN, MICHIGAN
For the Year Ended December 31, 2005

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For the Year Ended December 31, 2004

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INDEPENDENT AUDITORS' REPORT

April 13, 2006

The Board of Commissioners
County of Berrien, Michigan
St. Joseph, 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 BERRIEN, MICHIGAN**, as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Berrien County Road Commission, which represents 80% of the assets, and 90% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Berrien County Road Commission is based on the report of the other auditors.

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

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

The Management's Discussion and Analysis on pages 3-14 and the historical pension information listed in the table of contents on page 67 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2006, on our consideration of the County of Berrien, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Lehman Johnson". The signature is written in a cursive style with a large, prominent initial 'L'.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management team of **Berrien County** offers readers of the County's financial statements a narrative overview and analysis of the financial activities of the County for the **fiscal year ended December 31, 2005**. Readers are encouraged to consider the information presented here in conjunction with the accompanying audited financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. This is limited to a schedule concerning the County's progress in funding its obligation to provide pension benefits to its employees including an overview of the pension funding status.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the County's finances is, **"Is the County as a whole better off or worse off as a result of this year's activities?"** The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as a way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. **During 2005, the net assets of the County increased by \$9,094,593. The answer is, yes, the County as a whole is better off as a result of activity during 2005.** The Statement of Net Assets and the Statement of Activities present information about the following:

Governmental Activities. All of the County's basic services are considered to be governmental activities, including legislative, judicial, general government, public safety, public works, health and welfare, recreation and cultural, community development and other activities. Property taxes, state revenue sharing, grants and charges for services finance most of these activities.

Business-Type Activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections, property foreclosures, and public works projects.

Component Units. The County includes four legally separate entities in its financial statements: the Berrien County Road Commission, the Berrien County Drain Commissioner, the Berrien County Brownfield Redevelopment Authority and the Berrien County Economic Development Corporation. Although legally separate, these component units are important because the County is financially accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government. The Berrien County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore, has been included as an integral part of the primary government. **Financial information for component units are reported separately from the financial information presented for the primary government itself and are excluded from this summary analysis.**

Reporting the County's Most Significant Funds

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. However, the County establishes other funds to help it control and manage money for particular purposes and to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two primary kinds of funds – **governmental and proprietary** – use different accounting approaches.

Governmental Funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County maintains many 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 Fund, Revenue Sharing Reserve Fund and the Capital Reserve Fund which are considered to be major governmental funds. Data from the other 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.

Proprietary Funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This accounting method is similar to the method used by private companies. The County maintains two different types of proprietary funds. **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for delinquent tax operations, property foreclosures and public works projects funds. **Internal service funds** are an accounting device used to accumulate and allocate costs equitably among the County's various functions. The County uses internal service funds to account for its self-insurance programs for health insurance, property/liability insurance, workers' compensation and unemployment compensation. Because these services predominantly benefit governmental, rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operations, property foreclosures and public works projects funds. Similarly, a combining statement of the four internal service funds (Property/Liability, Workers' Compensation, Health Care, and Unemployment Insurance) is prepared to show the detail that makes up the total for internal service funds.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for certain amounts held on behalf of others. 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 directly available to support the County's own programs.** The County maintains a Pension Trust Fund which is considered a fiduciary fund because the total assets are held to pay current and future pension and retiree health insurance benefits. **The Pension Trust Fund had total assets of \$123,262,986 at December 31, 2005, an increase of \$3,076,933 during the year. The ratio of valuation assets to actuarial accrued liabilities was 97.2% at December 31, 2005.** The County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Additional Information

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain **required supplementary information.** This is limited to a schedule concerning the County's progress in funding its obligation to provide pension benefits to certain employees.

The combining and individual fund financial statements and schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$86,080,201 (net assets). As summarized on the table that follows, the majority of these net assets are restricted for investment in capital assets or for other purposes and may not be used to meet the government's regular ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$9,094,593 during 2005. Net assets from governmental activities increased by \$7,872,698 while net assets from business-type activities (i.e. Delinquent Tax funds, Public Works Projects funds) increased by \$1,221,895.
- As of the close of 2005, the County's governmental funds (which includes the general fund, special revenue, capital projects and internal service funds) reported combined ending fund balances of \$39,273,773, an increase of \$7,617,909 during the year. Of this fund balance amount, \$39,028,773 is available for spending at the government's discretion as unreserved fund balance while the remaining balance of \$245,000 is reserved for advances to component units.
- The General Fund showed an increase in fund balance of \$295,934 during 2005. At December 31, 2005, unreserved fund balance for the General Fund was \$10,097,380, or 23.93% of total general fund expenditures. A healthy General Fund balance is necessary due to the discontinuance of State Shared Revenue payments for counties, increasing health and retirement plan costs, and the loss of other State funding. The total fund balance for the General Fund was \$10,342,380 at December 31, 2005.
- Effective October 1, 2004 the State of Michigan eliminated revenue sharing payments to counties and replaced it with a funding mechanism that involves a gradual shift in county operating property tax millage from a winter tax levy to a summer tax levy. The new legislation required the establishment of a restricted fund known as the Revenue Sharing Reserve Fund which is used to accumulate monies to replace the revenue sharing payments formerly made by the State. The fund balance in the Revenue Sharing Reserve Fund was \$11,950,915 at December 31, 2005.
- The County's total long-term installment debt increased by \$2,491,093 during 2005 and was a total of \$22,355,007 at December 31, 2005. Total debt was \$137.61 on a per capita basis (162,453 population-2000 Census). The increase in the County's Long Term Debt was due to 2005 borrowing through the Building Authority for renovations for the Courthouse and County Jail. The County maintains low debt levels in comparison with other local units of government in Michigan and borrows only for public works, capital improvements and tax revolving fund purposes—not for ongoing operations.
- As of January 11, 2005 Standard & Poor's rating agency rated Berrien County's bond credit at AA-. This rating reflects the County's recent history of strong financial reserves and maintenance of low overall debt burden.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. **As the following table demonstrates, the assets for Berrien County exceeded its liabilities by \$86,080,201 for the fiscal year ending December 31, 2005.**

**Berrien County's Net Assets
December 31, 2005-2004**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	12/31/05	12/31/04	12/31/05	12/31/04	12/31/05	12/31/04
Current/other Assets	\$64,454,658	\$61,787,44	\$39,043,00	\$38,399,379	\$103,497,708	\$100,186,783
Capital Assets	26,216,442	24,984,304	56,935	56,138	26,273,377	25,040,442
Total Assets	90,671,100	86,771,708	39,099,985	38,455,517	129,771,085	125,227,225
Long-Term Liabilities	13,126,548	10,140,414	11,030,007	11,563,914	24,156,555	21,704,328
Other Liabilities	19,345,905	26,305,345	188,424	231,944	19,534,329	26,537,289
Total Liabilities	32,472,453	36,445,759	11,218,431	11,795,858	43,690,884	48,241,617
Net Assets:						
Invested in Capital Assets, Net Related Debt	16,549,282	17,057,014	28,076	224	16,577,358	17,057,238
Restricted	27,878,564	21,506,531	-	-	27,878,564	21,506,531
Unrestricted	13,770,801	11,762,404	27,853,478	26,659,435	41,624,279	38,421,839
Total Net Assets	\$58,198,647	\$50,325,949	\$ 27,881,554	\$26,659,659	\$ 86,080,201	\$ 76,985,608

Berrien County had a net investment in capital assets of \$16,577,358 at December 31, 2005. This represents 19.26% of total net assets. The County's investment in capital assets (i.e., land, buildings, vehicles, computers, equipment) is shown net of 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 must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The County conducts an annual inventory of its capital assets using the services of American Appraisal Associates.

In addition, the County has restricted net assets of \$27,878,564 at December 31, 2005. This represents 32.39% total net assets. Restricted net assets represents resources that are subject to external restrictions on how they may be used. Restricted net assets include, for example, restrictions for capital projects, debt service, grants, 911 operations and the Register of Deeds Automation Fund. Restricted net assets increased by \$6,372,033 during 2005 primarily due to the creation of the Revenue Sharing Reserve Fund.

Finally, the County has unrestricted net assets in the amount of \$41,624,279 at December 31, 2005. This represents 48.36% of total net assets. Unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At December 31, 2005, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Berrien County's Changes in Net Assets
December 31, 2005-2004**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	12/31/05	12/31/04	12/31/05	12/31/04	12/31/05	12/31/04
<u>Revenue:</u>						
Program Revenue:						
Charges for Services	\$ 13,282,812	\$ 13,326,586	\$ 1,720,488	\$ 4,345,101	\$ 15,003,300	\$ 17,671,687
Operating Grants & Contributions	21,669,104	20,123,596	994,072	486,913	22,663,176	20,610,509
General Revenue:						
Property Taxes	37,872,942	35,918,564			37,872,942	35,918,564
Unrestricted Grants & Contributions	283,365	1,253,431			283,365	1,253,431
Unrestricted Investment Earnings	1,564,973	753,528			1,564,973	753,528
Gain on Sale of Capital Assets	1,408,353					
Transfers-Internal Act.	(20,407)		20,407			
Total Revenue	76,061,142	71,375,705	2,734,967	4,832,014	76,207,719	76,207,719
<u>Expenses:</u>						
Legislative	1,515,488	785,565		-	1,515,488	785,565
Judicial	11,276,877	11,303,199		-	11,276,877	11,303,199
General Government	5,368,800	7,072,176		-	5,368,800	7,072,176
Public Safety	18,566,583	18,208,234		-	18,566,583	18,208,234
Public Works	2,423,822	778,483		-	2,423,822	778,483
Health & Welfare	13,967,883	14,586,515		-	13,967,883	14,586,515
Recreation/Cultural	2,619,702	2,577,849		-	2,619,702	2,577,849
Community Dev.	2,623,878	1,175,676		-	2,623,878	1,175,676
Other Gov. Activity	9,397,733	8,377,924		-	9,397,733	8,377,924
Interest on L.T. Debt	427,678	345,175		-	427,678	345,175
Delinquent Tax Coll / Forfeitures	-	-	1,007,696	586,427	1,007,696	586,427
Public Works Projects	-	-	505,376	2,875,518	505,376	2,875,518
Total Expenses	68,188,444	65,210,796	1,513,072	3,461,945	69,701,516	68,672,741
Increase in Net Assets	7,872,698	6,164,909	1,221,895	1,370,069	9,094,593	7,534,978
Net Assets – Beg.	50,325,949	44,161,040	26,659,659	25,289,590	76,985,608	69,450,630
Net Assets – End	\$ 58,198,647	\$ 50,325,949	27,881,554	\$ 26,659,659	\$ 86,080,201	\$ 76,985,608

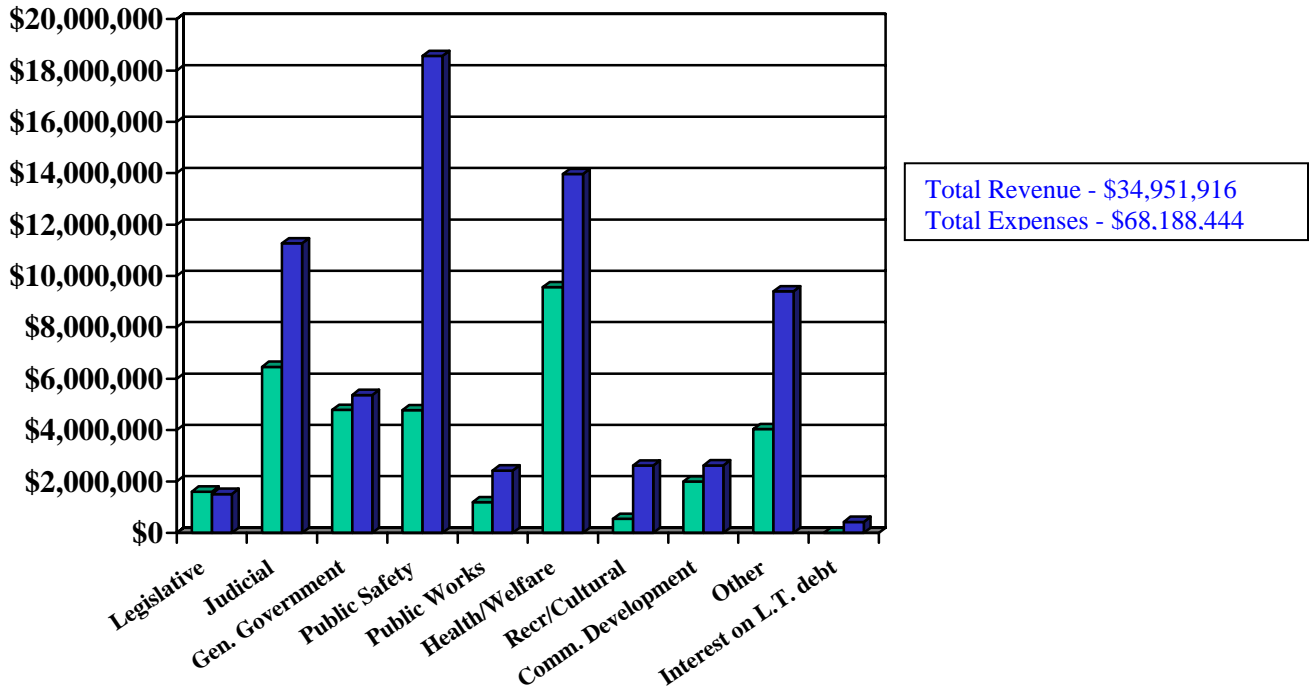
The County's net assets increased by \$9,094,593 during 2005 as compared to an increase of \$7,534,978 during 2004.

Governmental Activities. Governmental activities increased the County's net assets by **\$7,872,698 during 2005**. This large increase is due primarily to the establishment of a Revenue Sharing Reserve Fund, as required by State law, to accumulate advance payments of County property taxes to be used to replace State revenue sharing payments. The balance in the Revenue Sharing Reserve Fund was \$11,950,915 at December 31, 2005. In addition, unrestricted investment earnings were \$1,564,973 during 2005, as compared to \$753,528 during 2004, due to higher rates of interest earned on investments.

For the most part, increases in expenses in governmental activities closely follow inflation and growth in the demand for services. Increasing health insurance and pension costs continue to have an impact across many departments and activities. New spending initiatives began in 2005 with the purchase of the Berrien County 2100 Complex, a large building that will allow for the expansion of many of the departments within the county. The County also sold its Stevensville Complex, which funded many of the updates to the new facility. The county continued with the Computer Microsoft Windows XP upgrade and the Capital improvements of the County Courthouse and jail were continued through the Building Authority

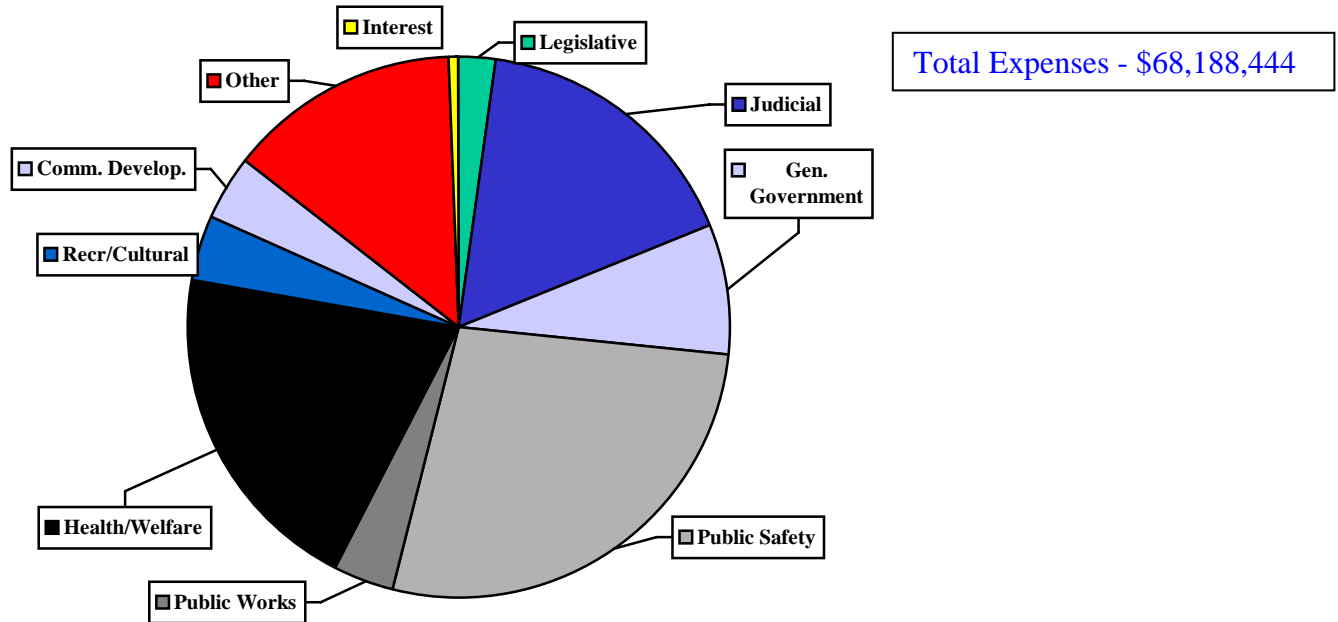
A chart of program revenue and expenses for governmental activities is as follows:

Program Revenue and Expenses - Governmental Activities



A chart of expenses of governmental activities by type is as follows:

Governmental Activities Expenses

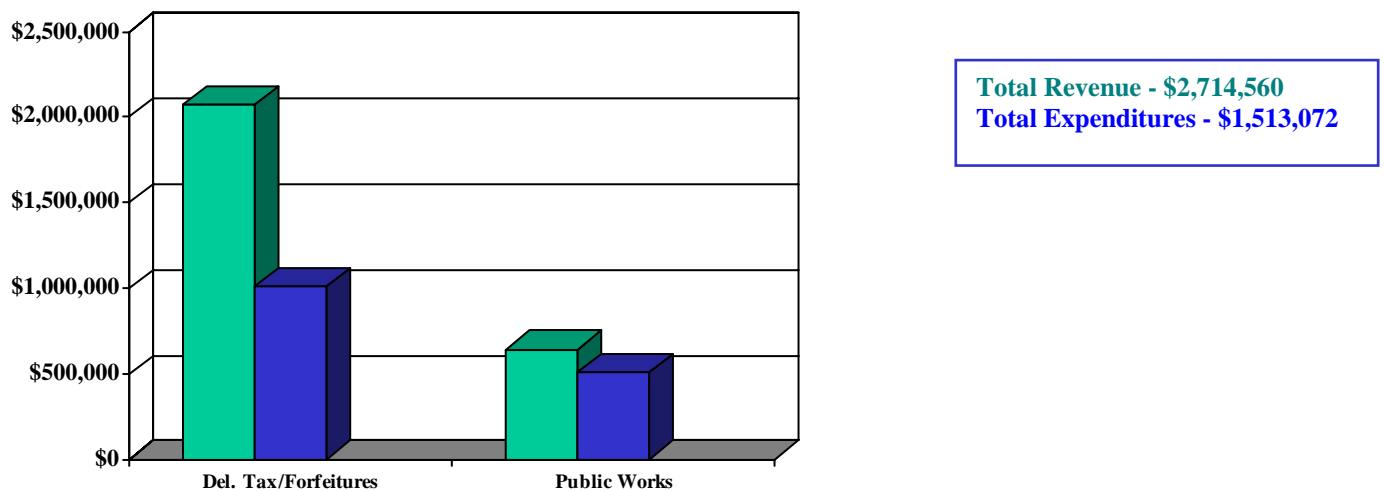


Business-Type Activities. Business-type activities (i.e. Delinquent Tax Revolving funds, Delinquent Tax Forfeiture funds and the Public Works Projects funds) **increased the County's net assets by \$1,221,895 during 2005.** Key elements of the current year increase are as follows:

- Charges for services for business-type activities were \$1,720,488, or 62.91% of revenue. These charges include delinquent tax administration fees to property owners, interest on taxes, loan forfeiture charges and other charges for services.
- Operating grants and contributions for business-type activities were \$994,072, or 36.35% of revenue.

A chart of program revenue and expenses for business-type activities is as follows:

Program Revenue and Expenses - Business-type Activities



Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds (i.e. General Fund, Revenue Sharing Reserve Fund, Capital Reserve Fund) 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.

At December 31, 2005, the County's governmental funds reported a combined ending fund balance of \$39,273,773. This is an increase of \$7,617,909 in comparison with the prior year. The increase is due primarily to the creation of the Revenue Sharing Reserve Fund, as previously discussed. Of the total fund balance amount, \$245,000 has been reserved for advances to component units. A total of \$39,028,773 is unreserved fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the County. At the end of the fiscal year, unreserved fund balance of the General Fund was \$10,097,380 while total fund balance was \$10,342,380. The total General Fund balance increased by \$295,934 during 2005. 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 23.93% of total General Fund expenditures. The County has determined that it is important to maintain an adequate unreserved General Fund balance in order to maintain fiscal flexibility in difficult economic times and due to the precarious nature of State of Michigan funding to counties and increasing operating costs.

The fund balance of the Building Authority Capital Project Fund increased by \$1,285,130 during 2005. The increase in the fund balance was due to the April 2005 issuance by the Building Authority of the \$3,650,000 million in Series 2005 bonds. These bonds were issued to continue with the renovations to the County Courthouse and Jail., which has continued through out 2005. The fund balance in the Building Authority Capital Project Funds was \$1,657,840 at December 31, 2005.

Proprietary Funds. The County's proprietary funds (i.e. Delinquent Tax Revolving, Self-insurance) provide the same type of information found in the government-wide financial statements, but in greater detail. Proprietary funds focus on total **economic resources** (not just spendable resources) and use the accrual basis of accounting. The proprietary fund statements provide a long-term view of fund activities.

Unrestricted net assets of the delinquent tax, property foreclosure, self-insurance and other proprietary funds were \$32,246,948 at year-end. The Delinquent Tax Revolving funds had net assets of \$27,232,644 at December 31, 2005, an increase of \$768,483 during the year. The self-insurance funds increased \$1,713,422 during 2005. The self-insurance funds had net assets of \$5,498,481 at December 31, 2005.

General Fund Budgetary Highlights

The original budget for revenue and incoming transfers in the General Fund was \$44,051,173 for 2005. Actual revenue and incoming transfers for 2005 was \$42,486,808.

The original budget for expenditures and outgoing transfers in the General Fund was \$44,051,173 for 2005. Additional year-end appropriations were made to the PMI Fund (550,000) and the Vehicle/Equipment Replacement Fund (250,000). The additional appropriations were financed from savings in other budgeted accounts. Actual expenditures and outgoing transfers for 2005 were \$42,190,874.

Overall during the year, both general fund revenue and expenditures were less than the final budget. Expenditure savings were greater than the revenue shortfall, however, resulting in an increase in the General Fund balance of \$295,934 during 2005.

Capital Asset and Debt Administration

Capital Assets. The County’s cost of capital assets for its governmental activities at December 31, 2005 was \$26,216,442 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, computers and equipment. The County’s business-type activities (i.e. Delinquent Tax Revolving funds, Public Works Projects funds) had net capital assets of \$56,935 at the end of the year. **Total capital assets, net were \$26,273,377 at December 31, 2005.**

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

- Building Authority renovations continue at the Jail and County Courthouse. A total of \$2,333,380 was spent during 2005. During 2005 the Building Authority issued bonds to make the additional improvements at the Jail and County Courthouse.
- During 2005 the County upgraded its software from Office 97 to Office XP at a cost of approximately \$125,000.
- Ongoing replacement of Sheriff’s Department vehicles and computer equipment.

**Berrien County’s Capital Assets
December 31, 2005 – 2004**

	<u>Governmental Activities</u>		<u>Business-Types Activities</u>		<u>Total</u>	
	12/31/05	12/31/04	12/31/05	12/31/04	12/31/05	12/31/04
Land	\$ 4,627,543	\$ 4,501,572	\$ -	\$ -	\$ 4,627,543	\$ 4,501,572
Land Improvements	1,482,731	1,502,231	-	-	1,482,731	1,502,231
Buildings	29,904,745	29,344,891	-	-	29,904,745	29,344,891
Equipment	7,787,942	6,803,130	510,694	474,814	8,298,636	35,348,694
Total Cost	43,802,961	42,151,824	510,694	474,814	44,313,655	42,626,638
Less Acc. Depr.	(17,586,519)	(17,167,520)	(453,759)	(418,676)	(18,040,278)	(17,586,196)
Net Cost	\$ 26,216,442	\$ 24,984,304	\$ 56,935	\$ 56,138	\$ 26,273,377	\$ 25,040,442

Long-Term Debt. At the end of the fiscal year, the County had total long-term installment debt outstanding of \$22,355,007. This long-term debt is summarized as follows:

**Berrien County's Outstanding Debt
December 31, 2005-2004**

	<u>Governmental Activities</u>		<u>Business – Type Activities</u>		<u>Total</u>	
	12/31/2005	12/31/2004	12/31/2005	12/31/2004	12/31/2005	12/31/2004
General Obligation Bonds	\$ 11,325,000	\$ 8,300,000	\$ 8,370,000	\$ 8,860,000	\$ 19,695,000	\$ 17,160,000
DPW Notes			220,000	317,000	220,000	317,000
Delinquent Tax Notes			2,411,148	2,331,000	2,411,148	2,331,000
Capital Leases			28,859	55,914	28,859	55,914
Total	\$ 11,325,000	\$ 8,300,000	\$ 11,030,007	\$ 11,563,914	\$ 22,355,007	\$ 19,863,914

At December 31, 2005, general obligation bonds include \$11,325,000 in Building Authority debt and \$8,370,000 in Public Works debt for water/sewer projects with local units of government. The County's total debt increased by \$2,491,093 during 2005. The County retired debt of \$1,967,000 in general obligation bonds/notes and \$8,174,852 in delinquent tax notes during 2005.

