

County of
Kalamazoo,
Michigan



Year Ended
December 31,
2016

Comprehensive
Annual Financial
Report and Single
Audit Act
Compliance

Prepared by:

County Administrator/Controller
Tracie L. Moored

Interim Director of Finance and Internal Services
Lisa Robert

COUNTY OF KALAMAZOO, MICHIGAN

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INTRODUCTORY SECTION

COUNTY OF KALAMAZOO, MICHIGAN

LIST OF OFFICIALS

For the Year Ended December 31, 2016

COUNTY BOARD OF COMMISSIONERS

John Taylor - Chairperson
Jeff Heppler - Vice Chairperson
John Gisler
Scott McGraw
Stephanie Moore
Larry Provancher
Julie Rogers
Michael Seals
Dale Shugars
Roger Tuinier
Kevin Wordelman

CIRCUIT COURT JUDGES

Alexander C. Lipsey - Chief Judge Pro Tempore
Paul J. Bridenstine
Gary C. Giguere, Jr.
Stephen D. Gorsalitz
Pamela L. Lightvoet

DISTRICT COURT JUDGES

Richard A. Santoni - Chief Judge

Anne E. Blatchford - Chief Judge Pro Tempore
Christopher T. Haenicke
Robert C. Kropf
Julie K. Phillips
Vincent C. Westra

PROBATE JUDGES

Curtis J. Bell - Chief Judge

Tiffany A. Ankley
G. Scott Pierangeli

OTHERS

Prosecutor - Jeffrey Getting
Sheriff - Richard Fuller
County Clerk/Register of Deeds - Timothy Snow
Treasurer - Mary Balkema
Drain Commissioner - Patricia Crowley
Surveyor - Gary Hahn



KALAMAZOO COUNTY GOVERNMENT

In the Pursuit of Extraordinary Governance...

June 28, 2017

Kalamazoo County Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan 49007

Members of the Board:

We are pleased to submit the Comprehensive Annual Financial Report of the County of Kalamazoo, Michigan (the County), for the year ended December 31, 2016. The basic financial statements included in this report have been audited by Rehmann Robson, an independent firm of licensed certified public accountants. This report is prepared for the purpose of disclosing the County's financial condition to its electorate, elected officials, and other interested parties.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making those representations, management of the County has established a comprehensive internal control framework designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

One of the goals of the County's audited financial statements is to provide reasonable assurance that the financial statements for the year ended December 31, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures reported in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the County's financial statements for the year ended December 31, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

OFFICE OF ADMINISTRATION

201 West Kalamazoo Avenue | Kalamazoo, MI 49007

Phone: 269.384.8111 | www.kalcounty.com

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are found starting on page 199.

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

Profile of the Government

The County of Kalamazoo, Michigan, the ninth most populous county in the state of Michigan, encompasses an area of approximately 576 square miles with the 2016 estimated census population of 261,654, and is located in the southwest portion of Michigan's Lower Peninsula. It is approximately 75 miles southwest of Lansing, the state capital. The County is empowered by the state to levy a property tax on real and personal properties located within the County.

The County is composed of 15 townships, five villages, and four cities. The year 2010 population of the County resides as follows: townships (119,130), cities (124,367), and villages (6,834). The County seat is located in the City of Kalamazoo, which is the largest municipality in the County. The County was organized as a county by the territorial legislature on July 30, 1830.

The County is governed by the County Board of Commissioners (the County Board), which in 2016, consists of 11 members. The County Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator and Corporation Counsel. The Administrator/Controller is responsible for carrying out the policies set forth by the County Board and overseeing the day-to-day operations of the County. The County Board is elected on a partisan basis every two years from districts of approximately the same size. The other five elected officers of the County are elected on a partisan basis serving four-year terms.

The County provides a full range of municipal services. These services are either mandated by the state statute or authorized by the County Board. These include legislative, judicial, public works, public safety, health, welfare, cultural, recreation, transportation, public improvements, and general administrative services.

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit requests for appropriations to the Administrator/Controller. These requests form the basis for the development of a proposed budget. The Administrator/Controller will present to the County Board a recommended budget for consideration and deliberation. After the review is completed, a public hearing will be held at an annual meeting and the budget will be adopted. The budget is appropriated at the departmental level. The budget is prepared at the fund, department, and account level. Department directors may request transfers within fund appropriations under their administrative control. Transfers of appropriations between departments or funds require approval of the board. Appropriation increases also require approval by the County Board. Budget-to-actual comparisons are provided in this report for each individual special revenue fund for which an appropriated annual budget has been adopted. The General Fund and Law Enforcement Fund are found on Pages 41-42 as part of the basic financial statements for the governmental funds. For special revenue funds, other than the General Fund and Law Enforcement Fund, this comparison is found starting on Page 132.