During 2005, the County borrowed \$755,000 in Department of Public Works bonds/notes for water and sewer projects and \$8,255,000 in delinquent tax notes. Debt service requirements for general obligation bonds are \$1,790,000 in principal and \$825,435 in interest for 2006. Principal and interest is paid on the delinquent tax notes as delinquent tax proceeds are received.

As indicated previously, Standard & Poor's increased Berrien County's credit rating for general obligation bonds from A+ to AA- on January 11, 2005. This is a very strong and solid rating and reflects the improved financial position of the County. The County's Delinquent Limited Tax Notes are not rated.

State statute limits the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation (State Equalized Value). The current legal debt limitation for the County is \$717,052,100, while the County has only utilized \$19,695,000 (2.75%) of its legal borrowing capacity.

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 cost of maintaining the defined benefit retirement plan has impacted the fiscal operations of the county. Employer Contributions for the Sheriff's Unit increased from 11.20% for 2005 to 14.64 % for 2006 while the employer contribution for the Courthouse unit increased from 2.12 % in 2005 to 3.86 % for 2006. These increases are due to plan benefits enhancements and the rising cost of retiree health care benefits. Investment earnings improved through 2005 with the same expectations for 2006.
- Interest rates on investments have been low the past few years, but increased during 2005 as the Federal Reserve increased its discount rate. The 2006 budget assumes similar rates of investment earnings. In Michigan, local units of government are restricted to investing

operating funds in fixed income investments and may not invest in equities. Pension funds may invest in the stock market. Unrestricted investment earnings were \$1,564,973 during 2005 as compared to \$753,528 during 2004.

- The County is self-funded for its property and liability insurance with the Michigan Municipal Risk Management Authority, one of the largest public entity insurance pools in the United States. Property and liability insurance premiums, especially for governmental entities, have dramatically increased due to many factors, including extensive settlement payments related to September 11th, poor investment earnings by the insurance companies and the hard re-insurance market. The County has net assets in its Property/Liability Insurance Fund of \$1,890,006 at December 31, 2005.
- The County is also self-funded for its health insurance coverage. Some national projections point to a doubling of health care costs over the next five years. Expenditures for health care are budgeted to increase from \$6,775,872 during 2005 to \$9,496,613 during 2006. The County has net assets in its Health Care Insurance Fund of \$2,835,889 at December 31, 2005.
- The unemployment rate for Berrien County is 7.4% for March 2006, which is a decrease from the unemployment rate of 7.5% in March 2005. The unemployment rate for Berrien County is higher than the State of Michigan average of 6.8% (March 2006) and the United States average of 4.6% (March 2006). During 2006, the County will undertake economic development initiatives to encourage job growth and retention. Historically, the County has used monies in its Delinquent Tax Revolving Funds and Brownfield Redevelopment Authority Fund for economic development projects.
- Michigan has two constitutional laws that limit property tax revenue growth to the rate of inflation or 5.0%, whichever is smaller. (This tax limitation does not apply to new construction or to property transfers). The rate of inflation factor for 2005 was 2.3%. Property tax revenue reported in governmental funds increased from \$35,895,542 in 2004 to \$37,539,671 in 2005, an increase of \$1,644,129. Other factors for the increase in property tax revenue are the inflation adjustment and new construction. Property tax revenue is the County's largest source of revenue.
- The County has committed to maintaining a sufficient General Fund balance to provide fiscal flexibility and to meet unforeseen emergencies. The County's unreserved General Fund balance was \$10,097,380 at December 31, 2005.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of Berrien County's finances for all those who may be interested. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to **Berrien County Administration Center, Financial Services Department, 701 Main Street, St. Joseph, Michigan 49085-1316**. You may also contact us at **(269) 982-8623**. A complete copy of this financial report is available at the County Website: **www.berriencounty.org**.

Thank you for your interest in Berrien County!

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN
Statement of Net Assets
December 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 24,836,927	\$ 9,145,306	\$ 33,982,233	\$ 2,030,968
Restricted cash	605,011	-	605,011	226,062
Investments	18,572,128	11,393,706	29,965,834	3,113,891
Receivables, net	27,355,092	11,569,207	38,924,299	9,313,249
Internal balances	(6,914,500)	6,914,500	-	-
Prepaid items and other assets	-	20,331	20,331	1,275,779
Capital assets not being depreciated	4,627,543	-	4,627,543	5,774,009
Capital assets being depreciated, net	21,588,899	56,935	21,645,834	18,944,664
Total assets	90,671,100	39,099,985	129,771,085	40,678,622
Liabilities				
Accounts payable and accrued expenses	4,828,767	188,424	5,017,191	4,663,068
Deferred revenue (unearned)	14,517,138	-	14,517,138	-
Long-term liabilities:				
Due within one year	2,601,548	3,650,007	6,251,555	1,185,992
Due in more than one year	10,525,000	7,380,000	17,905,000	3,663,459
Total liabilities	32,472,453	11,218,431	43,690,884	9,512,519
Net assets				
Invested in capital assets, net of related debt	16,549,282	28,076	16,577,358	15,482,867
Restricted for:				
Capital projects	422,201	-	422,201	-
Other purposes	27,456,363	-	27,456,363	282,666
Unrestricted	13,770,801	27,853,478	41,624,279	15,400,570
Total net assets	\$ 58,198,647	\$ 27,881,554	\$ 86,080,201	\$ 31,166,103

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 1,515,488	\$ 1,868	\$ 1,598,207	\$ -	\$ 84,587
Judicial	11,276,877	4,077,054	2,387,917	-	(4,811,906)
General government	5,368,800	2,881,231	1,903,427	-	(584,142)
Public safety	18,566,583	1,878,561	2,894,307	-	(13,793,715)
Public works	2,423,822	14,075	1,178,119	-	(1,231,628)
Health and welfare	13,967,883	920,755	8,641,748	-	(4,405,380)
Recreation and cultural	2,619,702	424,573	123,682	-	(2,071,447)
Community development	2,623,878	279,496	1,710,537	-	(633,845)
Other governmental activities	9,397,733	2,805,199	1,231,160	-	(5,361,374)
Interest on long-term debt	427,678	-	-	-	(427,678)
Total governmental activities	<u>68,188,444</u>	<u>13,282,812</u>	<u>21,669,104</u>	<u>-</u>	<u>(33,236,528)</u>
Business-type activities:					
Delinquent tax collections/forfeitures	1,007,696	1,072,991	997,499	-	1,062,794
Public works projects	505,376	647,497	(3,427)	-	138,694
Total business-type activities	<u>1,513,072</u>	<u>1,720,488</u>	<u>994,072</u>	<u>-</u>	<u>1,201,488</u>
Total primary government	<u>\$ 69,701,516</u>	<u>\$ 15,003,300</u>	<u>\$ 22,663,176</u>	<u>\$ -</u>	<u>\$ (32,035,040)</u>
Component units					
County roads	\$ 11,834,860	\$ -	\$ 15,211,012	\$ 613,135	\$ 3,989,287
County drains	488,814	-	609,381	182,000	302,567
Brownfield redevelopment	1,048,662	45,621	989,419	-	(13,622)
Economic development	201,465	26,047	-	-	(175,418)
Total component units	<u>\$ 13,573,801</u>	<u>\$ 71,668</u>	<u>\$ 16,809,812</u>	<u>\$ 795,135</u>	<u>\$ 4,102,814</u>

continued...

COUNTY OF BERRIEN, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended December 31, 2005

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (33,236,528)	\$ 1,201,488	\$ (32,035,040)	\$ 4,102,814
General revenues:				
Property taxes	37,872,942	-	37,872,942	-
Grants and contributions not restricted to specific programs	283,365	-	283,365	-
Unrestricted investment earnings	1,564,973	-	1,564,973	1,153,754
Gain on sale of capital assets	1,408,353	-	1,408,353	-
Transfers - internal activities	(20,407)	20,407	-	-
	41,109,226	20,407	41,129,633	1,153,754
Total general revenues and transfers				
Change in net assets	7,872,698	1,221,895	9,094,593	5,256,568
Net assets, beginning of year, as restated	50,325,949	26,659,659	76,985,608	25,909,535
Net assets, end of year	\$ 58,198,647	\$ 27,881,554	\$ 86,080,201	\$ 31,166,103

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

FUND FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN
Balance Sheet
Governmental Funds
December 31, 2005

	General 101.00	Revenue Sharing Reserve 285.00	Capital Reserve 403.00	Other Governmental Funds	Total
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 394,692	\$ 3,880,915	\$ 396	\$ 13,326,043	\$ 17,602,046
Investments	10,000,001	-	5,499,782	3,072,345	18,572,128
Receivables:					
Taxes receivable - current	9,841,497	8,070,000	-	4,715,306	22,626,803
Taxes receivable - delinquent	141,467	-	-	24,482	165,949
Due from other governments	88,506	-	-	2,658,015	2,746,521
Due from other funds	1,968	-	-	8,366	10,334
Advances to other funds	5,414,500	-	-	-	5,414,500
Advances to component units	1,745,000	-	-	-	1,745,000
Notes receivable	-	-	-	70,819	70,819
<u>TOTAL ASSETS</u>	\$ 27,627,631	\$ 11,950,915	\$ 5,500,178	\$ 23,875,376	\$ 68,954,100
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts payable	\$ 256,985	\$ -	\$ -	\$ 558,272	\$ 815,257
Accrued and other liabilities	352,682	-	-	187,860	540,542
Due to other governments	-	-	-	3,745	3,745
Due to other funds	8,366	-	-	1,968	10,334
Interfund payable	-	-	-	833,447	833,447
Advances from other governments	-	-	-	135,000	135,000
Advances from other funds	6,914,500	-	5,414,500	-	12,329,000
Undistributed receipts	-	-	-	343	343
Bond premium	-	-	-	10,147	10,147
Deferred revenue	9,752,718	-	-	5,249,794	15,002,512
Total liabilities	17,285,251	-	5,414,500	6,980,576	29,680,327
Fund balance					
Reserved for:					
Advances to other funds and component units	245,000	-	-	-	245,000
Unreserved:					
Designated for subsequent years' expenditures, reported in nonmajor special revenue funds	-	-	-	3,817,512	3,817,512
Undesignated	10,097,380	11,950,915	85,678	-	22,133,973
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	11,082,665	11,082,665
Debt service funds	-	-	-	260	260
Capital projects funds	-	-	-	1,994,363	1,994,363
Total fund balance	10,342,380	11,950,915	85,678	16,894,800	39,273,773
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 27,627,631	\$ 11,950,915	\$ 5,500,178	\$ 23,875,376	\$ 68,954,100

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

COUNTY OF BERRIEN, MICHIGAN
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	\$ 39,273,773
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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 not reported in the funds.

Add: capital assets not being depreciated	4,627,543
Add: capital assets being depreciated, net	21,588,899

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred property taxes	485,374
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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 assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	5,498,481
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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	(11,325,000)
Subtract: compensated absences	(1,801,548)
Subtract: accrued interest on long-term liabilities	(148,875)
	(13,275,423)

Net assets of governmental activities	\$ 58,198,647
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The accompanying notes are an integral part of these financial statements.

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Revenue Sharing Reserve 285.00	Capital Reserve 403.00	Other Governmental Funds	Total
Revenue					
Taxes	\$ 25,166,716	\$ 8,070,000	\$ -	\$ 4,302,955	\$ 37,539,671
Licenses and permits	204,437	-	-	294,847	499,284
Intergovernmental revenue	3,051,463	-	-	15,711,466	18,762,929
Charges for services	7,876,024	-	-	4,175,514	12,051,538
Fines and forfeitures	633,843	-	-	98,147	731,990
Interest revenue	943,453	94,928	85,678	280,987	1,405,046
Other revenue and reimbursements	1,265,828	-	-	1,512,119	2,777,947
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	39,141,764	8,164,928	85,678	26,376,035	73,768,405
Expenditures					
Current expenditures:					
Legislative	1,533,453	-	-	-	1,533,453
Judicial	8,015,275	-	-	3,359,711	11,374,986
General government	6,896,624	-	-	117,195	7,013,819
Public safety	13,528,856	-	-	5,949,419	19,478,275
Public works	-	-	-	2,423,822	2,423,822
Health and welfare	736,996	-	-	13,406,320	14,143,316
Recreation and cultural	341,871	-	-	2,268,942	2,610,813
Community development	995,256	-	-	1,571,687	2,566,943
Other governmental activities	3,871,570	-	-	5,545,743	9,417,313
Debt service:					
Principal	-	-	-	625,000	625,000
Interest and fiscal charges	-	-	-	389,770	389,770
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	35,919,901	-	-	35,657,609	71,577,510
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	3,221,863	8,164,928	85,678	(9,281,574)	2,190,895
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	3,650,000	3,650,000
Proceeds from sale of capital assets	-	-	-	1,797,421	1,797,421
Transfers in	3,345,044	-	-	8,172,860	11,517,904
Transfers out	(6,270,973)	(3,127,502)	-	(2,139,836)	(11,538,311)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(2,925,929)	(3,127,502)	-	11,480,445	5,427,014
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	295,934	5,037,426	85,678	2,198,871	7,617,909
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	10,046,446	6,913,489	-	14,695,929	31,655,864
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 10,342,380	\$ 11,950,915	\$ 85,678	\$ 16,894,800	\$ 39,273,773

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

COUNTY OF BERRIEN, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005

Net change in fund balances - total governmental funds \$ 7,617,909

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	3,000,331
Subtract: depreciation expense	(1,379,125)
Subtract: proceeds from sale of capital assets	(1,797,421)
Add: gain on disposal of capital assets	1,408,353

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: change in deferred property taxes and special assessments	333,271
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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: issuance of long-term debt	(3,650,000)
Add: principal payments on long-term liabilities	625,000

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

Subtract: change in accrued interest on bonds	(37,908)
Add: decrease in the accrual of compensated absences	38,866

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 the internal service fund is reported with governmental activities.

Add: interest revenue from governmental internal service fund	621,520
Add: net operating income from governmental activities accounted for in internal service fund	1,091,902

Change in net assets of governmental activities	\$ 7,872,698
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The accompanying notes are an integral part of these financial statements.

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue				
Taxes	\$ 24,874,500	\$ 24,874,500	\$ 25,166,716	\$ 292,216
Licenses and permits	194,000	194,000	204,437	10,437
Intergovernmental revenues	2,947,320	2,947,320	3,051,463	104,143
Charges for services	7,140,916	7,140,916	7,876,024	735,108
Fines and forfeitures	594,000	594,000	633,843	39,843
Interest revenue	431,500	431,500	943,453	511,953
Other revenue and reimbursements	3,772,188	3,772,188	1,265,828	(2,506,360)
	<u>39,954,424</u>	<u>39,954,424</u>	<u>39,141,764</u>	<u>(812,660)</u>
Total revenue				
Expenditures				
Legislative:				
Board of Commissioners	498,846	487,519	486,960	(559)
Appropriations to outside agencies	547,100	846,393	846,393	-
County Administrator	201,713	200,109	200,100	(9)
	<u>1,247,659</u>	<u>1,534,021</u>	<u>1,533,453</u>	<u>(568)</u>
Total legislative				
Judicial:				
Circuit court	708,609	652,515	652,477	(38)
District court	2,189,135	2,239,106	2,237,508	(1,598)
Probate court	194,173	188,211	188,201	(10)
Jury board	12,155	10,121	10,120	(1)
Family Court Intake	508,338	456,885	456,880	(5)
Tri-court cashiering unit	276,778	272,661	272,654	(7)
Trial court	1,992,496	1,867,092	1,866,075	(1,017)
District court probation	669,022	541,861	541,854	(7)
Adult probation	35,245	23,335	23,296	(39)
Juvenile probation	829,214	783,061	782,982	(79)
Probate court administration	893,695	833,102	832,948	(154)
Tri-court enforcement services	153,684	150,281	150,280	(1)
	<u>8,462,544</u>	<u>8,018,231</u>	<u>8,015,275</u>	<u>(2,956)</u>
Total judicial				

continued...

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued)				
General government:				
Elections	\$ 41,312	\$ 36,069	\$ 36,062	\$ (7)
Clerk	893,042	880,386	880,377	(9)
Equalization	460,413	461,449	461,280	(169)
Personnel	298,644	288,480	287,657	(823)
Purchasing	165,547	131,501	131,492	(9)
Corporate counsel	75,149	74,318	74,315	(3)
Prosecutor	2,318,934	2,111,211	2,110,758	(453)
Register of deeds	296,892	282,140	281,905	(235)
Treasurer	331,200	325,697	323,173	(2,524)
Courthouse and grounds	1,083,872	1,063,727	969,206	(94,521)
Building authority	5,983	5,983	1,957	(4,026)
South county building	273,674	275,679	219,503	(56,176)
Other county property	175,925	204,740	157,982	(46,758)
Administration center	233,282	235,287	199,670	(35,617)
Drain commissioner	361,346	363,846	327,559	(36,287)
Building security	129,700	132,700	122,552	(10,148)
Financial services	313,121	311,184	311,176	(8)
	<u>7,458,036</u>	<u>7,184,397</u>	<u>6,896,624</u>	<u>(287,773)</u>
Total general government				
Public safety:				
Sheriff's office and road patrol	4,489,063	4,560,565	4,405,489	(155,076)
Local unit police protection	90,667	140,367	117,607	(22,760)
Jail inmate rehabilitation	68,520	68,520	66,438	(2,082)
Emergency Operations	-	101,500	98,713	(2,787)
Sheriff's department radios	101,731	107,613	106,041	(1,572)
Sheriff's department marine safety	220,298	261,258	252,662	(8,596)
Special teams	55,190	55,190	48,224	(6,966)
Jail division	7,546,236	7,467,983	7,204,029	(263,954)
Jail maintenance	691,885	714,035	618,267	(95,768)
Emergency management	223,032	223,303	222,781	(522)
Animal shelter	404,706	404,706	388,605	(16,101)
	<u>13,891,328</u>	<u>14,105,040</u>	<u>13,528,856</u>	<u>(576,184)</u>
Total public safety				

continued...

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued)				
Health and welfare:				
Contagious disease	\$ 32,500	\$ 29,346	\$ 27,400	\$ (1,946)
Medical examiner	91,100	104,254	99,665	(4,589)
Veterans services	98,561	99,437	99,431	(6)
Veterans burial	27,000	27,000	10,500	(16,500)
Mental health	500,000	500,000	500,000	-
Total health and welfare	<u>749,161</u>	<u>760,037</u>	<u>736,996</u>	<u>(23,041)</u>
Recreation and cultural:				
Cooperative extension service	265,288	234,901	234,893	(8)
Historical association	106,978	106,978	106,978	-
Total recreation and cultural	<u>372,266</u>	<u>341,879</u>	<u>341,871</u>	<u>(8)</u>
Community development:				
Economic development	255,753	255,753	189,042	(66,711)
Planning commission	825,361	819,358	646,919	(172,439)
Plat board	4,140	4,140	3,381	(759)
Survey and remonumentation	135,100	159,729	155,914	(3,815)
Total community development	<u>1,220,354</u>	<u>1,238,980</u>	<u>995,256</u>	<u>(243,724)</u>
Other expenditures:				
Information systems	2,141,036	2,107,582	1,910,463	(197,119)
Automation upgrade	120,000	122,000	118,589	(3,411)
Livestock claims	1,300	1,300	-	(1,300)
Central supply	101,500	101,500	95,047	(6,453)
Mailing services	303,304	303,304	247,249	(56,055)

continued...

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual (Concluded)
General Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (concluded)				
Other expenditures: (concluded)				
Motor pool	\$ 246,788	\$ 259,788	\$ 237,754	\$ (22,034)
Telephone switchboard-central	361,454	359,454	293,372	(66,082)
Printing and microfilming	364,828	365,328	325,510	(39,818)
Copy center	37,300	37,300	34,275	(3,025)
Insurance and surety bonds	250,388	584,245	580,685	(3,560)
Drains at large	75,000	75,000	28,626	(46,374)
Contingencies	1,059,911	269,705	-	(269,705)
Total other expenditures	<u>5,062,809</u>	<u>4,586,506</u>	<u>3,871,570</u>	<u>(714,936)</u>
Total expenditures	<u>38,464,157</u>	<u>37,769,091</u>	<u>35,919,901</u>	<u>(1,849,190)</u>
Revenue over expenditures	<u>1,490,267</u>	<u>2,185,333</u>	<u>3,221,863</u>	<u>1,036,530</u>
Other financing sources (uses)				
Transfers in	4,096,749	4,096,749	3,345,044	(751,705)
Transfers out	<u>(5,587,016)</u>	<u>(6,282,082)</u>	<u>(6,270,973)</u>	<u>(11,109)</u>
Total other financing (uses)	<u>(1,490,267)</u>	<u>(2,185,333)</u>	<u>(2,925,929)</u>	<u>(740,596)</u>
Net changes in fund balances	-	-	295,934	295,934
Fund balance, beginning of year	<u>10,046,446</u>	<u>10,046,446</u>	<u>10,046,446</u>	-
Fund balance, end of year	<u><u>\$ 10,046,446</u></u>	<u><u>\$ 10,046,446</u></u>	<u><u>\$ 10,342,380</u></u>	<u><u>\$ 295,934</u></u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Special Revenue Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue				
Taxes	\$ 8,070,000	\$ 8,070,000	\$ 8,070,000	\$ -
Interest revenue	-	-	94,928	94,928
Total revenue	8,070,000	8,070,000	8,164,928	94,928
Expenditures				
General government	-	-	-	-
Revenue over (under) expenditures	8,070,000	8,070,000	8,164,928	94,928
Other financing sources				
Transfers out	-	(8,070,000)	(3,127,502)	4,942,498
Net changes in fund balances	8,070,000	-	5,037,426	5,037,426
Fund balances, beginning of year	6,913,489	6,913,489	6,913,489	-
Fund balances, end of year	<u>\$ 14,983,489</u>	<u>\$ 6,913,489</u>	<u>\$ 11,950,915</u>	<u>\$ 5,037,426</u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities
	Royalton Township Water			Total	Internal Service Funds
	Delinquent Tax Revolving	System No. 25 851.84	Other Enterprise Funds		
Assets					
Current assets:					
Cash and cash equivalents	\$ 6,692,539	\$ 152,183	\$ 1,467,137	\$ 8,311,859	\$ 8,068,328
Investments	11,393,706	-	-	11,393,706	-
Receivables:					
Taxes receivable - delinquent	3,421,165	-	-	3,421,165	-
Interest	499,043	-	-	499,043	-
Interfund	833,447	-	-	833,447	-
Current portion of leases receivable	-	75,000	942,797	1,017,797	-
Advance to other funds	6,914,500	-	-	6,914,500	-
Inventory, at cost	-	-	20,331	20,331	-
Total current assets	<u>29,754,400</u>	<u>227,183</u>	<u>2,430,265</u>	<u>32,411,848</u>	<u>8,068,328</u>
Non-current assets:					
Restricted cash	-	-	-	-	605,011
Leases receivable, net of current portion	-	2,297,817	4,333,385	6,631,202	-
Capital assets being depreciated, net	-	-	56,935	56,935	-
Total non-current assets	<u>-</u>	<u>2,297,817</u>	<u>4,390,320</u>	<u>6,688,137</u>	<u>605,011</u>
Total assets	<u>29,754,400</u>	<u>2,525,000</u>	<u>6,820,585</u>	<u>39,099,985</u>	<u>8,673,339</u>
Liabilities					
Current liabilities:					
Accounts payable	4,640	-	76,333	80,973	190
Accrued and other liabilities	-	-	1,483	1,483	3,174,668
Due to other governments	105,968	-	-	105,968	-
Current portion of long-term debt	2,411,148	75,000	1,163,859	3,650,007	-
Total current liabilities	<u>2,521,756</u>	<u>75,000</u>	<u>1,241,675</u>	<u>3,838,431</u>	<u>3,174,858</u>
Long-term liabilities:					
Due in more than one year	<u>-</u>	<u>2,450,000</u>	<u>4,930,000</u>	<u>7,380,000</u>	<u>-</u>
Total liabilities	<u>2,521,756</u>	<u>2,525,000</u>	<u>6,171,675</u>	<u>11,218,431</u>	<u>3,174,858</u>
Net assets					
Invested in capital assets, net of related debt	-	-	28,076	28,076	-
Restricted for self-insurance claims	-	-	-	-	605,011
Unrestricted:					
Undesignated	27,232,644	-	620,834	27,853,478	4,893,470
Total net assets	<u>\$ 27,232,644</u>	<u>\$ -</u>	<u>\$ 648,910</u>	<u>\$ 27,881,554</u>	<u>\$ 5,498,481</u>

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds				Governmental
	Royalton Township			Total	Activities
	Delinquent Tax Revolving	Water System No. 25 851.84	Other Enterprise Funds		Internal Service Funds
Operating revenue					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 8,270,759
Charges for services - other	311,951	93,730	1,103,479	1,509,160	-
Interest on taxes	211,313	-	-	211,313	-
Other operating revenue	-	-	235	235	-
Total operating revenue	523,264	93,730	1,103,714	1,720,708	8,270,759
Operating expenses					
Operation and maintenance	450,510	-	564,486	1,014,996	19,878
Benefits and claims	-	-	-	-	7,158,979
Depreciation	-	-	35,083	35,083	-
Total operating expenses	450,510	-	599,569	1,050,079	7,178,857
Operating income (loss)	72,754	93,730	504,145	670,629	1,091,902
Non-operating revenue (expenses)					
Interest income	997,264	(892)	(2,535)	993,837	621,520
Interest expense and fiscal charges	(51,535)	(92,838)	(318,605)	(462,978)	-
Total non-operating revenue (expenses)	945,729	(93,730)	(321,140)	530,859	621,520
Income (loss) before transfers	1,018,483	-	183,005	1,201,488	1,713,422
Transfers					
Transfers in	-	-	270,407	270,407	30,000
Transfers out	(250,000)	-	-	(250,000)	(30,000)
Total transfers in (out)	(250,000)	-	270,407	20,407	-
Change in net assets	768,483	-	453,412	1,221,895	1,713,422
Net assets, beginning of year	26,464,161	-	195,498	26,659,659	3,785,059
Net assets, end of year	\$ 27,232,644	\$ -	\$ 648,910	\$ 27,881,554	\$ 5,498,481

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities
	Royalton Township Water			Total	Internal Service Funds
	Delinquent Tax Revolving	System No. 25 851.84	Other Enterprise Funds		
Cash flows from operating activities					
Cash received from customers	\$ 273,280	\$ 93,730	\$ 1,103,714	\$ 1,470,724	\$ -
Cash received from interfund services provided	-	-	-	-	8,270,759
Cash payments to suppliers for goods and services	(5,858,063)	-	(439,542)	(6,297,605)	(7,957,440)
Cash payments to employees for services	-	-	(60,882)	(60,882)	-
Net cash provided (used) by operating activities	(5,584,783)	93,730	603,290	(4,887,763)	313,319
Cash flows from non-capital financing activities					
Transfers in	-	-	270,407	270,407	30,000
Transfers out	(250,000)	-	-	(250,000)	(30,000)
Net cash provided (used) by non-capital financing activities	(250,000)	-	270,407	20,407	-
Cash flows from capital and related financing activities					
Principal payments	(8,174,852)	(50,000)	(1,319,055)	(9,543,907)	-
Interest payments	(51,535)	(92,838)	(318,605)	(462,978)	-
Purchases of capital assets	-	-	(35,880)	(35,880)	-
Proceeds from issuance of long-term debt	8,255,000	-	755,000	9,010,000	-
Net cash provided (used) by capital and related financing activities	28,613	(142,838)	(918,540)	(1,032,765)	-
Cash flows from investing activities					
Interest received	997,264	(892)	(2,535)	993,837	621,520
Amounts collected on leases receivable	-	-	1,006,867	1,006,867	-
Construction of leased assets	-	(122,395)	-	(122,395)	-
Purchase of investments	(11,393,706)	-	-	(11,393,706)	-
Sale of investments	16,509,914	-	-	16,509,914	-
Net cash provided (used) by investing activities	6,113,472	(123,287)	1,004,332	6,994,517	621,520
Net increase (decrease) in cash and cash equivalents	307,302	(172,395)	959,489	1,094,396	934,839
Cash and cash equivalents, beginning of year	6,385,237	324,578	507,648	7,217,463	7,738,500
Cash and cash equivalents, end of year	\$ 6,692,539	\$ 152,183	\$ 1,467,137	\$ 8,311,859	\$ 8,673,339
Statement of net assets classification of cash and cash equivalents					
Cash and cash equivalents	\$ 6,692,539	\$ 152,183	\$ 1,467,137	\$ 8,311,859	\$ 8,068,328
Restricted cash	-	-	-	-	605,011
	\$ 6,692,539	\$ 152,183	\$ 1,467,137	\$ 8,311,859	\$ 8,673,339

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COUNTY OF BERRIEN, MICHIGAN
Statement of Cash Flows
Proprietary Funds (Concluded)
For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Royaltyon Township Water System No. 25 851.84	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 72,754	\$ 93,730	\$ 504,145	\$ 670,629	\$ 1,091,902
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	-	-	35,083	35,083	-
Changes in assets and liabilities:					
Taxes receivable	(215,938)	-	-	(215,938)	-
Interest receivable	(34,046)	-	-	(34,046)	-
Interfund	(180,708)	-	-	(180,708)	-
Advance to other funds	(5,114,500)	-	-	(5,114,500)	-
Inventories	-	-	(4,763)	(4,763)	-
Accounts payable	2,933	-	68,294	71,227	(82,040)
Accrued and other liabilities	-	-	531	531	(696,543)
Due to other governments	(115,278)	-	-	(115,278)	-
Net cash provided (used) by operating activities	\$ (5,584,783)	\$ 93,730	\$ 603,290	\$ (4,887,763)	\$ 313,319

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

COUNTY OF BERRIEN, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2005

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 4,650,634	\$ 3,420,849
Investments:		
U.S. Government obligations	5,542,649	-
U.S. Government agencies	8,931,899	-
Corporate obligations	20,459,908	-
Corporate stocks	55,236,967	-
Mutual funds	27,948,607	-
Certificates of deposit	-	793,711
Receivables:		
Taxes receivable - delinquent	-	1,289,316
Accrued interest	492,322	-
	123,262,986	\$ 5,503,876
Total assets		\$ 5,503,876
Liabilities		
Undistributed receipts	-	\$ 4,214,560
Net Assets		
Held in trust for pension benefits and other purposes	\$ 123,262,986	

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

COUNTY OF BERRIEN, MICHIGAN
Pension Trust Fund
Statement of Changes in Plan Net Assets
For the Year Ended December 31, 2005

Additions

Investment income:

Net realized and unrealized appreciation in fair value of investments	\$ 3,265,593
Interest and dividends	4,399,032
Less investment expenses	<u>(598,887)</u>
Net investment income	<u>7,065,738</u>

Contributions:

Employer	1,631,684
Employees	<u>1,953,957</u>
Total contributions	<u>3,585,641</u>

Total additions	<u>10,651,379</u>
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Deductions

Pension benefit payments	6,504,840
Contribution refunds	429,660
Medical insurance premiums	558,965
Administration	<u>80,981</u>
Total deductions	<u>7,574,446</u>

Net additions to net assets held in trust for benefits

Employees' pension benefits	\$ 1,350,702
Postemployment healthcare benefits	<u>1,726,231</u>
	3,076,933

Net assets held in trust for benefits, beginning of year

Reserved for employees' pension benefits	116,122,125
Reserved for employees' postemployment healthcare benefits	<u>4,063,928</u>
	<u>120,186,053</u>

Net assets held in trust for benefits, end of year

Reserved for employees' pension benefits	117,472,827
Reserved for employees' postemployment healthcare benefits	<u>5,790,159</u>
	<u>\$ 123,262,986</u>

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

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Component Units
December 31, 2005

	<u>Road Commission</u>	<u>Drain Commission</u>	<u>Brownfield Redevelopment Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 954,371	\$ 621,306	\$ 212,190	\$ 243,101	\$ 2,030,968
Restricted cash	226,062	-	-	-	226,062
Investments	3,113,891	-	-	-	3,113,891
Receivables, net	3,835,537	1,506,000	1,333,178	2,638,534	9,313,249
Prepaid items and other assets	1,275,779	-	-	-	1,275,779
Capital assets not being depreciated	5,774,009	-	-	-	5,774,009
Capital assets being depreciated, net	17,402,317	1,542,347	-	-	18,944,664
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	32,581,966	3,669,653	1,545,368	2,881,635	40,678,622
Liabilities					
Accounts payable and accrued liabilities	1,412,689	250,379	1,500,000	1,500,000	4,663,068
Long-term liabilities:					
Due within one year	755,992	430,000	-	-	1,185,992
Due in more than one year	2,809,800	853,659	-	-	3,663,459
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,978,481	1,534,038	1,500,000	1,500,000	9,512,519
Net assets					
Invested in capital assets, net of related debt	15,224,179	258,688	-	-	15,482,867
Restricted for other purposes	282,666	-	-	-	282,666
Unrestricted	12,096,640	1,876,927	45,368	1,381,635	15,400,570
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	\$ 27,603,485	\$ 2,135,615	\$ 45,368	\$ 1,381,635	\$ 31,166,103

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

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2005

	<u>Road Commission</u>	<u>Drain Commission</u>	<u>Brownfield Redevelopment Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Expenses					
County roads	\$ 11,834,860	\$ -	\$ -	\$ -	\$ 11,834,860
County drains	-	488,814	-	-	488,814
Brownfield redevelopment	-	-	1,048,662	-	1,048,662
Economic development	-	-	-	201,465	201,465
Total expenses	<u>11,834,860</u>	<u>488,814</u>	<u>1,048,662</u>	<u>201,465</u>	<u>13,573,801</u>
Program revenues					
Charges for services	-	-	45,621	26,047	71,668
Operating grants and contributions	15,211,012	609,381	989,419	-	16,809,812
Capital grants and contributions	613,135	182,000	-	-	795,135
Total program revenues	<u>15,824,147</u>	<u>791,381</u>	<u>1,035,040</u>	<u>26,047</u>	<u>17,676,615</u>
Net (expense) revenue	3,989,287	302,567	(13,622)	(175,418)	4,102,814
General revenues					
Interest revenue	<u>1,043,543</u>	<u>(470)</u>	<u>79,737</u>	<u>30,944</u>	<u>1,153,754</u>
Change in net assets	5,032,830	302,097	66,115	(144,474)	5,256,568
Net assets (deficit), beginning of year, as restated	<u>22,570,655</u>	<u>1,833,518</u>	<u>(20,747)</u>	<u>1,526,109</u>	<u>25,909,535</u>
Net assets, end of year	<u>\$ 27,603,485</u>	<u>\$ 2,135,615</u>	<u>\$ 45,368</u>	<u>\$ 1,381,635</u>	<u>\$ 31,166,103</u>

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

NOTES to FINANCIAL STATEMENTS

COUNTY OF BERRIEN, MICHIGAN

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Notes to the Financial Statements

For the Year Ended December 31, 2005

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COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Berrien, Michigan (the “County” or “government”) was incorporated in 1829 and covers an area of approximately 585 square miles in southwest lower Michigan. The County operates under a 13-member elected Board of Commissioners and an appointed County Administrator.

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

A. Reporting entity

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

Blended Component Unit:

The Berrien County Building Authority (the “Building Authority”) is governed by a five-member Board appointed by the Berrien County Board of Commissioners. Although legally separate from the County, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County’s public buildings. The financial statements of the Building Authority funds have been consolidated with the County’s related Debt Service Funds and Capital Projects Funds.

Discretely Presented Component Units:

The Berrien County Road Commission (the “Road Commission”), established pursuant to State statutes, is governed by a three-member board appointed by the County. Its receipts are deposited with the County Treasurer, who invests certain of those deposits. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County and included as part of the County’s total tax levy as well as reported in the Road Commission. The Road Commission has a September 30 year end.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

The Berrien County Drain Commission (the “Drain Commission”) oversees all drainage districts established pursuant to the Michigan Drain Code of 1956, which are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GASB Statement No 14, and is disclosed as a component unit, accordingly. The Drain Commission has a December 31 year end.

The Berrien County Brownfield Redevelopment Authority was created pursuant to the provisions of Public Act 381 of 1996, in order to revitalize environmentally distressed Brownfield redevelopment areas. Its five-member Board is appointed by the Berrien County Board of Commissioners. The Authority’s budget must be approved by the Berrien County Board of Commissioners. The Authority has a December 31 year end.

The Berrien County Economic Development Corporation (the “EDC”), organized pursuant to State statutes, was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving or expanding within the County so as to provide needed services and facilities to the residents of the County. The governing body of the EDC is appointed by the County, and the EDC is financially accountable to the County, as defined by GASB Statement No. 14, and is disclosed as a component unit, accordingly. The EDC has a December 31 year end.

Complete financial statements for the Road Commission and Brownfield Redevelopment Authority may be obtained at the entity’s administrative offices. The Drain Commission and Economic Development Corporation do not issue separate financial statements.

Berrien County Road Commission
2860 E. Napier Avenue
Benton Harbor, Michigan 49023

**Berrien County Brownfield
Redevelopment Authority**
701 Main Street
St. Joseph, MI 49085

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

B. Government-wide and fund financial statements

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

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

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

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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

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

The County reports the following major governmental funds:

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

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

The *capital reserve capital projects fund* accounts for the construction or purchase of major capital facilities.

The County reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *Royalton Township Water System No. 25 enterprise fund* accounts for monies received under capital leases with a local governmental unit for the construction of, and subsequent debt retirement for, a water distribution system.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Additionally, the County reports the following fund types:

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

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

Capital projects funds account for the construction or purchase of major capital facilities.

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

Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis, such as the County's self-insurance programs.

The *pension trust fund* is accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the County's defined benefit pension plan.

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

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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

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

D. Assets, liabilities and equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: a) short-term investments are reported at cost, which approximates fair value; b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; c) investments that do not have established market values are reported at estimated fair value; and d) cash deposits are reported at carrying amount, which reasonably approximates fair value.

State statutes authorizes the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. Receivables and payables

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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

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

3. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method.

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

4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Capital assets of the primary government and Drain Commission component unit are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Public domain infrastructure	35
System infrastructure	35
Vehicles	3-20
Equipment	5-10

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Capital assets in the Road Commission discretely presented component unit are depreciated as follows:

	<u>Methods</u>	<u>Useful Lives- Years</u>
Buildings	Straight-line	40
Salt storage bins	Units of production	Various
Road equipment	Sum of years-digits	5-8
Other equipment	Straight-line	10-20
Infrastructure	Straight-line	25

5. *Compensated absences*

Eligible employees are permitted to accumulate earned but unused vacation benefits in varying amounts based on length of service and certain other established criteria. Amounts not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

6. *Long-term obligations*

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

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

7. *Fund equity*

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and certain special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is at the functional level. Management may make transfers of appropriations within functions. Transfers of appropriations between functions require the approval of the Board. The Board made several supplemental budgetary appropriations throughout the year which were not considered material.

The annual budgeting process begins in July of each year. Department heads submit budget requests/recommendations to the responsible parent committee (i.e., Finance, Personnel, Administration) for approval. Once approved, the Department heads are required to hold a budget hearing with the Finance Committee by the second Tuesday in September. The County Administrator tabulates a budget overview, including recommendations, for the Finance Committee to adjust and approve a final budget. Following truth-in-taxation hearings, the final budget is submitted to the Board of Commissioners for adoption. The Board has until December 31 to adopt the budget, although it normally targets October for the General Fund and mid-December for the special revenue funds.

B. **Excess of expenditures over appropriations**

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the County were adopted on a functional level basis, which is the legal level of control.

During the year ended December 31, 2005, the County did not incur any expenditures in excess of the amounts appropriated.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

C. Unbudgeted funds

The County failed to adopt budgets for certain special revenue funds, as required by State law. The following special revenue funds are reported in the combining and individual fund financial statements and schedules as unbudgeted:

Nonmajor special revenue funds:

Social Services
Child Care Social Services

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Following is a reconciliation of deposits and investments as of December 31, 2005:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and cash equivalents	\$ 33,982,233	\$ 2,030,968	\$ 36,013,201
Investments	29,965,834	3,113,891	33,079,725
Restricted cash	605,011	226,062	831,073
Statement of Fiduciary Net Assets:			
Cash and cash equivalents	8,071,483	-	8,071,483
Investments	<u>118,913,741</u>	<u>-</u>	<u>118,913,741</u>
Total	<u>\$ 191,538,302</u>	<u>\$ 5,370,921</u>	<u>\$ 196,909,223</u>
Deposits and Investments:			
Bank deposits:			
Checking/savings accounts		\$ 9,007,835	
Certificates of deposit		20,357,022	
Investments in securities and mutual funds:			
Treasurer's investment pool		44,975,645	
Pension investments		121,943,530	
Cash on deposit with agent		605,011	
Cash on hand		<u>20,180</u>	
Total		<u>\$ 196,909,223</u>	

Restricted cash consists of the County's deposits with MMRMA. See Note IV.A for additional information.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. At year end, the carrying amount of the County's deposits was \$29,364,857. The combined bank balance of these deposits was \$30,039,778, of which \$2,033,697 was covered by F.D.I.C. insurance. The remaining balance of \$28,006,081 was uninsured and uncollateralized. Since the bank deposits of the primary government and discretely presented component units are pooled, separate risk categorizations or identification of FDIC coverage is not possible.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2005:

U.S. agencies	\$ 18,507,686
U.S. government repurchase agreements	8,260,224
Money market and cash management funds	<u>18,207,735</u>
Total	<u>\$ 44,975,645</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations. Ratings are not required for money market funds.

As of December 31, 2005, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At December 31, 2005, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
Cash management	1 st Source Bank Business Now Public Funds	8.5%
Cash management	Fifth Third Maxsaver	11.3%
Cash management	Horizon Bank Maxx Money Public	7.3%
Government agencies	Federal Home Loan Bank	18.1%
Government agencies	Federal Home Loan Mortgage	13.9%
Government agencies	Federal National Mortgage Association	6.4%
Government repurchase	U.S. Treasuries	5.0%

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2005, all of the County's debt securities were scheduled to mature in 2006 and 2007.

Pension Trust Fund Investments

The Trust's investments are primarily held in a bank-administered trust fund. Following is a summary of the Trust's investments as of December 31, 2005:

Investments at fair value, as determined by quoted market price:	
U.S. treasuries	\$ 5,542,649
U.S. agencies	8,931,899
Corporate bonds	20,459,908
Domestic equities	55,236,967
Mutual funds	27,948,607
Money market	3,823,500
	<hr/>
Total investments	\$ 121,943,530

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in domestic and foreign stocks, government securities, corporate securities, mortgages, real estate and various other investment instruments, subject to certain limitations.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust's investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks.

As of December 31, 2005, the Trust's investments in debt securities were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Corporate bonds</u>
AAA	\$ 8,931,899	\$ 1,554,235
AA	-	3,491,709
A	-	14,329,538
BBB	-	1,084,426
	<u>\$ 8,931,899</u>	<u>\$ 20,459,908</u>

United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The Trust's investments in bond mutual and money market funds are not rated.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust's investment policy requires that securities be held in trust by a third-party institution in the Trust's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the Trust's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the Trust's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Trust's investment in a single issuer. At December 31, 2005 the Trust's investment portfolio was concentrated as follows.

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
Mutual fund	McBt Opportunistic EAFE Fund	5.4%
Mutual fund	State Street Global Advisors	12.4%
Mutual fund	TT International Investment Trust	5.1%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2005, maturities of the Trust's debt securities were as follows:

	<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>	<u>More Than 10</u>
U.S. treasuries	\$ 5,542,649	\$ 384,003	\$ 2,778,176	\$ 2,380,470	\$ -
U.S. agencies	8,931,899	199,430	5,345,171	2,461,171	926,128
Corporate bonds	20,459,908	3,264,321	12,983,656	3,816,690	395,241
	<u>\$ 34,934,456</u>	<u>\$ 3,847,754</u>	<u>\$ 21,107,003</u>	<u>\$ 8,658,331</u>	<u>\$ 1,321,369</u>

Of the above balances, \$172,366 of corporate securities and \$1,404,358 of the U.S. agencies were callable at December 31, 2005.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

B. Receivables

Receivables in the governmental activities are as follows:

Taxes (current)	\$ 22,626,803
Taxes (delinquent)	165,949
Due from other governments	2,746,521
Advances to component units (not due within one year)	1,745,000
Notes receivable (not due within one year)	<u>70,819</u>
	<u>\$ 27,355,092</u>

Receivables in the business-type activities are as follows:

Taxes (delinquent)	\$ 3,421,165
Interest	499,043
Leases, current portion	1,017,797
Leases, long-term portion	<u>6,631,202</u>
	<u>\$ 11,569,207</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 460,891	\$ 9,291,827
Property taxes receivable (other governmental funds)	24,483	4,715,306
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>510,005</u>
	<u>\$ 485,374</u>	<u>\$ 14,517,138</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

C. Capital assets

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

Primary government

	Beginning Balance	Restatements	Additions	Disposals	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,501,572	\$ (26,529)	\$ 152,500	\$ -	\$ 4,627,543
Capital assets, being depreciated:					
Land improvements	1,502,231	-	-	(19,500)	1,482,731
Buildings	29,344,891	45,048	1,754,806	(1,240,000)	29,904,745
Equipment	6,803,130	592,788	1,093,025	(701,001)	7,787,942
Total capital assets being depreciated	<u>37,650,252</u>	<u>637,836</u>	<u>2,847,831</u>	<u>(1,960,501)</u>	<u>39,175,418</u>
Less accumulated depreciation for:					
Land improvements	(1,032,417)	-	(43,883)	19,500	(1,056,800)
Buildings	(12,308,656)	8,330	(632,954)	620,000	(12,313,280)
Equipment	(3,826,447)	(292,088)	(702,288)	604,384	(4,216,439)
Total accumulated depreciation	<u>(17,167,520)</u>	<u>(283,758)</u>	<u>(1,379,125)</u>	<u>1,243,884</u>	<u>(17,586,519)</u>
Total capital assets being depreciated, net	<u>20,482,732</u>	<u>354,078</u>	<u>1,468,706</u>	<u>(716,617)</u>	<u>21,588,899</u>
Capital assets, net	<u>\$ 24,984,304</u>	<u>\$ 327,549</u>	<u>\$ 1,621,206</u>	<u>\$ (716,617)</u>	<u>\$ 26,216,442</u>
Business-type Activities					
Capital assets, being depreciated:					
Equipments	\$ 474,814	\$ -	\$ 35,880	\$ -	\$ 510,694
Less accumulated depreciation for:					
Equipment	(418,676)	-	(35,083)	-	(453,759)
Capital assets, net	<u>\$ 56,138</u>	<u>\$ -</u>	<u>\$ 797</u>	<u>\$ -</u>	<u>\$ 56,935</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Component units

	Beginning Balance	Restatements	Additions	Disposals	Ending Balance
Component Unit - Road Commission					
Capital assets, not being depreciated:					
Land	\$ 4,205,848	\$ -	\$ 1,568,161	\$ -	\$ 5,774,009
Capital assets, being depreciated:					
Buildings	2,061,697	-	36,264	-	2,097,961
Equipment	10,808,494	-	1,163,610	(709,634)	11,262,470
Infrastructure	12,738,387	-	3,985,298	(1,306,852)	15,416,833
Total capital assets being depreciated	25,608,578	-	5,185,172	(2,016,486)	28,777,264
Less accumulated depreciation for:					
Buildings	(1,400,088)	-	(63,693)	-	(1,463,781)
Equipment	(8,627,336)	-	(865,901)	634,902	(8,858,335)
Infrastructure	(703,650)	-	(550,940)	201,759	(1,052,831)
Total accumulated depreciation	(10,731,074)	-	(1,480,534)	836,661	(11,374,947)
Total capital assets being depreciated, net	14,877,504	-	3,704,638	(1,179,825)	17,402,317
Capital assets, net	\$ 19,083,352	\$ -	\$ 5,272,799	\$ (1,179,825)	\$ 23,176,326
Component Unit - Drain Commission					
Capital assets, being depreciated:					
Land improvements	\$ 12,500	\$ -	\$ -	\$ -	\$ 12,500
Equipment	233,279	(4,500)	-	-	228,779
Infrastructure	2,002,105	-	419,944	-	2,422,049
Total capital assets being depreciated	2,247,884	(4,500)	419,944	-	2,663,328
Less accumulated depreciation for:					
Land improvements	(11,563)	-	(625)	-	(12,188)
Equipment	(146,262)	4,500	(20,992)	-	(162,754)
Infrastructure	(849,158)	-	(96,881)	-	(946,039)
Total accumulated depreciation	(1,006,983)	4,500	(118,498)	-	(1,120,981)
Total capital assets being depreciated, net	1,240,901	-	301,446	-	1,542,347
Capital assets, net	\$ 1,240,901	\$ -	\$ 301,446	\$ -	\$ 1,542,347

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

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

Governmental activities:

Judicial	\$ 191,604
General government	390,617
Public safety	301,829
Health and welfare	50,826
Recreation and cultural	98,850
Community development	228,733
Other governmental activities	<u>116,666</u>

Total depreciation expense – governmental activities **\$ 1,379,125**

Business-type activities:

Public works	<u>\$ 35,083</u>
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GASB Statement No. 34 requires the Road Commission to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Road Commission. Neither their historical cost nor their related depreciation has been historically reported in the financial statements.

The retroactive reporting of infrastructure constructed in previous years is subject to an extended implementation period and is first effective for the Road Commission's 2007 fiscal year. The Road Commission has elected to implement the retroactive provisions for infrastructure assets in a fiscal year ending no later than September 30, 2007.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

D. Accounts payable

Accounts payable and accrued liabilities in the government-wide financial statements are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable	\$ 815,447	\$ 80,973
Accrued liabilities	3,715,210	1,483
Due to other governments	3,745	105,968
Advances from other governments	135,000	-
Undistributed receipts	343	-
Accrued interest on long-term debt	148,875	-
Bond premium	<u>10,147</u>	<u>-</u>
Total	<u>\$ 4,828,767</u>	<u>\$ 188,424</u>

E. Interfund receivables, payables and transfers

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

<u>Due To</u>	<u>Due From</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 1,968	\$ 1,968
Non-major governmental funds	<u>8,366</u>	<u>-</u>	<u>8,366</u>
Total	<u>\$ 8,366</u>	<u>\$ 1,968</u>	<u>\$ 10,334</u>

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

The general fund has made long-term advances to the Drain Commission and Economic Development Corporation component units in the amounts of \$245,000 and \$1,500,000, respectively and to the Capital Reserve fund in the amount of \$5,414,500. \$6,914,500 was advanced by the Delinquent Tax Revolving Fund to the general fund to provide sufficient resources for these advances.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

In addition, certain nonmajor governmental funds with negative balances in the County's pooled cash accounts reported an interfund payable, which is equal to the interfund receivable of \$833,447 reported in the Delinquent Tax Revolving Fund.

For the year ended December 31, 2005, interfund transfers consisted of the following:

	<u>In</u>	<u>Out</u>
General Fund	\$ 3,345,044	\$ 6,270,973
Revenue Sharing Reserve Fund	-	3,127,502
Non-major governmental funds	8,172,860	2,139,836
Delinquent Tax Revolving Fund	-	250,000
Nonmajor enterprise fund	270,407	-
Internal service funds	<u>30,000</u>	<u>30,000</u>
	<u>\$ 11,818,311</u>	<u>\$ 11,818,311</u>

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

F. Long-term debt

Primary government

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds, which had an original issuance amount of \$31,090,000, currently outstanding are as follows:

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Governmental Activities

	<u>Due</u>	<u>Installments</u>	<u>Interest Rate</u>	<u>Amount</u>
2002 Berrien County Building Authority	2015	\$575,000 -	3.00% -	
		\$900,000	4.65%	\$ 7,675,000
2005 Berrien County Building Authority	2020	\$175,000 -	3.25% -	
		\$300,000	4.10%	<u>3,650,000</u>
				<u><u>\$ 11,325,000</u></u>

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

<u>Year Ended</u>	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$	800,000	\$ 446,625	\$ 1,246,625
2007		875,000	419,062	1,294,062
2008		875,000	388,938	1,263,938
2009		925,000	357,800	1,282,800
2010		975,000	323,388	1,298,388
2011-2015		5,425,000	1,001,124	6,426,124
2016-2020		<u>1,450,000</u>	<u>179,700</u>	<u>1,629,700</u>
Total		<u><u>\$ 11,325,000</u></u>	<u><u>\$ 3,116,637</u></u>	<u><u>\$ 14,441,637</u></u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Business-type Activities

	<u>Due</u>	<u>Installments</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
1982 Baroda Township Water System No. 14	2007	\$20,000 -	8.75% -	\$ 50,000
		\$25,000	9.00%	
1995 Royalton Township Water System No. 20	2014	\$50,000 -	5.10% -	645,000
		\$95,000	6.00%	
1998 Royalton Township Water System No. 23	2018	\$75,000 -	4.30% -	1,370,000
		\$145,000	4.75%	
1996 Buchanan Township Sewer System No. 23 and Water System No. 21	2015	\$35,000 -	5.15% -	365,000
		\$50,000	5.80%	
1989 City of Watervliet Sewer System No. 22	2009	\$20,000 -	7.15% -	125,000
		\$35,000	7.30%	
1993 Village of Baroda Sewer System No. 18 Refunding Bonds	2016	\$30,000 -	5.50% -	200,000
		\$65,000	6.50%	
1994 Royalton Township Sewer System No. 20 Refunding Bonds	2006	\$415,000 -	4.30% -	415,000
		\$500,000	4.90%	
1998 City of Benton Harbor Water System No. 17 Refunding Bonds	2008	\$140,000 -	4.30% -	515,000
		\$185,000	4.38%	
1999 Coloma Township Sewer System No. 24	2019	\$50,000 -	5.00% -	1,270,000
		\$125,000	5.70%	
2001 Village of Berrien Springs/Oronoko Township Water/Sewer System No. 26	2020	\$15,000 -	4.60% -	355,000
		\$35,000	5.65%	
2003 Royalton Township Water System No. 25	2023	\$25,000 -	2.00% -	2,525,000
		\$200,000	4.45%	
2005 Royalton Township Water System No. 26	2025	\$5,000 -	3.35% -	535,000
		\$45,000	4.70%	
Total business-type activities				<u>\$ 8,370,000</u>

Annual debt service requirements to maturity for business-type activities general obligation bonds are as follows:

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Year Ended December 31,	Principal	Interest	Total
2006	\$ 990,000	\$ 378,810	\$ 1,368,810
2007	640,000	334,451	974,451
2008	640,000	304,882	944,882
2009	500,000	277,977	777,977
2010	465,000	253,301	718,301
2011-2015	2,350,000	927,685	3,277,685
2016-2020	1,990,000	385,718	2,375,718
2021-2025	795,000	63,556	858,556
Total	<u>\$ 8,370,000</u>	<u>\$ 2,926,380</u>	<u>\$ 11,296,380</u>

General obligation notes. During the year, the government issued \$220,000 in notes payable for the Village of Berrien Springs/Sanitary Sewer Improvements Project Notes No 25. The notes, which bear interest at a rate of 2.79%, are due in 2006.

Delinquent tax notes. The government issues delinquent tax notes to finance the purchase of delinquent real property taxes receivable from each taxing district in the County. These notes are reported in the proprietary funds (i.e., Delinquent Tax Revolving Internal Service Fund) as they are expected to be repaid from proprietary fund revenues. Each series of delinquent tax notes are subject to variable interest rates which are determined on a weekly basis by the County's remarketing agent using established criteria and legal limitations. Principal and interest payments are predicated upon actual collections of delinquent property taxes, which are subject to collection over a period not to exceed three years. Delinquent tax notes outstanding at December 31, 2005, are as follows:

<u>Series</u>	<u>Amount</u>
2005 - \$8,140,000 G.O. Limited Tax Notes payable, 1.35%, dated April 30, 2004	<u>\$ 2,411,148</u>

Leases payable. The Drain Working Capital Enterprise Fund has one outstanding capital lease. The current principal balance of \$28,859 is payable in annual installments with interest at 5.75%, maturing July 2006.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Annual debt service requirements to maturity for this lease are as follows:

December 31,	Principal	Interest	Total
2006	\$ 28,859	\$ 1,648	\$ 30,507

Road Commission component unit

Michigan Department of Transportation bonds. The Road Commission borrows from the Michigan Transportation Bond Fund to finance various capital projects.

	Due	Interest Rate	Amount
1998 Michigan Department of Transportation Bonds	2008	4.00%	\$ 375,000
2000 Michigan Department of Transportation Bonds	2010	4.50% - 4.75%	2,240,000
Total component unit - Road Commission			\$ 2,615,000

Notes payable. The Road Commission also issues notes payable to local townships, and enters into equipment purchase agreements. Such notes are repayable at varying interest rates through 2014, and amounted to \$799,933 at December 31, 2005.

Leases payable. The Road Commission has one outstanding machinery and equipment capital lease. The current principal balance of \$60,642 is payable in annual installments, with interest at 3.49%, maturing 2006.

Annual debt service requirements to maturity for Michigan Department of Transportation bonds, notes payable and leases, are as follows:

Year Ended December 31,	Principal	Interest	Total
2006	\$ 665,775	\$ 112,992	\$ 778,767
2007	675,000	90,038	765,038
2008	575,000	69,025	644,025
2009	450,000	47,838	497,838
2010	500,000	40,750	540,750
2011-2015	609,800	-	609,800
Total	\$ 3,475,575	\$ 360,643	\$ 3,836,218

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Drain Commission component unit

Special assessment bonds. The Drain Commission is authorized by State statutes to issue special assessment bonds for the construction or major maintenance of drainage districts. Such bonds are repaid from special assessments paid by local property owners.

	<u>Due</u>	<u>Installments</u>	<u>Interest Rate</u>	<u>Amount</u>
1999 Sawyer Village Drainage District Bonds	2009	\$30,000 - \$35,000	4.50%	\$ 130,000
2002 Hollywood Road Detention Drainage District Bonds	2022	\$15,000 - \$20,000	4.13% - 5.00%	340,000
Total component unit - Drain Commission				<u><u>\$ 470,000</u></u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year Ended</u>	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$	50,000	\$	20,423
2007		50,000		18,277
2008		55,000		16,132
2009		55,000		13,760
2010		20,000		11,380
2011-2015		100,000		44,250
2016-2020		100,000		21,950
2021-2022		40,000		2,000
Total	\$	470,000	\$	148,172
			\$	618,172

Drain notes. The Drain Commission issues drain notes payable to finance various drain capital projects. Interest rates vary from 2.41% to 6.67%, with repayment based on actual collections of special assessments, which are subject to collection over a period of 3 to 10 years. Drain notes outstanding at December 31, 2005, amounted to \$813,659.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Changes in long-term debt.

Long-term debt liability activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 8,300,000	\$ 3,650,000	\$ 625,000	\$ 11,325,000	\$ 800,000
Compensated absences	1,840,414	1,802,439	1,841,305	1,801,548	1,801,548
	\$ 10,140,414	\$ 5,452,439	\$ 2,466,305	\$ 13,126,548	\$ 2,601,548
<u>Business-type activities</u>					
General obligation bonds	\$ 8,860,000	\$ 535,000	\$ 1,025,000	\$ 8,370,000	\$ 990,000
General obligation notes payable	317,000	220,000	317,000	220,000	220,000
Notes payable	2,331,000	8,255,000	8,174,852	2,411,148	2,411,148
Capital leases payable	55,914	-	27,055	28,859	28,859
	\$ 11,563,914	\$ 9,010,000	\$ 9,543,907	\$ 11,030,007	\$ 3,650,007
<u>Road Commission component unit</u>					
General obligation bonds	\$ 3,040,000	\$ -	\$ 425,000	\$ 2,615,000	\$ 475,000
General obligation notes payable	699,933	200,000	100,000	799,933	130,133
General obligation lease payable	119,240	-	58,598	60,642	60,642
Compensated absences	90,217	-	-	90,217	90,217
	\$ 3,949,390	\$ 200,000	\$ 583,598	\$ 3,565,792	\$ 755,992
<u>Drain Commission component unit</u>					
General obligation bonds payable	\$ 520,000	\$ -	\$ 50,000	\$ 470,000	\$ 50,000
Drain notes payable	597,381	492,215	275,937	813,659	380,000
	\$ 1,117,381	\$ 492,215	\$ 325,937	\$ 1,283,659	\$ 430,000

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

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

IV. OTHER INFORMATION

A. Risk management / self-insurance programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of the self-insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Property/Liability Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, the government records a restricted asset for its portion of the unexpended member retention fund. At December 31, 2005, the balance of the County's member retention fund was \$605,011.

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and automobile liability	\$200,000 specific occurrence
Motor vehicle physical damage	County assumes all risk
Property damage and crime	\$1,000 per occurrence plus 10% of the next \$100,000

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, which are recorded in the Property/Liability Insurance internal service fund, are as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$1,381,148	\$ 543,879
Incurred claims (including change in IBNR provision)	(325,986)	942,168
Claim payments	<u>(211,174)</u>	<u>(104,899)</u>
Unpaid claims, end of year	<u>\$ 843,988</u>	<u>\$1,381,148</u>

Health insurance. The County is self-insured for its employee health insurance. The plan is accounted for in the Health Care Insurance internal service fund. The self-insured program is administered by a third-party administrator who provides claims review and processing services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits. Premiums for the self-insured program are paid into the internal service fund by all other funds based on actual or illustrated rates. These premiums are available to pay claims and administrative costs.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$1,741,014	\$1,710,959
Incurred claims (including IBNR's)	6,775,782	6,547,189
Claim payments	<u>(6,715,012)</u>	<u>(6,517,134)</u>
Unpaid claims, end of year	<u>\$1,801,874</u>	<u>\$1,741,014</u>

Unemployment. The County is self-insured for unemployment benefits, which is accounted for in the Unemployment Insurance internal service fund. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expensed when paid:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	65,940	22,745
Claim payments	<u>(65,940)</u>	<u>(22,745)</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Workers' compensation. The government maintains a self-insurance program for workers' compensation coverage which is accounted for in the Workers' Compensation Insurance internal service fund. The program is administered by a third-party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$300,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2005</u>	<u>2004</u>
Unpaid claims, beginning of year	\$ 749,049	\$ 390,410
Incurred claims (including IBNR's)	149,423	615,076
Claim payments	<u>(369,666)</u>	<u>(256,437)</u>
Unpaid claims, end of year	<u>\$ 528,806</u>	<u>\$ 749,049</u>

Board errors and omissions. The County is also self-insured for Board errors and omissions, which is accounted for in the Property/Liability Insurance internal service fund. No estimated claims liability were outstanding at December 31, 2005 and 2004, nor were the amount of claims paid or incurred during 2005 and 2004 of any consequence.

Road Commission. The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefit claims and participates in the Michigan County Road Commission self-insurance pool for workers' compensation and property liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan County Road Commission self-insurance pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

B. Property taxes

Through 2004, the County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes became delinquent. Pursuant to Public Act 357 of 2004, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended December 31, 2005, the County recognized the full December 1, 2004 levy and the July 1, 2005 levy, which represents one-third of the total tax levy for calendar 2005. In 2006, two-thirds of the County property tax will be levied July 1 and then in 2007, and for each year thereafter, all of the County property tax will be levied July 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

The assessed and taxable value of real and personal property for the 2004 levy, for which revenue was recognized in 2005, was \$5,091,433,289. The general operating tax rate for this levy was 4.8303 mills with an additional 0.2463 mills, 0.3448 mills, and 0.2463 mills assessed for 911 emergency services, public safety operations, and senior center operations, respectively.

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

C. Pension and post-employment health insurance benefit plan

The County has a single-employer defined benefit contributory pension plan, the Berrien County Employees Amended Retirement Plan (the "Plan"), which provides retirement, death and disability benefits covering substantially all of its employees, including Road Commission employees. The Plan also provides 50% post-employment health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on an actuarially determined basis. Membership of the Plan consisted of the following at December 31, 2005, the date of the latest actuarial valuation:

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

Retirees and beneficiaries receiving benefits	483
Terminated plan members entitled to but not yet receiving benefits	48
Active plan members	<u>911</u>
	<u>1,442</u>

Eligible members are required to contribute 4.0 to 8.0% of their annual compensation to the Plan with the County contributing such additional amounts, as necessary, to provide assets sufficient to pay for member benefits. The County's contribution to the Plan for the year ended December 31, 2005, represents 8.6% of the annual covered payroll.

The County is the administrator of the Plan. Administrative costs of the Plan are financed through investment earnings. The Plan is included as a pension trust fund in the County's financial statements; a stand-alone financial report of the Plan has not been issued.

Plan amendments are under the authority of the County Board of Commissioners. Changes in required contributions are subject to the approval of the County Board of Commissioners.

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which they are due. The County's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments are reported at fair value which is determined using selected bases as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments that do not have established fair values are reported at estimated fair value; and cash deposits are reported at carrying amounts which reasonably approximates fair value.

The Plan's annual retirement benefits cost and net retirement benefits obligation for the current year were as follows:

Annual required contribution / retirement benefit cost	\$836,144
Contribution made	<u>(836,144)</u>
Decrease in net retirement benefit obligation	-
Net retirement benefit obligation, beginning of year	<u>-</u>
Net retirement benefit obligation, end of year	<u>\$ -</u>

COUNTY OF BERRIEN, MICHIGAN

Notes to the Financial Statements

The annual required contribution for the current year was determined as part of an actuarial valuation of the Plan as of December 31, 2003, using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on investments of 8.5%; (b) projected salary increases of 4.5% attributable to inflation; (c) additional projected salary increases ranging from 4.5% to 8.5%, depending on age, attributable to seniority/merit; and (d) projected pension benefit increases of 2.0% annually after retirement through January 1, 2010.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 20 years on an open basis.

Three-Year Trend Information – Pension Only

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Benefit</u> <u>Cost</u> <u>(APBC)</u>	<u>Percentage</u> <u>of APBC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Benefit</u> <u>Obligation</u>
12/31/2003	\$ 367,270	100%	\$ -
12/31/2004	750,207	100	-
12/31/2005	836,144	100	-

GASB Statement 25 required supplemental information is presented after the Notes to Financial Statements section of this report.

D. Restatements

Beginning net assets of the Road Commission component unit were increased by \$947,762 in connection with the identification of amounts collected for Act 51 revenue with 60 days of the fiscal year ended September 30, 2004.

E. Commitments

The County has entered into various construction commitments, which were still outstanding at December 31. Total construction commitments amounted to \$4,336,836 at year end, and will be financed through various special revenue and capital projects funds in 2006.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BERRIEN, MICHIGAN
Employees Amended Retirement Plan
Required Supplementary Information

Schedule of Funding Progress (Pension Only)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Overfunded AAL (OAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	OAAL as a Percent of Covered Payroll
12/31/1995	\$ 63,430,134	\$ 54,195,791	\$ 9,234,343	117.0%	\$ 26,705,374	34.6%
12/31/1996	70,426,396	59,354,271	11,072,125	118.7%	28,412,254	39.0%
12/31/1997	78,479,873	62,984,455	15,495,418	124.6%	29,087,561	53.3%
12/31/1998	86,424,636	67,104,485	19,320,151	128.8%	29,660,480	65.1%
12/31/1999	96,214,069	75,070,457	21,143,612	128.2%	30,287,916	69.8%
12/31/2000	104,038,742	81,118,784	22,919,958	128.3%	30,730,953	74.6%
12/31/2001	110,985,081	86,849,872	24,135,209	127.8%	32,379,176	74.5%
12/31/2002	113,221,069	94,923,712	18,297,357	119.3%	33,784,511	54.2%
12/31/2003	116,367,944	102,889,093	13,478,851	113.1%	34,086,204	39.5%
12/31/2004	118,472,101	111,946,007	6,526,094	105.8%	37,049,384	17.6%
12/31/2005	120,055,889	123,472,811	(3,416,922)	97.2%	35,858,048	-9.5%

Schedule of Employer Contributions (Pension Only)

Year Ended December 31	Annual Required Contributions	Percentage Contributed
1995	\$ 949,863	100%
1996	911,089	100%
1997	816,942	100%
1998	768,364	100%
1999	557,894	100%
2000	419,282	100%
2001	430,135	100%
2002	506,736	100%
2003	367,270	100%
2004	750,207	100%
2005	836,144	100%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 11,402,867	\$ 260	\$ 1,922,916	\$ 13,326,043
Investments	2,990,751	-	81,594	3,072,345
Receivables:				
Taxes receivable - current	4,715,306	-	-	4,715,306
Taxes receivable - delinquent	24,482	-	-	24,482
Due from other governments	2,658,015	-	-	2,658,015
Due from other funds	8,366	-	-	8,366
Notes receivable	70,819	-	-	70,819
	<u>TOTAL ASSETS</u>	<u>\$ 260</u>	<u>\$ 2,004,510</u>	<u>\$ 23,875,376</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 558,272	\$ -	\$ -	\$ 558,272
Accrued and other liabilities	187,860	-	-	187,860
Due to other governments	3,745	-	-	3,745
Due to other funds	1,968	-	-	1,968
Interfund payable	833,447	-	-	833,447
Advances from other governments	135,000	-	-	135,000
Undistributed receipts	343	-	-	343
Bond premium	-	-	10,147	10,147
Deferred revenue	5,249,794	-	-	5,249,794
	Total liabilities	-	10,147	6,980,576
Fund balance				
Unreserved:				
Designated for subsequent years' expenditures	3,817,512	-	-	3,817,512
Undesignated	11,082,665	260	1,994,363	13,077,288
	Total fund balance	260	1,994,363	16,894,800
	<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 260</u>	<u>\$ 2,004,510</u>	<u>\$ 23,875,376</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenue				
Taxes	\$ 4,302,955	\$ -	\$ -	\$ 4,302,955
Licenses and permits	294,847	-	-	294,847
Intergovernmental revenue	14,696,696	1,014,770	-	15,711,466
Charges for services	4,175,514	-	-	4,175,514
Fines and forfeitures	98,147	-	-	98,147
Interest revenue	220,766	-	60,221	280,987
Other revenue and reimbursements	1,495,194	-	16,925	1,512,119
Total revenue	25,284,119	1,014,770	77,146	26,376,035
Expenditures				
Current expenditures:				
Judicial	3,359,711	-	-	3,359,711
General government	117,195	-	-	117,195
Public safety	5,949,419	-	-	5,949,419
Public works	413	-	2,423,409	2,423,822
Health and welfare	13,406,320	-	-	13,406,320
Recreation and cultural	2,268,942	-	-	2,268,942
Community development	1,571,687	-	-	1,571,687
Other governmental activities	5,545,743	-	-	5,545,743
Debt service:				
Principal	-	625,000	-	625,000
Interest and fiscal charges	-	389,770	-	389,770
Total expenditures	32,219,430	1,014,770	2,423,409	35,657,609
Revenue over (under) expenditures	(6,935,311)	-	(2,346,263)	(9,281,574)
Other financing sources (uses)				
Issuance of long-term debt	-	-	3,650,000	3,650,000
Proceeds from sale of capital assets	1,797,421	-	-	1,797,421
Transfers in	7,922,860	-	250,000	8,172,860
Transfers (out)	(2,139,836)	-	-	(2,139,836)
Total other financing sources (uses)	7,580,445	-	3,900,000	11,480,445
Net changes in fund balances	645,134	-	1,553,737	2,198,871
Fund balance, beginning of year	14,255,043	260	440,626	14,695,929
Fund balance, end of year	\$ 14,900,177	\$ 260	\$ 1,994,363	\$ 16,894,800

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Public Safety Cigarette Tax 205.00	Parks and Recreation 208.00	Historical Association Loan Fund 211.00	Berrien Community Foundation 213.00
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 110,295	\$ 76,488	\$ 79,181	\$ 395
Investments	-	-	-	-
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	70,819	-
<u>TOTAL ASSETS</u>	\$ 110,295	\$ 76,488	\$ 150,000	\$ 395
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ 2,342	\$ -	\$ -
Accrued liabilities	-	8,323	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	10,665	-	-
Fund balances				
Unreserved:				
Designated for subsequent year expenditures	-	42,000	-	-
Undesignated	110,295	23,823	150,000	395
Total fund balances	110,295	65,823	150,000	395
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 110,295	\$ 76,488	\$ 150,000	\$ 395

Generous Juror Program 214.00	Friend of the Court 215.00	Family Counseling Services 216.00	Health Department 221.00	Drug Court Drug Treatment 221.01	Health Department Grants 221.xx	Berrien County Landfill Use 227.00
\$ 2,726	\$ -	\$ 110,889	\$ 856,894	\$ 30,685	\$ 687,839	\$ 2,984,385
-	-	-	-	-	-	2,308,434
-	-	-	-	-	-	-
-	488,435	-	-	-	237,513	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 2,726	\$ 488,435	\$ 110,889	\$ 856,894	\$ 30,685	\$ 925,352	\$ 5,292,819
\$ -	\$ 4,805	\$ 891	\$ 32,418	\$ 9,082	\$ 41,791	\$ 4,185
-	26,034	-	34,179	1,611	35,464	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	326,407	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	194,183	-
-	357,246	891	66,597	10,693	271,438	4,185
-	-	10,000	520,693	19,992	239,019	258,070
2,726	131,189	99,998	269,604	-	414,895	5,030,564
2,726	131,189	109,998	790,297	19,992	653,914	5,288,634
\$ 2,726	\$ 488,435	\$ 110,889	\$ 856,894	\$ 30,685	\$ 925,352	\$ 5,292,819

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2005

	Public Maintenance & Improvement 245.00	Register of Deeds Automation 256.00	Drug Enforcement Public Safety 264.00	Law Enforcement Funds [various #s]
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 1,932,783	\$ 274,703	\$ 229,022	\$ 1,024,058
Investments	682,317	-	-	-
Taxes receivable - current	-	-	1,810,940	-
Taxes receivable - delinquent	-	-	10,082	-
Due from other governments	-	-	-	499,228
Due from other funds	-	-	-	3,366
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	\$ 2,615,100	\$ 274,703	\$ 2,050,044	\$ 1,526,652
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 27,999	\$ 1,364	\$ -	\$ 64,737
Accrued liabilities	-	671	-	24,359
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	-	1,821,023	21,209
Total liabilities	27,999	2,035	1,821,023	110,305
Fund balances				
Unreserved:				
Designated for subsequent year expenditures	1,044,685	178,516	129,070	454,804
Undesignated	1,542,416	94,152	99,951	961,543
Total fund balances	2,587,101	272,668	229,021	1,416,347
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 2,615,100	\$ 274,703	\$ 2,050,044	\$ 1,526,652

Prosecutor's Welfare Fraud Grant 266.02	Prosecutor's Grant Victim Witness 266.04	911 County Operational Fund 266.09	Drug Court Program 267.00	County Law Library 269.00	Senior Citizen 270.00	Library 271.00
\$ -	\$ -	\$ 1,619,939	\$ 8,627	\$ 50,841	\$ 6,442	\$ -
-	-	-	-	-	-	-
-	-	1,281,335	-	-	1,623,031	-
-	-	7,201	-	-	7,199	-
61,233	44,709	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 61,233	\$ 44,709	\$ 2,908,475	\$ 8,627	\$ 50,841	\$ 1,636,672	\$ -
\$ 77	\$ -	\$ 12,670	\$ -	\$ 2,068	\$ -	\$ -
4,217	2,868	15,439	1,594	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
53,365	41,841	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,574	-	1,288,535	-	-	1,630,231	-
61,233	44,709	1,316,644	1,594	2,068	1,630,231	-
-	-	420,962	-	13,000	-	-
-	-	1,170,869	7,033	35,773	6,441	-
-	-	1,591,831	7,033	48,773	6,441	-
\$ 61,233	\$ 44,709	\$ 2,908,475	\$ 8,627	\$ 50,841	\$ 1,636,672	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2005

Title IV-D Medical Support [various #s]	Hazardous Materials Emergency Preparedness 273.22	Michigan Housing CDBG 274.00	Federal HOME Housing 274.04
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ASSETS

Assets

Cash and cash equivalents	\$ 3,745	\$ 22,037	\$ 20,073	\$ 24,399
Investments	-	-	-	-
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-

TOTAL ASSETS

\$ 3,745	\$ 22,037	\$ 20,073	\$ 24,399
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LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	3,745	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	-	21,602	-	-

Total liabilities

3,745	21,602	-	-
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Fund balances

Unreserved:				
Designated for subsequent year expenditures	-	22,000	2,310	10,490
Undesignated	-	(21,565)	17,763	13,909

Total fund balances

-	435	20,073	24,399
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**TOTAL LIABILITIES
AND FUND BALANCES**

\$ 3,745	\$ 22,037	\$ 20,073	\$ 24,399
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City of Watervliet Homeowner CDBG 274.06	MSHDA 2004 Housing CDBG 274.07	Harbortown CDBG 274.08	Vickers Engineering CDBG 274.09	HMIS HUD Homeless Grant 274.10	Small Bus Program 281.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 391,403
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
54,257	36,617	679,747	-	-	27,015
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 54,257</u>	<u>\$ 36,617</u>	<u>\$ 679,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,418</u>
\$ 23,946	\$ 10,000	\$ 118,647	\$ -	\$ -	\$ 80,225
-	-	-	-	-	-
-	-	-	-	-	-
1,968	-	-	-	-	-
28,343	23,113	342,315	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	218,785	-	-	-
<u>54,257</u>	<u>33,113</u>	<u>679,747</u>	<u>-</u>	<u>-</u>	<u>80,225</u>
-	-	-	-	-	-
-	3,504	-	-	-	338,193
-	3,504	-	-	-	338,193
<u>\$ 54,257</u>	<u>\$ 36,617</u>	<u>\$ 679,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,418</u>

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COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
December 31, 2005

	Clean Sweep Pest Control Grant 281.14	Project Zero Transit Grant 281.17	Capital Bus Purchase Grant 282.00	Social Services 290.00
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 42,715	\$ -	\$ 92,483
Investments	-	-	-	-
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	-	-	38,623
Due from other funds	-	-	-	5,000
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	\$ -	\$ 42,715	\$ -	\$ 136,106
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	-
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	-	-	-
Advances from other governments	-	-	-	135,000
Undistributed receipts	-	-	-	-
Deferred revenue	-	42,715	-	-
Total liabilities	-	42,715	-	135,000
Fund balances				
Unreserved:				
Designated for subsequent year expenditures	-	-	-	-
Undesignated	-	-	-	1,106
Total fund balances	-	-	-	1,106
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ -	\$ 42,715	\$ -	\$ 136,106

Child Care Probate 292.00	Child Care Social Services 292.01	Soldiers and Sailors Relief 293.00	Veteran's Trust 294.00	Board of Public Works 296.00	Campaign Finance Administration 297.03	Juvenile Incentive Block Grant [various #s]
\$ 586,813	\$ 34,835	\$ 933	\$ 4,059	\$ 67,696	\$ 2,514	\$ 50
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
418,400	53,193	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 1,005,213	\$ 88,028	\$ 933	\$ 4,059	\$ 67,696	\$ 2,514	\$ 50
\$ 120,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32,447	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
343	-	-	-	-	-	-
257	-	-	-	-	-	-
153,137	-	-	-	-	-	-
449,901	-	-	-	-	-	-
402,175	88,028	933	4,059	67,696	2,514	50
852,076	88,028	933	4,059	67,696	2,514	50
\$ 1,005,213	\$ 88,028	\$ 933	\$ 4,059	\$ 67,696	\$ 2,514	\$ 50

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Special Revenue Funds
December 31, 2005

	4-H We Can Ride Grant 297.15	Going Home Reintegration 297.16	Community Restoration Board 297.19	Animal Control Neuter / Spay Program 298.01
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 4,680	\$ -	\$ 3,000	\$ 10,236
Investments	-	-	-	-
Taxes receivable - current	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Due from other governments	-	19,045	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
<u>TOTAL ASSETS</u>	\$ 4,680	\$ 19,045	\$ 3,000	\$ 10,236
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ -	\$ 328	\$ -	\$ 475
Accrued liabilities	-	654	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Interfund payable	-	18,063	-	-
Advances from other governments	-	-	-	-
Undistributed receipts	-	-	-	-
Deferred revenue	4,680	-	3,000	-
Total liabilities	4,680	19,045	3,000	475
Fund balances				
Unreserved:				
Designated for subsequent year expenditures	-	-	-	2,000
Undesignated	-	-	-	7,761
Total fund balances	-	-	-	9,761
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 4,680	\$ 19,045	\$ 3,000	\$ 10,236

Homestead Audit Administration 620.00		Total
\$	5,004	\$ 11,402,867
	-	2,990,751
	-	4,715,306
	-	24,482
	-	2,658,015
	-	8,366
	-	70,819
<hr/>		
\$	5,004	\$ 21,870,606
<hr/>		

\$	132	\$ 558,272
	-	187,860
	-	3,745
	-	1,968
	-	833,447
	-	135,000
	-	343
	-	5,249,794
<hr/>		
	132	6,970,429
<hr/>		

	-	3,817,512
	4,872	11,082,665
<hr/>		
	4,872	14,900,177
<hr/>		
\$	5,004	\$ 21,870,606
<hr/>		

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Public Safety Cigarette Tax 205.00	Parks and Recreation 208.00	Historical Association Loan Fund 211.00	Berrien Community Foundation 213.00
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	-	330,104	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	104,198	-	13,211
Total revenue	-	434,302	-	13,211
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	109,119	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	847,532	50,000	13,793
Community development	-	-	-	-
Other governmental activities	-	-	-	-
Total expenditures	109,119	847,532	50,000	13,793
Revenue over (under) expenditures	(109,119)	(413,230)	(50,000)	(582)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	29,855	410,367	200,000	-
Transfers (out)	(16,926)	-	-	-
Total other financing sources (uses)	12,929	410,367	200,000	-
Net changes in fund balances	(96,190)	(2,863)	150,000	(582)
Fund balances, beginning of year	206,485	68,686	-	977
Fund balances, end of year	\$ 110,295	\$ 65,823	\$ 150,000	\$ 395

Generous Juror Program 214.00	Friend of the Court 215.00	Family Counseling Services 216.00	Health Department 221.00	Drug Court Drug Treatment 221.01	Health Department Grants 221.xx	Berrien County Landfill Use 227.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	18,795	276,052	-	-	-
-	1,844,128	-	1,281,365	-	3,867,723	-
-	185,349	-	248,428	67,106	329,169	1,888,197
-	-	-	-	-	-	-
-	-	-	-	-	-	152,472
3,772	2,875	-	536,921	-	109,492	225
3,772	2,032,352	18,795	2,342,766	67,106	4,306,384	2,040,894
-	2,663,200	8,948	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,283	-	-	3,212,624	204,217	4,195,676	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,817,598
1,283	2,663,200	8,948	3,212,624	204,217	4,195,676	1,817,598
2,489	(630,848)	9,847	(869,858)	(137,111)	110,708	223,296
-	-	-	-	-	-	-
-	634,021	-	620,994	128,000	-	-
-	-	-	-	-	-	(85,362)
-	634,021	-	620,994	128,000	-	(85,362)
2,489	3,173	9,847	(248,864)	(9,111)	110,708	137,934
237	128,016	100,151	1,039,161	29,103	543,206	5,150,700
\$ 2,726	\$ 131,189	\$ 109,998	\$ 790,297	\$ 19,992	\$ 653,914	\$ 5,288,634

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COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Public Maintenance & Improvement 245.00	Register of Deeds Automation 256.00	Drug Enforcement Public Safety 264.00	Law Enforcement Funds [various #s]
Revenue				
Taxes	\$ -	\$ -	\$ 1,771,859	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	2,190,391
Charges for services	-	-	-	598,696
Fines and forfeitures	-	-	-	-
Interest	54,983	2,973	-	4,730
Other revenue	4,900	-	-	94,613
Total revenue	59,883	2,973	1,771,859	2,888,430
Expenditures				
Judicial	-	-	-	-
General government	-	117,195	-	-
Public safety	-	-	1	4,079,726
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	-	-
Other governmental activities	2,203,793	-	-	-
Total expenditures	2,203,793	117,195	1	4,079,726
Revenue over (under) expenditures	(2,143,910)	(114,222)	1,771,858	(1,191,296)
Other financing sources (uses)				
Proceeds from sale of capital assets	1,797,421	-	-	-
Transfers in	550,000	233,265	-	1,345,405
Transfers (out)	(285,132)	-	(1,646,822)	(32,588)
Total other financing sources (uses)	2,062,289	233,265	(1,646,822)	1,312,817
Net changes in fund balances	(81,621)	119,043	125,036	121,521
Fund balances, beginning of year	2,668,722	153,625	103,985	1,294,826
Fund balances, end of year	\$ 2,587,101	\$ 272,668	\$ 229,021	\$ 1,416,347

Prosecutor's Welfare Fraud Grant 266.02	Prosecutor's Grant Victim Witness 266.04	911 County Operational Fund 266.09	Drug Court Program 267.00	County Law Library 269.00	Senior Citizen 270.00	Library 271.00
\$ -	\$ -	\$ 1,265,546	\$ -	\$ -	\$ 1,265,550	\$ -
-	-	-	-	-	-	-
248,755	118,850	226,250	4,602	-	-	-
-	-	-	20,679	-	-	-
-	-	-	-	6,500	-	91,647
-	-	-	-	-	-	-
-	-	4,877	-	-	-	-
248,755	118,850	1,496,673	25,281	6,500	1,265,550	91,647
305,956	-	-	213,746	51,697	-	-
-	-	-	-	-	-	-
-	202,922	1,547,366	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,264,687	91,647
-	-	-	-	-	-	-
-	-	-	-	-	-	-
305,956	202,922	1,547,366	213,746	51,697	1,264,687	91,647
(57,201)	(84,072)	(50,693)	(188,465)	(45,197)	863	-
-	-	-	-	-	-	-
57,201	84,072	135,011	190,000	69,710	-	-
-	-	(23,006)	-	-	-	-
57,201	84,072	112,005	190,000	69,710	-	-
-	-	61,312	1,535	24,513	863	-
-	-	1,530,519	5,498	24,260	5,578	-
\$ -	\$ -	\$ 1,591,831	\$ 7,033	\$ 48,773	\$ 6,441	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Title IV-D Medical Support [various #s]	Hazardous Materials Emergency Preparedness 273.22	Michigan Housing CDBG 274.00	Federal HOME Housing 274.04
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	28,802	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	-	23,100	19,995
Total revenue	28,802	-	23,100	19,995
Expenditures				
Judicial	28,802	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	3,237	6,437
Other governmental activities	-	-	-	-
Total expenditures	28,802	-	3,237	6,437
Revenue over (under) expenditures	-	-	19,863	13,558
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	19,863	13,558
Fund balances, beginning of year	-	435	210	10,841
Fund balances, end of year	\$ -	\$ 435	\$ 20,073	\$ 24,399

City of Watervliet Homeowner CDBG 274.06	MSHDA 2004 Housing CDBG 274.07	Harbortown CDBG 274.08	Vickers Engineering CDBG 274.09	HMIS HUD Homeless Grant 274.10	Small Bus Program 281.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
56,477	273,784	679,747	120,703	4,000	647,987
-	-	-	-	-	493,440
-	-	-	-	-	-
-	-	-	-	-	5,608
9,136	61,465	306,215	-	-	26,089
65,613	335,249	985,962	120,703	4,000	1,173,124
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
119,603	331,745	985,962	120,703	4,000	-
-	-	-	-	-	1,186,375
119,603	331,745	985,962	120,703	4,000	1,186,375
(53,990)	3,504	-	-	-	(13,251)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(53,990)	3,504	-	-	-	(13,251)
53,990	-	-	-	-	351,444
\$ -	\$ 3,504	\$ -	\$ -	\$ -	\$ 338,193

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Clean Sweep Pest Control Grant 281.14	Project Zero Transit Grant 281.17	Capital Bus Purchase Grant 282.00	Social Services 290.00
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	8,000	244,176	80,317	636,778
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	-	-	-	-
Total revenue	8,000	244,176	80,317	636,778
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	658,648
Recreation and cultural	-	-	-	-
Community development	-	-	-	-
Other governmental activities	8,000	244,176	80,317	-
Total expenditures	8,000	244,176	80,317	658,648
Revenue over (under) expenditures	-	-	-	(21,870)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	9,900
Transfers (out)	-	-	-	(50,000)
Total other financing sources (uses)	-	-	-	(40,100)
Net changes in fund balances	-	-	-	(61,970)
Fund balances, beginning of year	-	-	-	63,076
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 1,106

Child Care Probate 292.00	Child Care Social Services 292.01	Soldiers and Sailors Relief 293.00	Veteran's Trust 294.00	Board of Public Works 296.00	Campaign Finance Administration 297.03	Juvenile Incentive Block Grant [various #s]
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,719,843	317,250	-	10,632	-	-	10,053
-	-	-	-	14,075	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
161,744	-	-	-	525	104	-
1,881,587	317,250	-	10,632	14,600	104	10,053
-	-	-	-	-	-	11,279
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	413	-	-
4,629,052	498,404	249	7,450	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,629,052	498,404	249	7,450	413	-	11,279
(2,747,465)	(181,154)	(249)	3,182	14,187	104	(1,226)
-	-	-	-	-	-	-
3,043,833	180,000	-	-	-	-	1,226
-	-	-	-	-	-	-
3,043,833	180,000	-	-	-	-	1,226
296,368	(1,154)	(249)	3,182	14,187	104	-
555,708	89,182	1,182	877	53,509	2,410	50
\$ 852,076	\$ 88,028	\$ 933	\$ 4,059	\$ 67,696	\$ 2,514	\$ 50

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	4-H We Can Ride Grant 297.15	Going Home Reintegration 297.16	Community Restoration Board 297.19	Animal Control Neuter / Spay Program 298.01
Revenue				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	76,083	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Other revenue	2,512	-	-	9,225
Total revenue	2,512	76,083	-	9,225
Expenditures				
Judicial	-	76,083	-	-
General government	-	-	-	-
Public safety	-	-	-	10,285
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Community development	-	-	-	-
Other governmental activities	2,512	-	-	-
Total expenditures	2,512	76,083	-	10,285
Revenue over (under) expenditures	-	-	-	(1,060)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	(1,060)
Fund balances, beginning of year	-	-	-	10,821
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 9,761

Homestead Audit Administration		
620.00	Total	
\$ -	\$ 4,302,955	
-	294,847	
-	14,696,696	
271	4,175,514	
-	98,147	
-	220,766	
-	1,495,194	
271	25,284,119	
-	3,359,711	
-	117,195	
-	5,949,419	
-	413	
-	13,406,320	
-	2,268,942	
-	1,571,687	
2,972	5,545,743	
2,972	32,219,430	
(2,701)	(6,935,311)	
-	1,797,421	
-	7,922,860	
-	(2,139,836)	
-	7,580,445	
(2,701)	645,134	
7,573	14,255,043	
\$ 4,872	\$ 14,900,177	

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Public Safety Cigarette Tax - 205.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	102,224	-	(102,224)
Total revenue	102,224	-	(102,224)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	109,300	109,119	(181)
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	109,300	109,119	(181)
Revenue over (under) expenditures	(7,076)	(109,119)	(102,043)
Other financing sources (uses)			
Transfers in	29,860	29,855	(5)
Transfers (out)	(22,784)	(16,926)	5,858
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	7,076	12,929	5,853
Net changes in fund balances	-	(96,190)	(96,190)
Fund balances, beginning of year	206,485	206,485	-
Fund balances, end of year	\$ 206,485	\$ 110,295	\$ (96,190)

Parks and Recreation - 208.00			Historical Association Loan Fund - 211.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
311,580	330,104	18,524	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
150,428	104,198	(46,230)	-	-	-
462,008	434,302	(27,706)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
872,375	847,532	(24,843)	200,000	50,000	(150,000)
-	-	-	-	-	-
-	-	-	-	-	-
872,375	847,532	(24,843)	200,000	50,000	(150,000)
(410,367)	(413,230)	(2,863)	(200,000)	(50,000)	150,000
410,367	410,367	-	200,000	200,000	-
-	-	-	-	-	-
-	-	-	-	-	-
410,367	410,367	-	200,000	200,000	-
-	(2,863)	(2,863)	-	150,000	150,000
68,686	68,686	-	-	-	-
\$ 68,686	\$ 65,823	\$ (2,863)	\$ -	\$ 150,000	\$ 150,000

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Berrien Community Foundation - 213.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	13,861	13,211	(650)
Total revenue	13,861	13,211	(650)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	13,861	13,793	(68)
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	13,861	13,793	(68)
Revenue over (under) expenditures	-	(582)	(582)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(582)	(582)
Fund balances, beginning of year	977	977	-
Fund balances, end of year	\$ 977	\$ 395	\$ (582)

Generous Juror Program - 214.00			Friend of the Court - 215.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1,979,415	1,844,128	(135,287)
-	-	-	185,000	185,349	349
-	-	-	-	-	-
-	-	-	-	-	-
5,000	3,772	(1,228)	82,238	2,875	(79,363)
5,000	3,772	(1,228)	2,246,653	2,032,352	(214,301)
-	-	-	2,880,674	2,663,200	(217,474)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	1,283	(3,717)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	1,283	(3,717)	2,880,674	2,663,200	(217,474)
-	2,489	2,489	(634,021)	(630,848)	3,173
-	-	-	634,021	634,021	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	634,021	634,021	-
-	2,489	2,489	-	3,173	3,173
237	237	-	128,016	128,016	-
\$ 237	\$ 2,726	\$ 2,489	\$ 128,016	\$ 131,189	\$ 3,173

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Family Counseling Services - 216.00		
	Amended	Actual	Over (Under) Budget
	Budget	Budget	Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	20,000	18,795	(1,205)
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	33,676	-	(33,676)
Total revenue	53,676	18,795	(34,881)
Expenditures			
Judicial	53,676	8,948	(44,728)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	53,676	8,948	(44,728)
Revenue over (under) expenditures	-	9,847	9,847
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	9,847	9,847
Fund balances, beginning of year	100,151	100,151	-
Fund balances, end of year	\$ 100,151	\$ 109,998	\$ 9,847

Health Department - 221.00			Drug Court-Drug Treatment - 221.01		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
275,154	276,052	898	-	-	-
1,399,060	1,281,365	(117,695)	-	-	-
219,309	248,428	29,119	87,477	67,106	(20,371)
-	-	-	-	-	-
-	-	-	-	-	-
804,188	536,921	(267,267)	7,837	-	(7,837)
2,697,711	2,342,766	(354,945)	95,314	67,106	(28,208)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,318,719	3,212,624	(106,095)	223,314	204,217	(19,097)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,318,719	3,212,624	(106,095)	223,314	204,217	(19,097)
(621,008)	(869,858)	(248,850)	(128,000)	(137,111)	(9,111)
621,008	620,994	(14)	128,000	128,000	-
-	-	-	-	-	-
-	-	-	-	-	-
621,008	620,994	(14)	128,000	128,000	-
-	(248,864)	(248,864)	-	(9,111)	(9,111)
1,039,161	1,039,161	-	29,103	29,103	-
\$ 1,039,161	\$ 790,297	\$ (248,864)	\$ 29,103	\$ 19,992	\$ (9,111)

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Health Department Grants - 221.xx		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	4,084,269	3,867,723	(216,546)
Charges for services	345,924	329,169	(16,755)
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	346,540	109,492	(237,048)
Total revenue	4,776,733	4,306,384	(470,349)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	4,776,733	4,195,676	(581,057)
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	4,776,733	4,195,676	(581,057)
Revenue over (under) expenditures	-	110,708	110,708
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	110,708	110,708
Fund balances, beginning of year	543,206	543,206	-
Fund balances, end of year	\$ 543,206	\$ 653,914	\$ 110,708

Berrien County Landfill Use- 227.00			Public Maintenance & Improvement - 245.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,849,000	1,888,197	39,197	-	-	-
-	-	-	-	-	-
68,400	152,472	84,072	25,000	54,983	29,983
439,220	225	(438,995)	1,869,224	4,900	(1,864,324)
2,356,620	2,040,894	(315,726)	1,894,224	59,883	(1,834,341)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,196,258	1,817,598	(378,660)	3,956,513	2,203,793	(1,752,720)
2,196,258	1,817,598	(378,660)	3,956,513	2,203,793	(1,752,720)
160,362	223,296	62,934	(2,062,289)	(2,143,910)	(81,621)
-	-	-	550,000	550,000	-
(160,362)	(85,362)	75,000	(285,132)	(285,132)	-
-	-	-	1,797,421	1,797,421	-
(160,362)	(85,362)	75,000	2,062,289	2,062,289	-
-	137,934	137,934	-	(81,621)	(81,621)
5,150,700	5,150,700	-	2,668,722	2,668,722	-
\$ 5,150,700	\$ 5,288,634	\$ 137,934	\$ 2,668,722	\$ 2,587,101	\$ (81,621)

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Register of Deeds Automation- 256.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	2,973	2,973
Other revenue	-	-	-
Total revenue	-	2,973	2,973
Expenditures			
Judicial	-	-	-
General government	243,000	117,195	(125,805)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	243,000	117,195	(125,805)
Revenue over (under) expenditures	(243,000)	(114,222)	128,778
Other financing sources (uses)			
Transfers in	243,000	233,265	(9,735)
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	243,000	233,265	(9,735)
Net changes in fund balances	-	119,043	119,043
Fund balances, beginning of year	153,625	153,625	-
Fund balances, end of year	\$ 153,625	\$ 272,668	\$ 119,043

Drug Enforcement Public Safety - 264.00			Law Enforcement Funds - [various #s]		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ 1,688,848	\$ 1,771,859	\$ 83,011	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	2,745,057	2,190,391	(554,666)
-	-	-	512,341	598,696	86,355
-	-	-	-	-	-
-	-	-	-	4,730	4,730
-	-	-	236,209	94,613	(141,596)
1,688,848	1,771,859	83,011	3,493,607	2,888,430	(605,177)
-	-	-	-	-	-
-	-	-	-	-	-
-	1	1	4,846,083	4,079,726	(766,357)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	1	4,846,083	4,079,726	(766,357)
1,688,848	1,771,858	83,010	(1,352,476)	(1,191,296)	161,180
-	-	-	1,390,990	1,345,405	(45,585)
(1,688,848)	(1,646,822)	42,026	(38,514)	(32,588)	5,926
-	-	-	-	-	-
(1,688,848)	(1,646,822)	42,026	1,352,476	1,312,817	(39,659)
-	125,036	125,036	-	121,521	121,521
103,985	103,985	-	1,294,826	1,294,826	-
\$ 103,985	\$ 229,021	\$ 125,036	\$ 1,294,826	\$ 1,416,347	\$ 121,521

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Prosecutor's Welfare Fraud Grant - 266.02		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	248,377	248,755	378
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	248,377	248,755	378
Expenditures			
Judicial	308,067	305,956	(2,111)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	308,067	305,956	(2,111)
Revenue over (under) expenditures	(59,690)	(57,201)	2,489
Other financing sources (uses)			
Transfers in	59,690	57,201	(2,489)
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	59,690	57,201	(2,489)
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Prosecutor's Grant Victim-Witness - 266.04			911 County Operational Fund - 266.09		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 1,206,390	\$ 1,265,546	\$ 59,156
-	-	-	-	-	-
117,350	118,850	1,500	157,000	226,250	69,250
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	412,153	4,877	(407,276)
117,350	118,850	1,500	1,775,543	1,496,673	(278,870)
-	-	-	-	-	-
-	-	-	-	-	-
205,691	202,922	(2,769)	1,875,042	1,547,366	(327,676)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
205,691	202,922	(2,769)	1,875,042	1,547,366	(327,676)
(88,341)	(84,072)	4,269	(99,499)	(50,693)	48,806
88,341	84,072	(4,269)	135,011	135,011	-
-	-	-	(35,512)	(23,006)	12,506
-	-	-	-	-	-
88,341	84,072	(4,269)	99,499	112,005	12,506
-	-	-	-	61,312	61,312
-	-	-	1,530,519	1,530,519	-
\$ -	\$ -	\$ -	\$ 1,530,519	\$ 1,591,831	\$ 61,312

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Drug Court Program - 267.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	3,000	4,602	1,602
Charges for services	13,300	20,679	7,379
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	16,300	25,281	8,981
Expenditures			
Judicial	238,651	213,746	(24,905)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	238,651	213,746	(24,905)
Revenue over (under) expenditures	(222,351)	(188,465)	33,886
Other financing sources (uses)			
Transfers in	222,351	190,000	(32,351)
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	222,351	190,000	(32,351)
Net changes in fund balances	-	1,535	1,535
Fund balances, beginning of year	5,498	5,498	-
Fund balances, end of year	\$ 5,498	\$ 7,033	\$ 1,535

County Law Library - 269.00			Senior Citizen - 270.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ 1,279,382	\$ 1,265,550	\$ (13,832)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,500	6,500	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,500	6,500	1,279,382	1,265,550	(13,832)
76,210	51,697	(24,513)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,279,382	1,264,687	(14,695)
-	-	-	-	-	-
-	-	-	-	-	-
76,210	51,697	(24,513)	1,279,382	1,264,687	(14,695)
(76,210)	(45,197)	31,013	-	863	863
76,210	69,710	(6,500)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
76,210	69,710	(6,500)	-	-	-
-	24,513	24,513	-	863	863
24,260	24,260	-	5,578	5,578	-
\$ 24,260	\$ 48,773	\$ 24,513	\$ 5,578	\$ 6,441	\$ 863

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Library - 271.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	91,647	91,647
Interest	-	-	-
Other revenue	-	-	-
Total revenue	-	91,647	91,647
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	92,000	91,647	(353)
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	92,000	91,647	(353)
Revenue over (under) expenditures	(92,000)	-	92,000
Other financing sources (uses)			
Transfers in	92,000	-	(92,000)
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	92,000	-	(92,000)
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Title IV-D Medical Support - [various #s]			Hazardous Materials Emergency Preparedness - 273.22		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
109,094	28,802	(80,292)	22,000	-	(22,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
109,094	28,802	(80,292)	22,000	-	(22,000)
109,094	28,802	(80,292)	-	-	-
-	-	-	-	-	-
-	-	-	22,000	-	(22,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
109,094	28,802	(80,292)	22,000	-	(22,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	435	435	-
\$ -	\$ -	\$ -	\$ 435	\$ 435	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Michigan Housing CDBG - 274.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	21,210	23,100	1,890
Total revenue	21,210	23,100	1,890
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	21,210	3,237	(17,973)
Other governmental activities	-	-	-
Total expenditures	21,210	3,237	(17,973)
Revenue over (under) expenditures	-	19,863	19,863
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	19,863	19,863
Fund balances, beginning of year	210	210	-
Fund balances, end of year	\$ 210	\$ 20,073	\$ 19,863

Federal HOME Housing - 274.04			City of Watervliet Homeowner CDBG - 274.06		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	107,633	56,477	(51,156)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,485	19,995	(10,490)	72,000	9,136	(62,864)
30,485	19,995	(10,490)	179,633	65,613	(114,020)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,485	6,437	(24,048)	179,633	119,603	(60,030)
-	-	-	-	-	-
30,485	6,437	(24,048)	179,633	119,603	(60,030)
-	13,558	13,558	-	(53,990)	(53,990)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	13,558	13,558	-	(53,990)	(53,990)
10,841	10,841	-	53,990	53,990	-
\$ 10,841	\$ 24,399	\$ 13,558	\$ 53,990	\$ -	\$ (53,990)

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	MSHDA 2004 Housing CDBG - 274.07		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	245,000	273,784	28,784
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	115,500	61,465	(54,035)
Total revenue	360,500	335,249	(25,251)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	360,500	331,745	(28,755)
Other governmental activities	-	-	-
Total expenditures	360,500	331,745	(28,755)
Revenue over (under) expenditures	-	3,504	3,504
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	3,504	3,504
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ 3,504	\$ 3,504

Harbortown CDBG - 274.08			Vickers Engineering CDBG - 274.09		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
835,000	679,747	(155,253)	150,350	120,703	(29,647)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
450,000	306,215	(143,785)	-	-	-
1,285,000	985,962	(299,038)	150,350	120,703	(29,647)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,360,000	985,962	(374,038)	150,350	120,703	(29,647)
-	-	-	-	-	-
1,360,000	985,962	(374,038)	150,350	120,703	(29,647)
(75,000)	-	75,000	-	-	-
75,000	-	(75,000)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
75,000	-	(75,000)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	HMIS HUD Homeless Grant - 274.10		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	4,000	4,000	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	4,000	4,000	-
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	4,000	4,000	-
Other governmental activities	-	-	-
Total expenditures	4,000	4,000	-
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Small Bus Program - 281.00			Clean Sweep Pest Control Grant - 281.14		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
675,300	647,987	(27,313)	8,000	8,000	-
576,700	493,440	(83,260)	-	-	-
-	-	-	-	-	-
8,000	5,608	(2,392)	-	-	-
21,500	26,089	4,589	-	-	-
1,281,500	1,173,124	(108,376)	8,000	8,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,281,500	1,186,375	(95,125)	8,000	8,000	-
1,281,500	1,186,375	(95,125)	8,000	8,000	-
-	(13,251)	(13,251)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(13,251)	(13,251)	-	-	-
351,444	351,444	-	-	-	-
\$ 351,444	\$ 338,193	\$ (13,251)	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Project Zero Transit Grant - 281.17		
	Amended	Actual	Over (Under) Budget
	Budget	Budget	Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	355,000	244,176	(110,824)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	355,000	244,176	(110,824)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	355,000	244,176	(110,824)
Total expenditures	355,000	244,176	(110,824)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Capital Bus Purchase Grant - 282.00			Child Care Probate - 292.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
155,800	80,317	(75,483)	2,064,155	1,719,843	(344,312)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	187,282	161,744	(25,538)
155,800	80,317	(75,483)	2,251,437	1,881,587	(369,850)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,295,270	4,629,052	(666,218)
-	-	-	-	-	-
-	-	-	-	-	-
155,800	80,317	(75,483)	-	-	-
155,800	80,317	(75,483)	5,295,270	4,629,052	(666,218)
-	-	-	(3,043,833)	(2,747,465)	296,368
-	-	-	3,043,833	3,043,833	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,043,833	3,043,833	-
-	-	-	-	296,368	296,368
-	-	-	555,708	555,708	-
\$ -	\$ -	\$ -	\$ 555,708	\$ 852,076	\$ 296,368

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Soldiers and Sailors Relief - 293.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	1,100	-	(1,100)
	1,100	-	(1,100)
Total revenue	1,100	-	(1,100)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	1,100	249	(851)
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
	1,100	249	(851)
Total expenditures	1,100	249	(851)
Revenue over (under) expenditures	-	(249)	(249)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(249)	(249)
Fund balances, beginning of year	1,182	1,182	-
Fund balances, end of year	\$ 1,182	\$ 933	\$ (249)

Veteran's Trust - 294.00			Board of Public Works - 296.00		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
10,416	10,632	216	-	-	-
-	-	-	5,500	14,075	8,575
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	525	525
10,416	10,632	216	5,500	14,600	9,100
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,416	7,450	(2,966)	5,500	413	(5,087)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,416	7,450	(2,966)	5,500	413	(5,087)
-	3,182	3,182	-	14,187	14,187
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,182	3,182	-	14,187	14,187
877	877	-	53,509	53,509	-
\$ 877	\$ 4,059	\$ 3,182	\$ 53,509	\$ 67,696	\$ 14,187

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Campaign Finance Administration - 297.03		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	100	104	4
	<hr/>		
Total revenue	100	104	4
	<hr/>		
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	100	-	(100)
	<hr/>		
Total expenditures	100	-	(100)
	<hr/>		
Revenue over (under) expenditures	-	104	104
	<hr/>		
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
	<hr/>		
Total other financing sources (uses)	-	-	-
	<hr/>		
Net changes in fund balances	-	104	104
	<hr/>		
Fund balances, beginning of year	2,410	2,410	-
	<hr/>		
Fund balances, end of year	\$ 2,410	\$ 2,514	\$ 104
	<hr/> <hr/>		

Juvenile Incentive Block Grant - [various #s]			4-H We Can Ride Grant - 297.15		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
63,747	10,053	(53,694)	4,231	-	(4,231)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,512	2,512
63,747	10,053	(53,694)	4,231	2,512	(1,719)
70,831	11,279	(59,552)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,231	2,512	(1,719)
70,831	11,279	(59,552)	4,231	2,512	(1,719)
(7,084)	(1,226)	5,858	-	-	-
7,084	1,226	(5,858)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,084	1,226	(5,858)	-	-	-
-	-	-	-	-	-
50	50	-	-	-	-
\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Continued)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Going Home Reintegration - 297.16		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	98,842	76,083	(22,759)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	98,842	76,083	(22,759)
Expenditures			
Judicial	98,842	76,083	(22,759)
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	-	-	-
Total expenditures	98,842	76,083	(22,759)
Revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Community Restoration Board - 297.19			Animal Control Neuter / Spay Program - 298.01		
Amended Budget	Actual	Over (Under) Budget	Amended Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,000	-	(3,000)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15,200	9,225	(5,975)
3,000	-	(3,000)	15,200	9,225	(5,975)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15,200	10,285	(4,915)
-	-	-	-	-	-
-	-	-	-	-	-
3,000	-	(3,000)	-	-	-
-	-	-	-	-	-
3,000	-	(3,000)	15,200	10,285	(4,915)
-	-	-	-	(1,060)	(1,060)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(1,060)	(1,060)
-	-	-	10,821	10,821	-
\$ -	\$ -	\$ -	\$ 10,821	\$ 9,761	\$ (1,060)

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Schedule of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual (Concluded)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Homestead Audit Administration - 620.00		
	Amended		Over
	Budget	Actual	(Under)
			Budget
Revenue			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	7,200	271	(6,929)
Fines and forfeitures	-	-	-
Interest	-	-	-
Other revenue	-	-	-
Total revenue	7,200	271	(6,929)
Expenditures			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Community development	-	-	-
Other governmental activities	7,200	2,972	(4,228)
Total expenditures	7,200	2,972	(4,228)
Revenue over (under) expenditures	-	(2,701)	(2,701)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	(2,701)	(2,701)
Fund balances, beginning of year	7,573	7,573	-
Fund balances, end of year	\$ 7,573	\$ 4,872	\$ (2,701)

Total Budgeted Special Revenue Funds			Unbudgeted Funds		
Amended Budget	Actual	Over (Under) Budget	Social Services 290.00	Child Care Social Services 292.01	Total Actual
\$ 4,174,620	\$ 4,302,955	\$ 128,335	\$ -	\$ -	\$ 4,302,955
295,154	294,847	(307)	-	-	294,847
15,645,096	13,742,668	(1,902,428)	636,778	317,250	14,696,696
4,113,331	4,175,514	62,183	-	-	4,175,514
-	98,147	98,147	-	-	98,147
101,400	220,766	119,366	-	-	220,766
5,417,175	1,495,194	(3,921,981)	-	-	1,495,194
29,746,776	24,330,091	(5,416,685)	636,778	317,250	25,284,119
3,836,045	3,359,711	(476,334)	-	-	3,359,711
243,000	117,195	(125,805)	-	-	117,195
7,073,316	5,949,419	(1,123,897)	-	-	5,949,419
5,500	413	(5,087)	-	-	413
13,625,552	12,249,268	(1,376,284)	658,648	498,404	13,406,320
2,462,618	2,268,942	(193,676)	-	-	2,268,942
2,109,178	1,571,687	(537,491)	-	-	1,571,687
7,964,602	5,545,743	(2,418,859)	-	-	5,545,743
37,319,811	31,062,378	(6,257,433)	658,648	498,404	32,219,430
(7,573,035)	(6,732,287)	840,748	(21,870)	(181,154)	(6,935,311)
8,006,766	7,732,960	(273,806)	9,900	180,000	7,922,860
(2,231,152)	(2,089,836)	141,316	(50,000)	-	(2,139,836)
1,797,421	1,797,421	-	-	-	1,797,421
7,573,035	7,440,545	(132,490)	(40,100)	180,000	7,580,445
-	708,258	708,258	(61,970)	(1,154)	645,134
14,102,785	14,102,785	-	63,076	89,182	14,255,043
\$ 14,102,785	\$ 14,811,043	\$ 708,258	\$ 1,106	\$ 88,028	\$ 14,900,177

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2005

	Bridge Bond 301.00	Building Authority 450.00		Total
Assets				
Cash and cash equivalents	\$ 260	\$ -	\$	260
Fund balances				
Unreserved, undesignated	\$ 260	\$ -	\$	260

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2005

	Bridge Bond 301.00	Building Authority 450.00	Total
Revenue			
Intergovernmental	\$ -	\$ 1,014,770	\$ 1,014,770
Expenditures			
Debt service:			
Principal	-	625,000	625,000
Interest and fiscal charges	-	389,770	389,770
Total expenditures	-	1,014,770	1,014,770
Net changes in fund balances	-	-	-
Fund balances, beginning of year	260	-	260
Fund balances, end of year	\$ 260	\$ -	\$ 260

COUNTY OF BERRIEN, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2005

	Vehicle/ Equipment Replacement 402.00	Animal Shelter 413.00	Building Authority 450.00	Courthouse 470.00	Total
Assets					
Cash and cash equivalents	\$ 250,000	\$ 4,928	\$ 1,667,987	\$ 1	\$ 1,922,916
Investments	-	81,594	-	-	81,594
Total assets	\$ 250,000	\$ 86,522	\$ 1,667,987	\$ 1	\$ 2,004,510
Liabilities					
Bond premium	\$ -	\$ -	\$ 10,147	\$ -	\$ 10,147
Fund balances					
Unreserved, undesignated	250,000	86,522	1,657,840	1	1,994,363
Total liabilities and fund balances	\$ 250,000	\$ 86,522	\$ 1,667,987	\$ 1	\$ 2,004,510

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended December 31, 2005

	Vehicle/ Equipment Replacement 402.00	Animal Shelter 413.00	Building Authority 450.00	Courthouse 470.00	Total
Revenue					
Interest revenue	\$ -	\$ 1,683	\$ 58,538	\$ -	\$ 60,221
Other	-	16,924	-	1	16,925
Total revenue	-	18,607	58,538	1	77,146
Expenditures					
Public works	-	-	2,423,408	1	2,423,409
Revenue over (under) expenditures	-	18,607	(2,364,870)	-	(2,346,263)
Other financing sources (uses)					
Issuance of long-term debt	-	-	3,650,000	-	3,650,000
Transfers in	250,000	-	-	-	250,000
Total other financing sources	250,000	-	3,650,000	-	3,900,000
Net changes in fund balances	250,000	18,607	1,285,130	-	1,553,737
Fund balances, beginning of year	-	67,915	372,710	1	440,626
Fund balances, end of year	\$ 250,000	\$ 86,522	\$ 1,657,840	\$ 1	\$ 1,994,363

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2005

	Delinquent Tax Foreclosure 617.xx	Delinquent Personal Property Tax 618.00	Drain Working Capital 639.00	Baroda Township Water System No. 14 851.09
Assets				
Current assets:				
Cash and cash equivalents	\$ 457,292	\$ 46,071	\$ 171,370	\$ -
Current portion of leases receivable	-	-	-	25,000
Inventory	-	-	20,331	-
Total current assets	<u>457,292</u>	<u>46,071</u>	<u>191,701</u>	<u>25,000</u>
Non-current assets:				
Leases receivable, net of current portion	-	-	-	25,000
Capital assets being depreciated, net	-	-	56,935	-
Total non-current assets	<u>-</u>	<u>-</u>	<u>56,935</u>	<u>25,000</u>
Total assets	<u>457,292</u>	<u>46,071</u>	<u>248,636</u>	<u>50,000</u>
Liabilities				
Current liabilities:				
Accounts payable	71,921	-	826	-
Accrued liabilities	1,037	446	-	-
Current portion of long-term debt	-	-	28,859	25,000
Total current liabilities	<u>72,958</u>	<u>446</u>	<u>29,685</u>	<u>25,000</u>
Long-term liabilities:				
Due in more than one year	-	-	-	25,000
Total liabilities	<u>72,958</u>	<u>446</u>	<u>29,685</u>	<u>50,000</u>
Net assets				
Invested in capital assets, net of related debt	-	-	28,076	-
Unrestricted	<u>384,334</u>	<u>45,625</u>	<u>190,875</u>	<u>-</u>
Total net assets	<u>\$ 384,334</u>	<u>\$ 45,625</u>	<u>\$ 218,951</u>	<u>\$ -</u>

Royalton Township Water System No. 20 851.15	Royalton Township Water System No. 23 851.17	Buchanan Township Sewer System No. 23/ Water System No. 21 851.41	Royalton Township Sewer System No. 20 851.70 & .79	City of Watervliet Sewer System No. 22 851.72	Village of Baroda Sewer System No. 18 Refunding 851.74
\$ -	\$ 115,379	\$ 6,358	\$ 6,747	\$ -	\$ -
50,000	75,000	35,000	408,253	30,000	35,000
-	-	-	-	-	-
50,000	190,379	41,358	415,000	30,000	35,000
595,000	1,182,761	323,642	-	95,000	165,000
-	-	-	-	-	-
595,000	1,182,761	323,642	-	95,000	165,000
645,000	1,373,140	365,000	415,000	125,000	200,000
-	3,140	-	-	-	-
-	-	-	-	-	-
50,000	75,000	35,000	415,000	30,000	35,000
50,000	78,140	35,000	415,000	30,000	35,000
595,000	1,295,000	330,000	-	95,000	165,000
645,000	1,373,140	365,000	415,000	125,000	200,000
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds (Concluded)
December 31, 2005

	GRSD No. 7 Chikaming Township Refunding 851.75	City of Benton Harbor Water System No. 17 Refunding 851.80	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 7,527
Current portion of leases receivable	-	180,000	50,000	15,000
Inventory	-	-	-	-
Total current assets	-	180,000	50,000	22,527
Non-current assets:				
Leases receivable, net of current portion	-	335,000	1,220,000	332,473
Capital assets being depreciated, net	-	-	-	-
Total non-current assets	-	335,000	1,220,000	332,473
Total assets	-	515,000	1,270,000	355,000
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Current portion of long-term debt	-	180,000	50,000	15,000
Total current liabilities	-	180,000	50,000	15,000
Long-term liabilities:				
Due in more than one year	-	335,000	1,220,000	340,000
Total liabilities	-	515,000	1,270,000	355,000
Net assets				
Invested in capital assets, net of related debt	-	-	-	-
Unrestricted	-	-	-	-
Total net assets	\$ -	\$ -	\$ -	\$ -

Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85		Royalton Township Water System No. 26 851.86		Total
\$	185,456	\$	470,937	\$ 1,467,137
	34,544		5,000	942,797
	-		-	20,331
	<u>220,000</u>		<u>475,937</u>	<u>2,430,265</u>
	-		59,509	4,333,385
	-		-	56,935
	-		<u>59,509</u>	<u>4,390,320</u>
	<u>220,000</u>		<u>535,446</u>	<u>6,820,585</u>
	-		446	76,333
	-		-	1,483
	<u>220,000</u>		<u>5,000</u>	<u>1,163,859</u>
	<u>220,000</u>		<u>5,446</u>	<u>1,241,675</u>
	-		530,000	4,930,000
	<u>220,000</u>		<u>535,446</u>	<u>6,171,675</u>
	-		-	28,076
	-		-	<u>620,834</u>
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$ 648,910</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2005

	Delinquent Tax Foreclosure 617.xx	Delinquent Personal Property Tax 618.00	Drain Working Capital 639.00	Baroda Township Water System No. 14 851.09
Operating revenue				
Charges for services	\$ 501,531	\$ 48,196	\$ 232,612	\$ 5,830
Other operating revenue	235	-	-	-
Total operating revenue	<u>501,766</u>	<u>48,196</u>	<u>232,612</u>	<u>5,830</u>
Operating expense				
Operations	503,080	2,571	58,835	-
Depreciation	-	-	35,083	-
Total operating expense	<u>503,080</u>	<u>2,571</u>	<u>93,918</u>	<u>-</u>
Operating income (loss)	<u>(1,314)</u>	<u>45,625</u>	<u>138,694</u>	<u>5,830</u>
Non-operating revenue				
Interest revenue	-	-	-	-
Interest expense and fiscal charges	-	-	-	(5,830)
Total non-operating revenue (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,830)</u>
Income (loss) before transfers	<u>(1,314)</u>	<u>45,625</u>	<u>138,694</u>	<u>-</u>
Transfers				
Transfers in	<u>250,000</u>	<u>-</u>	<u>20,407</u>	<u>-</u>
Change in net assets	248,686	45,625	159,101	-
Net assets, beginning of year	<u>135,648</u>	<u>-</u>	<u>59,850</u>	<u>-</u>
Net assets, end of year	<u>\$ 384,334</u>	<u>\$ 45,625</u>	<u>\$ 218,951</u>	<u>\$ -</u>

Royalton Township Water System No. 20 851.15	Royalton Township Water System No. 23 851.17	Buchanan Township Sewer System No. 23/ Water System No. 21 851.41	Royalton Township Sewer System No. 20 851.70 & .79	City of Watervliet Sewer System No. 22 851.72	Village of Baroda Sewer System No. 18 Refunding 851.74
\$ 39,996	\$ 66,703	\$ 21,553	\$ 33,416	\$ 11,663	\$ 16,660
-	-	-	-	-	-
39,996	66,703	21,553	33,416	11,663	16,660
-	-	-	-	-	-
-	-	-	-	-	-
39,996	66,703	21,553	33,416	11,663	16,660
-	(1,613)	(58)	(66)	-	-
(39,996)	(65,090)	(21,495)	(33,350)	(11,663)	(16,660)
(39,996)	(66,703)	(21,553)	(33,416)	(11,663)	(16,660)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Nonmajor Enterprise Funds (Concluded)
For the Year Ended December 31, 2005

	GRSD No. 7 Chikaming Township Refunding 851.75	City of Benton Harbor Water System No. 17 Refunding 851.80	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82
Operating revenue				
Charges for services	\$ 15	\$ 26,476	\$ 71,203	\$ 19,757
Other operating revenue	-	-	-	-
Total operating revenue	15	26,476	71,203	19,757
Operating expense				
Operations	-	-	-	-
Depreciation	-	-	-	-
Total operating expense	-	-	-	-
Operating income (loss)	15	26,476	71,203	19,757
Non-operating revenue				
Interest revenue	-	-	-	(66)
Interest expense and fiscal charges	(15)	(26,476)	(71,203)	(19,691)
Total non-operating revenue (expense)	(15)	(26,476)	(71,203)	(19,757)
Income (loss) before transfers	-	-	-	-
Transfers				
Transfers in	-	-	-	-
Change in net assets	-	-	-	-
Net assets, beginning of year	-	-	-	-
Net assets, end of year	\$ -	\$ -	\$ -	\$ -

Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
\$ 7,643	\$ 225	\$ 1,103,479
-	-	235
<u>7,643</u>	<u>225</u>	<u>1,103,714</u>
-	-	564,486
-	-	35,083
-	-	599,569
<u>7,643</u>	<u>225</u>	<u>504,145</u>
(732)	-	(2,535)
<u>(6,911)</u>	<u>(225)</u>	<u>(318,605)</u>
<u>(7,643)</u>	<u>(225)</u>	<u>(321,140)</u>
-	-	183,005
-	-	270,407
-	-	453,412
-	-	195,498
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648,910</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2005

	Delinquent Tax Foreclosure 617.xx	Delinquent Personal Property Tax 618.00	Drain Working Capital 639.00	Baroda Township Water System No. 14 851.09
Cash flows from operating activities				
Cash received from customers	\$ 501,766	\$ 48,196	\$ 232,612	\$ 5,830
Cash payments to suppliers for goods and services	(424,501)	48,331	(63,637)	-
Cash payments to employees for services	(10,426)	(50,456)	-	-
Net cash provided by (used in) operating activities	66,839	46,071	168,975	5,830
Cash flows from non-capital financing activities				
Transfers in	250,000	-	20,407	-
Cash flows from capital and related financing activities				
Principal payments	-	-	(27,055)	(20,000)
Interest payments	-	-	-	(5,830)
Purchase of capital assets	-	-	(35,880)	-
Proceeds from issuance of long-term debt	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	(62,935)	(25,830)
Cash flows from investing activities				
Interest received	-	-	-	-
Amounts collected on leases receivable	-	-	-	20,000
Net cash provided by (used in) investing activities	-	-	-	20,000
Net increase (decrease) in cash and cash equivalents	316,839	46,071	126,447	-
Cash and cash equivalents, beginning of year	140,453	-	44,923	-
Cash and cash equivalents, end of year	\$ 457,292	\$ 46,071	\$ 171,370	\$ -

Royalton Township Water System No. 20 851.15	Royalton Township Water System No. 23 851.17	Buchanan Township Sewer System No. 23/ Water System No. 21 851.41	Royalton Township Sewer System No. 20 851.70 & .79	City of Watervliet Sewer System No. 22 851.72	Village of Baroda Sewer System No. 18 Refunding 851.74
\$ 39,996	\$ 66,703	\$ 21,553	\$ 33,416	\$ 11,663	\$ 16,660
-	-	-	-	-	-
-	-	-	-	-	-
39,996	66,703	21,553	33,416	11,663	16,660
-	-	-	-	-	-
(50,000)	(75,000)	(35,000)	(500,000)	(25,000)	(35,000)
(39,996)	(65,090)	(21,495)	(33,350)	(11,663)	(16,660)
-	-	-	-	-	-
-	-	-	-	-	-
(89,996)	(140,090)	(56,495)	(533,350)	(36,663)	(51,660)
-	(1,613)	(58)	(66)	-	-
50,000	72,694	34,942	499,304	25,000	35,000
50,000	71,081	34,884	499,238	25,000	35,000
-	(2,306)	(58)	(696)	-	-
-	117,685	6,416	7,443	-	-
\$ -	\$ 115,379	\$ 6,358	\$ 6,747	\$ -	\$ -

(continued...)

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended December 31, 2005

	GRSD No. 7 Chikaming Township Refunding 851.75	City of Benton Harbor Water System No. 17 Refunding 851.80	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82
Cash flows from operating activities				
Cash received from customers	\$ 15	\$ 26,476	\$ 71,203	\$ 19,757
Cash payments to suppliers for goods and services	-	-	-	-
Cash payments to employees for services	-	-	-	-
Net cash provided by (used in) operating activities	15	26,476	71,203	19,757
Cash flows from non-capital financing activities				
Transfers in	-	-	-	-
Cash flows from capital and related financing activities				
Principal payments	-	(170,000)	(50,000)	(15,000)
Interest payments	(15)	(26,476)	(71,203)	(19,691)
Purchase of capital assets	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(15)	(196,476)	(121,203)	(34,691)
Cash flows from investing activities				
Interest received	-	-	-	(66)
Amounts collected on leases receivable	-	170,000	50,000	14,934
Net cash provided by (used in) investing activities	-	170,000	50,000	14,868
Net increase (decrease) in cash and cash equivalents	-	-	-	(66)
Cash and cash equivalents, beginning of year	-	-	-	7,593
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ 7,527

Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
\$ 7,643	\$ 225	\$ 1,103,714
(181)	446	(439,542)
-	-	(60,882)
<hr/> 7,462	<hr/> 671	<hr/> 603,290
<hr/> -	<hr/> -	<hr/> 270,407
(317,000)	-	(1,319,055)
(6,911)	(225)	(318,605)
-	-	(35,880)
<hr/> 220,000	<hr/> 535,000	<hr/> 755,000
<hr/> (103,911)	<hr/> 534,775	<hr/> (918,540)
(732)	-	(2,535)
<hr/> 99,502	<hr/> (64,509)	<hr/> 1,006,867
<hr/> 98,770	<hr/> (64,509)	<hr/> 1,004,332
2,321	470,937	959,489
<hr/> 183,135	<hr/> -	<hr/> 507,648
<hr/> <u>\$ 185,456</u>	<hr/> <u>\$ 470,937</u>	<hr/> <u>\$ 1,467,137</u>

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended December 31, 2005

	Delinquent Tax Foreclosure 617.xx	Delinquent Personal Property Tax 618.00	Drain Working Capital 639.00	Baroda Township Water System No. 14 851.09
Reconciliation of operating income (loss)				
to net cash provided by (used in)				
operating activities:				
Operating income (loss)	\$ (1,314)	\$ 45,625	\$ 138,694	\$ 5,830
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	-	-	35,083	-
Changes in assets and liabilities:				
Inventories	-	-	(4,763)	-
Accounts payable	68,068	-	(39)	-
Accrued and other liabilities	85	446	-	-
	\$ 66,839	\$ 46,071	\$ 168,975	\$ 5,830
Net cash provided by (used in) operating activities	\$ 66,839	\$ 46,071	\$ 168,975	\$ 5,830

Royalton Township Water System No. 20 851.15	Royalton Township Water System No. 23 851.17	Buchanan Township Sewer System No. 23/ Water System No. 21 851.41	Royalton Township Sewer System No. 20 851.70 & .79	City of Watervliet Sewer System No. 22 851.72	Village of Baroda Sewer System No. 18 Refunding 851.74
\$ 39,996	\$ 66,703	\$ 21,553	\$ 33,416	\$ 11,663	\$ 16,660
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 39,996</u>	<u>\$ 66,703</u>	<u>\$ 21,553</u>	<u>\$ 33,416</u>	<u>\$ 11,663</u>	<u>\$ 16,660</u>

(continued...)

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Concluded)
For the Year Ended December 31, 2005

	GRSD No. 7 Chikaming Township Refunding 851.75	City of Benton Harbor Water System No. 17 Refunding 851.80	Coloma Township Sewer System No. 24 851.81	Village of Berrien Springs/ Oronoko Township Water/Sewer System No. 26 851.82
Reconciliation of operating income (loss)				
to net cash provided by (used in)				
operating activities:				
Operating income (loss)	\$ 15	\$ 26,476	\$ 71,203	\$ 19,757
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	-	-	-	-
Changes in assets and liabilities:				
Inventories	-	-	-	-
Accounts payable	-	-	-	-
Accrued and other liabilities	-	-	-	-
Net cash provided by (used in) operating activities	\$ 15	\$ 26,476	\$ 71,203	\$ 19,757

Village of Berrien Springs Water/Sewer System No. 25 851.83 & .85	Royalton Township Water System No. 26 851.86	Total
\$ 7,643	\$ 225	504,145
-	-	35,083
-	-	(4,763)
(181)	446	68,294
-	-	531
\$ 7,462	\$ 671	\$ 603,290

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2005

	Property/ Liability Insurance 677.00	Workers' Compensation Insurance 677.01	Health Care Insurance 677.02	Unemployment Insurance 677.03	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,128,983	\$ 1,261,079	\$ 4,637,763	\$ 40,503	\$ 8,068,328
Non-current assets:					
Restricted cash	605,011	-	-	-	605,011
Total assets	2,733,994	1,261,079	4,637,763	40,503	8,673,339
Liabilities					
Current liabilities:					
Accounts payable	-	190	-	-	190
Accrued and other liabilities	843,988	528,806	1,801,874	-	3,174,668
Total liabilities	843,988	528,996	1,801,874	-	3,174,858
Net assets					
Restricted for self-insurance claims	605,011	-	-	-	605,011
Unrestricted:					
Undesignated	1,284,995	732,083	2,835,889	40,503	4,893,470
Total net assets	\$ 1,890,006	\$ 732,083	\$ 2,835,889	\$ 40,503	\$ 5,498,481

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Revenue, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2005

	Property/ Liability Insurance 677.00	Workers' Compensation Insurance 677.01	Health Care Insurance 677.02	Unemployment Insurance 677.03	Total
Operating revenue					
Charges for services	\$ -	\$ 408,411	\$ 7,821,104	\$ 41,244	\$ 8,270,759
Total operating revenue	-	408,411	7,821,104	41,244	8,270,759
Operating expenses					
Operation and maintenance	-	133	18,145	1,600	19,878
Benefits and claims	186,022	149,290	6,757,727	65,940	7,158,979
Total operating expenses	186,022	149,423	6,775,872	67,540	7,178,857
Operating income (loss)	(186,022)	258,988	1,045,232	(26,296)	1,091,902
Non-operating revenue (expenses)					
Interest income	621,520	-	-	-	621,520
Income (loss) before transfers	435,498	258,988	1,045,232	(26,296)	1,713,422
Transfers					
Transfers in	-	-	-	30,000	30,000
Transfers out	-	(30,000)	-	-	(30,000)
Total transfers in (out)	-	(30,000)	-	30,000	-
Change in net assets	435,498	228,988	1,045,232	3,704	1,713,422
Net assets, beginning of year	1,454,508	503,095	1,790,657	36,799	3,785,059
Net assets, end of year	\$ 1,890,006	\$ 732,083	\$ 2,835,889	\$ 40,503	\$ 5,498,481

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2005

	Property/ Liability Insurance 677.00	Workers' Compensation Insurance 677.01	Health Care Insurance 677.02	Unemployment Insurance 677.03	Total
Cash flows from operating activities					
Cash received from interfund services provided	\$ -	\$ 408,411	\$ 7,821,104	\$ 41,244	\$ 8,270,759
Cash payments to suppliers for goods and services	(723,182)	(369,656)	(6,797,062)	(67,540)	(7,957,440)
Net cash provided (used) by operating activities	(723,182)	38,755	1,024,042	(26,296)	313,319
Cash flows from non-capital financing activities					
Transfers in	-	-	-	30,000	30,000
Transfers out	-	(30,000)	-	-	(30,000)
Net cash provided (used) by non-capital financing activities	-	(30,000)	-	30,000	-
Cash flows from investing activities					
Interest received	621,520	-	-	-	621,520
Net increase (decrease) in cash and cash equivalents	(101,662)	8,755	1,024,042	3,704	934,839
Cash and cash equivalents, beginning of year	2,835,656	1,252,324	3,613,721	36,799	7,738,500
Cash and cash equivalents, end of year	\$ 2,733,994	\$ 1,261,079	\$ 4,637,763	\$ 40,503	\$ 8,673,339
Balance sheet classification of cash and cash equivalents					
Cash and cash equivalents	\$ 2,128,983	\$ 1,261,079	\$ 4,637,763	\$ 40,503	\$ 8,068,328
Restricted assets	605,011	-	-	-	605,011
	\$ 2,733,994	\$ 1,261,079	\$ 4,637,763	\$ 40,503	\$ 8,673,339

COUNTY OF BERRIEN, MICHIGAN
Statement of Cash Flows
Internal Service Funds (Concluded)
For the Year Ended December 31, 2005

	Property/ Liability Insurance 677.00	Workers Compensation Insurance 677.01	Health Care Insurance 677.02	Unemployment Insurance 677.03	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (186,022)	\$ 258,988	\$ 1,045,232	\$ (26,296)	\$ 1,091,902
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Accounts payable	-	10	(82,050)	-	(82,040)
Accrued and other liabilities	(537,160)	(220,243)	60,860	-	(696,543)
Net cash provided (used) by operating activities	\$ (723,182)	\$ 38,755	\$ 1,024,042	\$ (26,296)	\$ 313,319

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Fiduciary Net Assets
All Agency Funds
December 31, 2005

	Trust and Agency 701.00	Court Orders Payable 702.00	Library Trust 721.00
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 2,269,440	\$ 72,335	\$ 114,065
Investments	75,000	-	718,711
Taxes receivable - delinquent	1,289,316	-	-
<u>TOTAL ASSETS</u>	\$ 3,633,756	\$ 72,335	\$ 832,776
<u>LIABILITIES</u>			
Liabilities			
Undistributed receipts	\$ 2,344,440	\$ 72,335	\$ 832,776
Delinquent taxes payable	1,289,316	-	-
<u>TOTAL LIABILITIES</u>	\$ 3,633,756	\$ 72,335	\$ 832,776

District Court Trust	Jail Inmate Trust	Total
\$ 948,989	\$ 16,020	\$ 3,420,849
-	-	793,711
-	-	1,289,316
<hr/>		
\$ 948,989	\$ 16,020	\$ 5,503,876

\$ 948,989	\$ 16,020	\$ 4,214,560
-	-	1,289,316
<hr/>		
\$ 948,989	\$ 16,020	\$ 5,503,876

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Trust and Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 2,759,112	\$ 88,732,871	\$ 89,222,543	\$ 2,269,440
Investments	120,000	2,603	47,603	75,000
Taxes receivable-delinquent	982,687	1,395,973	1,089,344	1,289,316
Total assets	\$ 3,861,799	\$ 90,131,447	\$ 90,359,490	\$ 3,633,756
Liabilities				
Undistributed receipts	\$ 2,879,112	\$ 50,649,253	\$ 51,183,925	\$ 2,344,440
Delinquent taxes payable	982,687	\$ 39,482,194	39,175,565	1,289,316
Total liabilities	\$ 3,861,799	\$ 90,131,447	\$ 90,359,490	\$ 3,633,756
 <u>Court Orders Payable Fund</u>				
Assets				
Cash and cash equivalents	\$ 42,960	\$ 448,028	\$ 418,653	\$ 72,335
Liabilities				
Undistributed receipts	\$ 42,960	\$ 448,028	\$ 418,653	\$ 72,335
 <u>Library Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 124,417	\$ 3,831,502	\$ 3,841,854	\$ 114,065
Investments	683,585	1,579,446	1,544,320	718,711
Total assets	\$ 808,002	\$ 5,410,948	\$ 5,386,174	\$ 832,776
Liabilities				
Undistributed receipts	\$ 808,002	\$ 5,410,948	\$ 5,386,174	\$ 832,776

continued...

COUNTY OF BERRIEN, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (Concluded)
For the Year Ended December 31, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Court Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 1,159,683	\$ 948,989	\$ 1,159,683	\$ 948,989
Liabilities				
Undistributed receipts	\$ 1,159,683	\$ 948,989	\$ 1,159,683	\$ 948,989
<u>Jail Inmate Trust Fund</u>				
Assets				
Cash and cash equivalents	\$ 18,907	\$ 16,020	\$ 18,907	\$ 16,020
Liabilities				
Undistributed receipts	\$ 18,907	\$ 16,020	\$ 18,907	\$ 16,020
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 4,105,079	\$ 93,977,410	\$ 94,661,640	\$ 3,420,849
Investments	803,585	1,582,049	1,591,923	793,711
Taxes receivable-delinquent	982,687	1,395,973	1,089,344	1,289,316
Total assets	\$ 5,891,351	\$ 96,955,432	\$ 97,342,907	\$ 5,503,876
Liabilities				
Undistributed receipts	\$ 4,908,664	\$ 57,473,238	\$ 58,167,342	\$ 4,214,560
Delinquent taxes payable	982,687	39,482,194	39,175,565	1,289,316
Total liabilities	\$ 5,891,351	\$ 96,955,432	\$ 97,342,907	\$ 5,503,876

COUNTY OF BERRIEN, MICHIGAN
Statement of Plan Net Assets
Pension Trust Fund
December 31, 2005

Assets

Cash and cash equivalents	\$ 4,650,634
Interest receivable	492,322
Investments:	
U.S. Government obligations	5,542,649
U.S. Agencies	8,931,899
Corporate obligations	20,459,908
Corporate stocks	55,236,967
Mutual funds	27,948,607
Total investments	<u>118,120,030</u>
Total assets	<u>\$ 123,262,986</u>

(A schedule of funding progress for the Pension Plan is presented on page 67).

COUNTY OF BERRIEN, MICHIGAN
Drain Commission Component Unit
Statement of Net Assets and Governmental Funds Balance Sheet
December 31, 2005

	Capital Projects Funds			
	Drain 801.00	Drain Revolving 802.00	Sawyer Village Drainage District 803.02	Hollywood Road Retention Bonds 803.03
Assets				
Cash and cash equivalents	\$ 438,564	\$ 22,564	\$ 14,423	\$ 145,755
Special assessments receivable	1,036,000	-	130,000	340,000
Due from other funds	-	222,436	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	\$ 1,474,564	\$ 245,000	\$ 144,423	\$ 485,755
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	222,436	-	-	-
Advances from primary government	-	245,000	-	-
Deferred revenue	1,036,000	-	130,000	340,000
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	1,258,436	245,000	130,000	340,000
Fund balances				
Unreserved, undesignated	216,128	-	14,423	145,755
Total liabilities and fund balances	\$ 1,474,564	\$ 245,000	\$ 144,423	\$ 485,755
Net assets				
Invested in capital assets, net of related debt				
Unrestricted				
Total net assets				

Total	Adjustments	Statement of Net Assets
\$ 621,306	\$ -	\$ 621,306
1,506,000	-	1,506,000
222,436	(222,436)	-
-	1,542,347	1,542,347
<hr/>		
<u>\$ 2,349,742</u>	1,319,911	3,669,653
\$ -	\$ 5,379	\$ 5,379
222,436	(222,436)	-
245,000	-	245,000
1,506,000	(1,506,000)	-
-	430,000	430,000
-	853,659	853,659
<hr/>		
1,973,436	(439,398)	1,534,038
376,306	(376,306)	-
<hr/>		
<u>\$ 2,349,742</u>		
	258,688	258,688
	1,876,927	1,876,927
<hr/>		
	<u>\$ 2,135,615</u>	<u>\$ 2,135,615</u>

COUNTY OF BERRIEN, MICHIGAN
Drain Commission Component Unit
Statement of Activities and Governmental Funds Revenue,
Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2005

	Capital Projects Funds			
	Drain 801.00	Drain Revolving 802.00	Sawyer Village Drainage District 803.02	Hollywood Road Retention Bonds 803.03
Expenditures / expenses				
Public works	\$ 768,439	\$ -	\$ (361)	\$ 412
Debt Service:				
Principal	275,937	-	30,000	20,000
Interest	-	-	7,040	15,528
Total expenditures / expenses	1,044,376	-	36,679	35,940
Program revenues				
Operating grants and contributions	561,306	-	33,972	14,103
Special assessments / capital grants and contributions	-	-	-	-
Total program revenues	561,306	-	33,972	14,103
Net program revenue (expense)	-	-	-	-
General revenues				
Interest	-	-	(3)	(467)
Other financing sources				
Proceeds from long-term debt	492,215	-	-	-
Revenue and other sources over (under) expenditures / change in net assets	9,145	-	(2,710)	(22,304)
Fund balances / net assets, beginning of year, as restated	206,983	-	17,133	168,059
Fund balances / net assets, end of year	\$ 216,128	\$ -	\$ 14,423	\$ 145,755

Total	Adjustments	Statement of Activities
\$ 768,490	\$ (302,244)	\$ 466,246
325,937	(325,937)	-
22,568	-	22,568
<u>1,116,995</u>	<u>(628,181)</u>	<u>488,814</u>
609,381	-	609,381
-	182,000	182,000
<u>609,381</u>	<u>182,000</u>	<u>791,381</u>
-	-	302,567
(470)	-	(470)
<u>492,215</u>	<u>(492,215)</u>	<u>-</u>
(15,869)	317,966	302,097
<u>392,175</u>	<u>1,441,343</u>	<u>1,833,518</u>
<u>\$ 376,306</u>	<u>\$ 1,759,309</u>	<u>\$ 2,135,615</u>

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Net Assets and
Governmental Fund Balance Sheet
December 31, 2005

	Governmental Fund	Full-Accrual Adjustments	Statement of Net Assets
Assets			
Cash and investments	\$ 212,190	\$ -	\$ 212,190
Due from other governments	485,261	-	485,261
Notes receivable	847,917	-	847,917
Total assets	1,545,368	-	1,545,368
Liabilities			
Advances from other component unit	1,500,000	-	1,500,000
Fund balances			
Unreserved, undesignated	\$ 45,368	(45,368)	-
Net assets			
Unrestricted		\$ 45,368	\$ 45,368

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2005

	<u>Governmental Fund</u>	<u>Full-Accrual Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Charges for services	\$ 45,621	\$ -	\$ 45,621
Operating grants and contributions	989,419	-	989,419
Interest revenue	<u>79,737</u>	<u>-</u>	<u>79,737</u>
Total revenues	1,114,777	-	1,114,777
Expenditures/expenses			
Health and welfare	<u>1,048,662</u>	<u>-</u>	<u>1,048,662</u>
Revenues over (under) expenditures	66,115	(66,115)	
Change in net assets		66,115	66,115
Fund balances/net assets			
Beginning of year (deficit)	<u>(20,747)</u>	<u>-</u>	<u>(20,747)</u>
End of year	<u><u>\$ 45,368</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 45,368</u></u>

COUNTY OF BERRIEN, MICHIGAN
Brownfield Redevelopment Authority Component Unit
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2005

	<u>Budget (Original and Final)</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
Charges for services	\$ -	\$ 45,621	\$ 45,621
Operating grants and contributions	-	989,419	989,419
Total revenues	-	1,035,040	1,035,040
Expenditures			
Health and welfare	-	1,048,662	1,048,662
Non-operating revenue			
Interest revenue	-	79,737	79,737
Net change in fund balance	-	66,115	66,115
Fund balance, beginning of year	(20,747)	(20,747)	-
Fund balance, end of year	<u>\$ (20,747)</u>	<u>\$ 45,368</u>	<u>\$ 66,115</u>

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Statement of Net Assets
December 31, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
	<u>Supplemental Services Special Revenue Fund 287.00</u>	<u>Enterprise Funds</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 121,414	\$ 121,687	\$ 243,101
Notes receivable	-	1,138,534	1,138,534
Advance to other component unit	-	1,500,000	1,500,000
Total assets	121,414	2,760,221	2,881,635
Liabilities			
Advances from primary government	-	1,500,000	1,500,000
Net Assets			
Unrestricted:			
Designated for subsequent year expenditures	39,100	-	39,100
Undesignated	82,314	1,260,221	1,342,535
Total fund balance	\$ 121,414	\$ 1,260,221	\$ 1,381,635

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Statement of Activities
For the Year Ended December 31, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
	<u>Supplemental Services Special Revenue Fund 287.00</u>	<u>Enterprise Funds</u>	<u>Total</u>
Expenses			
Community development	\$ 28,326	\$ 173,139	\$ 201,465
Program revenues			
Charges for services	<u>23,172</u>	<u>2,875</u>	<u>26,047</u>
Net (expense) revenue	(5,154)	(170,264)	(175,418)
General revenues			
Interest revenue	<u>-</u>	<u>30,944</u>	<u>30,944</u>
Change in net assets	(5,154)	(139,320)	(144,474)
Net assets, beginning of year	<u>126,568</u>	<u>1,399,541</u>	<u>1,526,109</u>
Net assets, end of year	<u><u>\$ 121,414</u></u>	<u><u>\$ 1,260,221</u></u>	<u><u>\$ 1,381,635</u></u>

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Combining Statement of Net Assets
Enterprise Funds
December 31, 2005

	Small Cities Block Grant 289.00	Edgewater Loan Fund 289.01	Benton Harbor Clinic Loan Fund 289.02
Assets			
Cash and cash equivalents	\$ 109,348	\$ -	\$ -
Notes receivable	1,100,836	-	-
Advance to other component unit	-	-	-
Total assets	1,210,184	-	-
 Liabilities			
Advances from primary government	-	-	-
 Net assets, unrestricted	 \$ 1,210,184	 \$ -	 \$ -

Brownfield Redevelopment Authority Loan Fund 289.03	Revolving Loan Fund 691.00	Total
\$ -	\$ 12,339	\$ 121,687
-	37,698	1,138,534
1,500,000	-	1,500,000
1,500,000	50,037	2,760,221
1,500,000	-	1,500,000
\$ -	\$ 50,037	\$ 1,260,221

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Combining Statement of Revenue, Expenses
and Changes in Fund Net assets
Enterprise Funds
For the Year Ended December 31, 2005

	Small Cities Block Grant 289.00	Edgewater Loan Fund 289.01	Benton Harbor Clinic Loan Fund 289.02
Operating revenue			
Interest on loans	\$ -	\$ -	\$ -
Operating expense			
Community development	21,002	66,337	3,400
Operating loss	(21,002)	(66,337)	(3,400)
Non-operating revenue			
Interest revenue	25,314	4,833	797
Change in net assets	4,312	(61,504)	(2,603)
Net assets, beginning of year	1,205,872	61,504	2,603
Net assets, end of year	\$ 1,210,184	\$ -	\$ -

Brownfield Redevelopment Authority Loan Fund 289.03	Revolving Loan Fund 691.00	Total
\$ -	\$ 2,875	\$ 2,875
-	82,400	173,139
-	(79,525)	(170,264)
-	-	30,944
-	(79,525)	(139,320)
-	129,562	1,399,541
<u>\$ -</u>	<u>\$ 50,037</u>	<u>\$ 1,260,221</u>

COUNTY OF BERRIEN, MICHIGAN
Economic Development Corporation Component Unit
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2005

	Small Cities Block Grant 289.00	Edgewater Loan Fund 289.01	Benton Harbor Clinic Loan Fund 289.02
Cash flows from operating activities			
Cash received from customers	\$ (48,636)	\$ -	\$ -
Cash payments to suppliers for goods and services	(21,002)	(66,337)	(3,400)
	<hr/>		
Net cash provided (used) by operating activities	(69,638)	(66,337)	(3,400)
	<hr/>		
Cash flows from non-capital financing activities			
Increase (decrease) in capital advances	-	(850,000)	(150,000)
	<hr/>		
Cash flows from investing activities			
Investment income	25,314	4,833	797
	<hr/>		
Net increase (decrease) in cash and cash equivalents	(44,324)	(911,504)	(152,603)
	<hr/>		
Cash and cash equivalents, beginning of year	153,672	911,504	152,603
	<hr/>		
Cash and cash equivalents, end of year	\$ 109,348	\$ -	\$ -
	<hr/> <hr/>		
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ (21,002)	\$ (66,337)	\$ (3,400)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) decrease in notes receivable	(48,636)	-	-
(Increase) decrease in advances to component units	-	-	-
	<hr/>		
Net cash provided (used) by operating activities	\$ (69,638)	\$ (66,337)	\$ (3,400)
	<hr/> <hr/>		

Brownfield Redevelopment Authority Loan Fund 289.03			Revolving Loan Fund 691.00			Total		
\$	-	\$	17,675	\$	(30,961)			
	300,000		(82,400)		126,861			
	300,000		(64,725)		95,900			
	(300,000)		-		(1,300,000)			
	-		-		30,944			
	-		(64,725)		(1,173,156)			
	-		77,064		1,294,843			
\$	-	\$	12,339	\$	121,687			
\$	-	\$	(79,525)	\$	(170,264)			
	-		14,800		(33,836)			
	300,000		-		300,000			
\$	300,000	\$	(64,725)	\$	95,900			

BERRIEN COUNTY, MICHIGAN



SINGLE AUDIT ACT COMPLIANCE

**For The Year Ended
December 31, 2005**



REHMANN ROBSON

Certified Public Accountants

**BERRIEN COUNTY, MICHIGAN
SINGLE AUDIT**

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BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

Federal/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Agriculture				
Passed-through the Michigan Department of Education:				
School Breakfast Program				
2004/2005	292.00	10.553	-n/a-	\$ 5,413
2005/2006	292.00	10.553	-n/a-	7,524
				<u>12,937</u>
National School Lunch Program:				
Section 4				
2004/2005	292.00	10.555	-n/a-	1,150
2005/2006	292.00	10.555	-n/a-	1,516
Section 11				
2004/2005	292.00	10.555	-n/a-	10,085
2005/2006	292.00	10.555	-n/a-	12,663
				<u>25,414</u>
Passed-through the Michigan Department of Community Health:				
Special Supplemental Food Program for Women, Infants and Children				
2004/2005	221.70	10.557	4275	295,284
2005/2006	221.70	10.557	4275	112,994
				<u>408,278</u>
				<u>446,629</u>
U.S. Department of Housing and Urban Development				
Passed-through the Michigan State Housing Development Authority:				
Community Development Block Grant:				
Housing	274.07	14.228	MSC-2003-1091-HOA	273,784
Vickers Engineering, Inc. Infrastructure Project	274.09	14.228	MSC-201036-EDIG	120,703
Harbor Town Infrastructure Project	274.08	14.228	MSC-200063-EDIG	679,474
				<u>1,073,961</u>
Homelessness Grant	274.10	14.231	M-128B-200011-HUD	4,000
Downtown Watervliet Rental/Homeowner Rehab Program	274.06	14.239	MSC-2002-1091-HO	56,477
				<u>1,134,438</u>
U.S. Department of Justice				
Direct Program:				
COPS More Grant	273.42	16.710	2002-CLWX-0026	39,176
Passed-through the Michigan Department of State Police:				
State Homeland Security Program Grant:				
Exercise Grant - Berrien County	273.48	16.007	-n/a-	5,404
Solution Area Planner	273.52	16.007	-n/a-	8,272
				<u>13,676</u>
Passed-through the Michigan Family Independence Agency:				
Juvenile Accountability Incentive Block Grant				
2004/2005	297.17	16.523	JAIBG-04-1101	4,351
2005/2006	297.18	16.523	JAIBG-05-1101	5,702
				<u>10,053</u>
Going Home Reintegration Grant	297.16	16.540	JJAC-03-11001	76,083

BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2005

Federal/Pass-through Grants Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Justice (Concluded)				
Passed-through the Michigan Department of Community Health:				
Byrne Memorial Justice Assistance Grant:				
Transitional House For Recovering Women				
2004/2005	221.23	16.579	2004DBBX0052	\$ 118,697
2005/2006	221.23	16.738	72201-2-06-B	70,950
Justice Assistance Grant	266.93	16.738	2005DJBX0700	15,202
Local Law Enforcement Block Grant	273.55	16.592	83054-1-04-L	<u>8,910</u>
Total U.S. Department of Justice				<u>352,747</u>
U.S. Department of Transportation:				
Passed-through the Michigan Department of Transportation:				
Capital Bus Purchase	282.00	20.500	MI-03-0226	<u>64,253</u>
Small Bus Program - Section 5311				
2004/2005	281.00	20.509	MI-18-X037	81,575
2005/2006	281.00	20.509	2002-0018	<u>48,333</u>
				<u>129,908</u>
Passed-through the Michigan State Police, Office of Highway Safety Planning:				
State and Community Highway Safety	266.28	20.600	PT-05-30	<u>25,422</u>
Total U.S. Department of Transportation				<u>219,583</u>
U.S. Environmental Protection Agency:				
Passed-through the Michigan Department of Environmental Quality:				
Nonpoint Source Implementation Grant - Beach Monitoring	221.21	66.472	-n/a-	<u>23,534</u>
U.S. Department of Education:				
Passed-through the Michigan Department of Community Health:				
Safe and Drug Free Schools (BCDFC)				
2004/2005	221.34	84.186A	20051237	77,535
2005/2006	221.34	84.186A	20061491	<u>17,264</u>
				<u>94,799</u>
U.S. Department of Health and Human Services:				
Passed-through the Michigan Department of Career Development:				
Temporary Assistance to Needy Families -				
Project Zero	281.17	93.558	2002-0018\Z1	<u>46,394</u>
Passed-through the Michigan Family Independence Agency:				
Temporary Assistance to Needy Families -				
Project Zero	281.17	93.558	2002-0018\Z8	<u>75,695</u>
Title IV-D Incentive Payments	215.00	93.563	-n/a-	<u>302,026</u>
Title IV-D Child Support Enforcement:				
Friend of the Court				
2004/2005	215.00	93.563	CS/FOC-0411001	1,144,642
2005/2006	215.00	93.563	CS/FOC-05-11001	<u>397,147</u>
				<u>1,541,789</u>

BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2005

Federal/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (Continue)				
Passed-through the Michigan Family Independence Agency (Concluded):				
Title IV-D Child Support Enforcement (Concluded):				
Prosecuting Attorney				
2004/2005	266.02	93.563	CS/PA-04-11002	\$ 176,492
2005/2006	266.02	93.563	CS/PA-05-11002	65,335
				<u>241,827</u>
Title IV-D Medical Support Enforcement:				
Friend of the Court				
	273.56	93.563	CS/MED-05-11001	<u>28,802</u>
Prosecuting Attorney Title IV-E				
	101.00	93.670	PROFC-05-11001-4	<u>51,516</u>
Passed-through the Michigan Department of Community Health:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs				
2004/2005	221.62	93.116	2800	18,883
2005/2006	221.62	93.116	2800	8,198
				<u>27,081</u>
Family Planning Services				
2004/2005	221.55	93.217	4281	74,672
2005/2006	221.55	93.217	4281	26,873
				<u>101,545</u>
Immunization Grants:				
Infant Immunization Action Plan				
2004/2005	221.61	93.268	1300	59,392
2005/2006	221.61	93.268	1300	19,795
Value of Federal Vaccines Received				
	-n/a-	93.268	-n/a-	<u>804,076</u>
				<u>883,263</u>
Bioterrorism - Supplemental				
2004/2005	221.20	93.283	1590-1596	145,548
2005/2006	221.20	93.283	1590-1596	76,360
				<u>221,908</u>
Preventive Health Services - Sexually Transmitted Diseases Control Grants				
2004/2005	221.30	93.977	6773	80,935
2005/2006	221.30	93.977	6773	3,026
				<u>83,961</u>
Medical Assistance Program:				
Case Management Services				
2004/2005	221.85	93.778	4356	24,365
2005/2006	221.85	93.778	4356	13,865
				<u>38,230</u>
Title XIX				
	221.98	93.778	-n/a-	<u>8,740</u>
Infant Mortality				
2004/2005	221.24	93.778	4259	32,500
2005/2006	221.24	93.778	4259	1,658
				<u>34,158</u>
Prenatal Care				
2004/2005	221.98	93.778	4281	124,269
2005/2006	221.98	93.778	4281	37,220
				<u>161,489</u>

BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2005

Federal/Pass-through Grants Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (Concluded)				
Passed-through the Michigan Department of Community Health (Concluded):				
HIV Prevention Activities - Health Department Based:				
AIDS/HIV Prevention				
2004/2005	221.93	93.940	0130	\$ 19,271
2005/2006	221.93	93.940	0130	<u>10,015</u>
				<u>29,286</u>
Maternal & Child Health Services Block Grant:				
Family Planning Services				
2004/2005	221.55	93.994	4281	15,537
2005/2006	221.55	93.994	4281	5,410
Local MCH				
2004/2005	221.55	93.994	4262	147,597
2005/2006	221.55	93.994	4262	45,845
Case Management Services				
2004/2005	221.85	93.994	4356	33,432
2005/2006	221.85	93.994	4356	<u>8,536</u>
				<u>256,357</u>
Passed-through the Lakeshore Coordinating Council:				
Nurse-Family Partnership - State Incentive Grant (SIG)				
2004/2005	221.98	93.778	-n/a-	168,350
2005/2006	221.98	93.778	-n/a-	<u>21,367</u>
				<u>189,717</u>
Block Grants for Prevention and Treatment of Substance Abuse:				
Women's Specialty Services				
2004/2005	221.32	93.959	-n/a-	35,772
2005/2006	221.32	93.959	-n/a-	2,716
Alcohol Drug Treatment				
2004/2005	221.38	93.959	-n/a-	112,714
2005/2006	221.38	93.959	-n/a-	30,386
Drug Prevention				
2004/2005	221.39	93.959	-n/a-	105,772
2005/2006	221.39	93.959	-n/a-	<u>56,362</u>
				<u>343,722</u>
Passed-through the Michigan Children's Trust Fund:				
Children's Trust Fund	221.98	93.558	CTFDS-03-11002	18,965
Capstone Family Center - Zero to Three	221.98	93.558	CTFPR-03-11002	<u>24,712</u>
				<u>43,677</u>
Total U.S. Department of Health and Human Services				<u>2,745,279</u>

BERRIEN COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended December 31, 2005

Federal/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Homeland Security				
Passed-through the Michigan Department of Police:				
Part II Training Grant	273.51	97.004	-n/a-	\$ 90,795
2003 Homeland Security Grant Program	273.57	97.004	-n/a-	100,450
2004 Homeland Security Grant Program	273.54	97.004	-n/a-	766,719
2005 Homeland Security Grant Program	273.59	97.067	-n/a-	12,748
Passed-through the Michigan State Police, Emergency Management Division:				
Emergency Management Performance Grant	101.00	97.067	-n/a-	<u>32,002</u>
Total U.S. Department of Homeland Security				<u>1,002,714</u>
Total Expenditures of Federal Awards				<u>\$ 7,985,627</u>

BERRIEN COUNTY, MICHIGAN

Notes To Schedule Of Expenditures Of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Berrien County, Michigan (the "County") and is presented on the accrual basis of accounting.

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

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Berrien County, Michigan provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Transitional House For	16.579	\$ 136,610
Recovering Women	16.738	<u>45,537</u>
		<u>\$ 182,147</u>

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



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

April 13, 2006

To the Board of Commissioners
of Berrien County
St. Joseph, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Berrien County, Michigan* as of and for the year ended December 31, 2005, and have issued our report thereon dated April 13, 2006. We did not audit the financial statements of the Berrien County Road Commission, which represents 80% of the assets and 90% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive style with a large, prominent 'L' and 'J'.



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

April 13, 2005

To the Board of Commissioners
of Berrien County
St. Joseph, Michigan

Compliance

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

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

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

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Berrien County, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements, and have issued our report thereon dated April 13, 2006. We did not audit the financial statements of the Berrien County Road Commission, which represents 80% of the assets and 90% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based on the report of the other auditors.

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

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



BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements
noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? _____ yes X no

BERRIEN COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
97.004 & 97.067	Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – PRIOR YEAR FINDINGS

None

BERRIEN COUNTY, MICHIGAN
Summary - Transportation Programs
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2005

Program Title	Berrien Fund Number	Federal Expenditures	State Expenditures	Total Expenditures
Transportation to Work Program	281.17	\$ 122,089	\$ 122,187	\$ 244,276
Small Bus Program	281.00	129,908	518,079	647,987
Capital Bus Program	282.00	64,253	16,065	80,318
Drive Michigan Safely Task Force Program	266.28	<u>25,422</u>	<u>-</u>	<u>25,422</u>
Total Expenditures of Federal and State Awards - Transportation Programs		<u>\$ 341,672</u>	<u>\$ 656,331</u>	<u>\$ 998,003</u>

BERRIEN COUNTY, MICHIGAN
Transportation to Work Program
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2005

Federal and State/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Expenditures
<u>Federal</u>				
U.S. Department of Health and Human Services				
Passed-through the Michigan Department of Career Development:				
Temporary Assistance to Needy Families - Project Zero	281.17	93.558	2002-0018\Z1	<u>\$ 46,394</u>
Passed-through the Michigan Family Independence Agency:				
Temporary Assistance to Needy Families - Project Zero	281.17	93.558	2002-0018\Z8	<u>75,695</u>
<u>State</u>				
Michigan Department of Transportation				
Transportation Funding to Enable Individuals to Get to Their Job Site and Training 2004/2005				
	281.17	-n/a-	2002-0018	<u>122,187</u>
Total Expenditures of Federal and State Awards - Transportation to Work Program				<u><u>\$ 244,276</u></u>

BERRIEN COUNTY, MICHIGAN
Small Bus Program
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2005

Federal and State/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Expenditures
<u>Federal</u>				
U.S. Department of Transportation				
Passed-through the Michigan Department of Transportation:				
Small Bus Program - Section 5311				
2004/2005	281.00	20.509	MI-18-X037	\$ 81,575
2005/2006	281.00	20.509	2002-0018	48,333
				<u>129,908</u>
<u>State</u>				
Michigan Department of Transportation				
State Formula Operating Assistance				
2004/2005	281.00	-n/a-	-n/a-	357,066
2005/2006	281.00	-n/a-	-n/a-	161,013
				<u>518,079</u>
Total Expenditures of Federal and State Awards - Small Bus Program				<u>\$ 647,987</u>

BERRIEN COUNTY, MICHIGAN
Capital Bus Program
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2005

Federal and State/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Expenditures
<u>Federal</u>				
U.S. Department of Transportation				
Passed-through the Michigan Department of Transportation:				
Capital Bus Purchase	282.00	20.500	MI-03-0226	<u>\$ 64,253</u>
<u>State</u>				
Michigan Department of Transportation				
Tire Changer and Balancer - 20%	282.00	-n/a-	02-0018-27	2,947
Small Bus Program	282.00	-n/a-	02-0018/27	10,249
Bus Purchase - 20%	282.00	-n/a-	02-0530	<u>2,869</u>
				<u>16,065</u>
Total Expenditures of Federal and State Awards - Capital Bus Program				<u>\$ 80,318</u>

BERRIEN COUNTY, MICHIGAN
Drive Michigan Safety Task Force Program
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2005

Federal and State/Pass-through Grantor Program Title	Berrien Fund Number	CFDA Number	Pass-through Grantor Number	Expenditures
<u>Federal</u>				
U.S. Department of Transportation				
Passed-through the Michigan State Police, Office of Highway Safety Planning:				
State and Community Highway Safety	266.28	20.600	PT-05-30	<u>\$ 25,422</u>
<u>State</u>				
Michigan Department of Transportation				
None	-n/a-	-n/a-	-n/a-	<u>-</u>
Total Expenditures of Federal and State Awards - Drive Michigan Safety Task Force Program				<u><u>\$ 25,422</u></u>



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



April 13, 2006

To the Board of Commissioners of the
County of Berrien
St. Joseph, Michigan

We have audited the financial statements of the County of Berrien for the year ended December 31, 2005, and have issued our report thereon dated April 13, 2006. Professional standards require that we provide you with the following information related to our audit.

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

As stated in our engagement letter dated January 26, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

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

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

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Berrien County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Berrien County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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

- Management's estimate of the useful lives of depreciable fixed assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for uncollectible interest receivable on delinquent taxes, which is accounted for in the County's Delinquent Tax Revolving Fund. We evaluate the key factors and assumptions used to develop the allowance for uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the County that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We identified several audit adjustments, all of which were recorded by the County. In our judgment, these adjustments had a significant effect on Berrien County's financial reporting process.

Disagreements with Management

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

Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

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

Very truly yours,

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

County of Berrien, Michigan

Comments and Recommendations

For the Year Ended December 31, 2005

During our audit we became aware of certain issues regarding internal control and financial reporting. This memorandum summarizes our comments and suggestions regarding these matters. This memorandum does not affect our report dated April 13, 2006 on the financial statements of Berrien County.

General Accounting Issues

Over the past several years, we have noted several improvements that should be made to the County's financial accounting system. Among the most important for operational efficiency, state compliance, and audit preparation are the establishment of a full budgetary chart of accounts for all funds, accounting for investments at fair value (i.e., market), fully integrating off-books accounts (e.g., the Brownfield Redevelopment Authority and certain agency funds) into the County's general ledger, and properly establishing and reconciling subsidiary ledgers for taxes and special assessments receivable.

We are pleased to report that the County made progress this year, by budgeting all but two special revenue funds, and integrating the Brownfield Redevelopment Authority into the general ledger. However, in order to present the County's books in compliance with generally accepted accounting principles (GAAP), we were again required to make a large number of adjustments to cross-walk the County's internal books. This adds both to the duration and complexity of the audit, as well as reducing the accuracy and usefulness of the County's interim financial data. Accordingly, we recommend that management make the necessary changes to ensure proper compliance with GAAP and state regulatory requirements.

Subsidiary Accounting for Taxes and Special Assessments Receivable

In connection with our audit, we analyzed and tested the subsidiary ledgers for delinquent taxes and special assessments receivable. In the case of delinquent taxes, we identified significant variances (ranging from -\$54,715 to +\$112,468, netting to more than \$23,000) between the amounts recorded on the County's general ledger and the subsidiary detail. Management was ultimately unable to reconcile and correct this difference during the course of our audit fieldwork. Since the amounts reported in the County's financial statements were actually less than the subsidiary records, we determined that this did not constitute a material audit exception in the current year, under the theory that a more conservative presentation is appropriate when a discrepancy exists. However, we strongly encourage the County to identify and correct this variance in 2006 – especially in light of the fact that this is the second consecutive year that we are making this recommendation.

Furthermore, as identified in the 2003 and 2004 management letters, the County's system for tracking outstanding special assessments for the Drain Commission is not properly designed to identify and track the full payout balance of individual assessments, relying instead on a series of manual spreadsheets. Not only is this inefficient, but it significantly increases the potential for error in calculating ending balances. We again recommend that the County make improving this system a priority in 2006.

County of Berrien, Michigan

Comments and Recommendations

For the Year Ended December 31, 2005

Grant Administration and Single Audit Preparation

As is the case with many County governments, Berrien County administers a vast array of federal and state grants throughout its many departments. The function of grant administration, then, is very decentralized. In connection with the annual single audit of federal programs, the County is required to provide the auditors with a schedule of expenditures of federal awards, and to aggregate and reconcile supporting documentation for all of its federal grants. This can be a very time consuming and difficult process, especially if the required records are not collected throughout the year.

For the 2005 single audit, management was able to provide us with a reasonably complete schedule of expenditures of federal awards at or near the start of our audit fieldwork. However, several significant adjustments to this schedule were required, resulting in a change in total federal awards expended of approximately \$1.9 million. We recommend that the County give consideration to the creation of a centralized grants administration function to streamline this process and better oversee compliance for the County's many federal and state grant programs

Capital Asset Inventory

During our testing of capital assets, we encountered many difficulties with the report produced by American Appraisal Associates. We noted (1) numerous assets that were under the County's capitalization threshold, (2) assets valued at amounts much higher than the County's actual cost, (3) leased assets that are not the property of the County included as additions, (4) multiple assets added to the asset listing this year that were obtained by the County in prior years, and (5) assets purchased in the current year that were not properly included as additions. While the report was prepared by American Appraisal Associates and not the County, it is the County's responsibility to ensure that the information included in the report is accurate. The number and dollar amounts of the adjustments needed to tie out capital assets were both significant and time consuming. We recommend that the County investigate other options for maintaining its inventory of physical assets in future years.

Cash and Investments

As a part of our audit, we examined bank statements and reconciliations for all of the County's cash accounts. During this process, we noticed that several of the "off-books" bank accounts and the escheats accounts were not properly reconciled at December 31. We noted instances in which the reconciliation had not been prepared using the most recent bank statement, or was reconciled to an improper date.

There were several investment accounts that the County did not have recorded on its books and of which management was unaware. While these amounts were not significant, management has an obligation to be aware of and maintain records for all accounts held in the County's name. We recommend that the Treasurer's office carefully review all of the statements it receives each month, investigate any differences noted, and close any accounts that are no longer active.

County of Berrien, Michigan

Comments and Recommendations

For the Year Ended December 31, 2005

In connection with our testing of investments, we asked the Treasurer's office to prepare confirmations to send to the various financial institutions with which the County does business. However, several of the confirmations for certificates of deposit contained incorrect account information. As a result, the financial institutions in question then indicated that they did not have any record of the County's investments. While we were eventually able to follow up with representatives from each financial institution and confirm the amounts and account numbers of the certificates, it significantly added to the time required to complete the audit. We recommend that the County more carefully maintain its investment records to ensure that it is able to accurately account for these balances.

Finally, we identified a \$75,000 certificate of deposit that the County had recorded on its books that was held jointly with a bail bondsman. During our testing, we discovered that the bail bondsman had inappropriately redeemed this certificate without the County's knowledge or consent early in the fiscal year. We recommend that the County institute a system to track the scheduled maturities of its certificates of deposits so that redemption and renewal records are maintained accurately.

* * * * *