Financial Condition Factors

Local Economy. As the entire state experienced declining shifts in the economy, the County managed to collectively remain sustainable. The area has a diversified employment base adding to the strength of the local economy. In the last several years, the unemployment rate has reported more favorable results than the state or national rates. Major employers in the area are found in the pharmaceutical, banking, health, and education sectors. As economic indicators change, the County will continue to monitor budgetary impacts.

Forecasting and budgetary stewardship have allowed the County to proactively make budgetary decisions to minimize reactionary impacts to core services. A large percentage of County revenue comes from the state and local property taxes. With these realities in mind, budget recommendations focus on continuing the prudent, long-term fiscal policies of the Board of Commissioners, supporting mandated and essential services, and protecting the public safety and welfare.

Long Term Financial Planning. The County completes a ten-year analysis during each budget cycle and updates them frequently to ensure that budgetary impacts are considered. Based on these projections and economic indicators, budget policies have been adopted to implement a base line spending reduction. The Board of Commissioners are committed to ensure long-term fiscal stability of the County. The County has operated cautiously making sound financial decisions.

The County monitors budgetary spending throughout the year. Quarterly projections are prepared and spending goals are reviewed based on analysis. Future forecasting projects revenues to remain stable. The County will continue to align expenditures to these indicators.

Capital Improvement. In 2016, the County designated 7.70% of general operating to capital improvement initiatives. A Capital Improvement Committee has been designated to review annual funding requests. The committee ensures standard criteria are met before projects are considered. An analysis is completed on each qualifying item. Authorizations are granted based on committee recommendations.

For major capital items, a Facilities Master plan has been established. The primary mission of this plan is to account for and develop a countywide strategy for facilities. This completed project included a property manual update with physical descriptions of all buildings, a facilities audit with planned maintenance, and projected long-term capital improvement requirements. The plan is a working document that guides long-term asset construction and renovation projects.

Relevant Financial Policies. The Budget Stabilization Policy was adopted in 1980. Currently, this fund retains \$2.5 million. This reserve was established to ensure an amount was encumbered for an unforeseen situation, which could create an inability to balance revenues and expenditures in future budget adoptions. It is the intent of the policy that any amount utilized for these situations requires a plan of action for reimbursement to the fund.

To solidify the County Board commitment to financial responsibility, a Fund Balance Policy was adopted. Recognizing Governmental Accounting Standards Board Statement No. 54, the target of unassigned General Fund balance to General Operating Revenues will be 20%. It is the intent that should the General Fund Balance fluctuate above or below this target by 5% or more, Administration will make recommendations to the County Board to adhere to the policy objective. The 2016 unrestricted, uncommitted and unassigned fund balance in comparison to revenues for the County's operating funds (General Fund, Law Enforcement Fund, and certain

special revenue funds that receive significant appropriation from the General Fund or have expenditures that are paid through the General Fund) was 32.72%.

Major Initiatives. Budgetary pressures have continued to be placed on the County. Long-term pressures resulted from diminished revenue streams and long-term facility needs. In an effort to remain committed to providing essential services, a strategic initiative has been outlined and utilized. The County has created a strategic plan that is reviewed monthly to emphasize framework in the following areas: Human Services, Economic and Regional Development, Customer Service and Accountability, and Community Safety and Justice. In 2016, the following strategic initiatives were enhanced or completed.

- ***Courthouse Improvement Funding***

In 2012, the need to construct consolidated court space was apparent. This year the final phase of this project was completed.

- ***Facilities Assessment and Master Plan***

A formal Master plan has been submitted and adopted by the Board to achieve \$100 million of construction and maintenance over the next five years. The funding of these projects is facilitated through contributions to the General County Public Improvement fund and other sources.

- ***Governmental Collaboration***

Recognizing the benefits of collaborative efficiencies, the County, with other local municipalities, has begun reviewing processes that could be combined with other governmental agencies to create efficiencies. In 2015, partnering municipalities authorized the creation of the 911 Consolidated Dispatch Authorities. This collaboration signifies the acknowledgement and benefits of partnering to bring the most efficient and cost effective services to the taxpayers. This establishment came from several years of dedication to a goal identified. The Authority continues to be diligent in the mission of creating a consolidated authority.

- ***Facilities Standards***

In 2016 a budget policy was added to create a Facilities Standards Committee in order to outline sustainable facilities policies. This Committee designated standards and guidelines for responsible construction and maintenance processes.

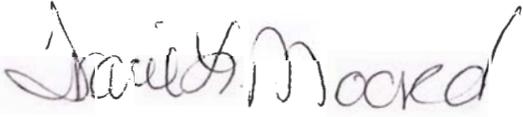
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kalamazoo, Michigan, for its comprehensive annual financial report for the fiscal year ended 2015. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report on a timely basis would not have been accomplished without the cooperation of all involved in the financial accounting process. We want to thank members of the Kalamazoo County Board of Commissioners for your interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

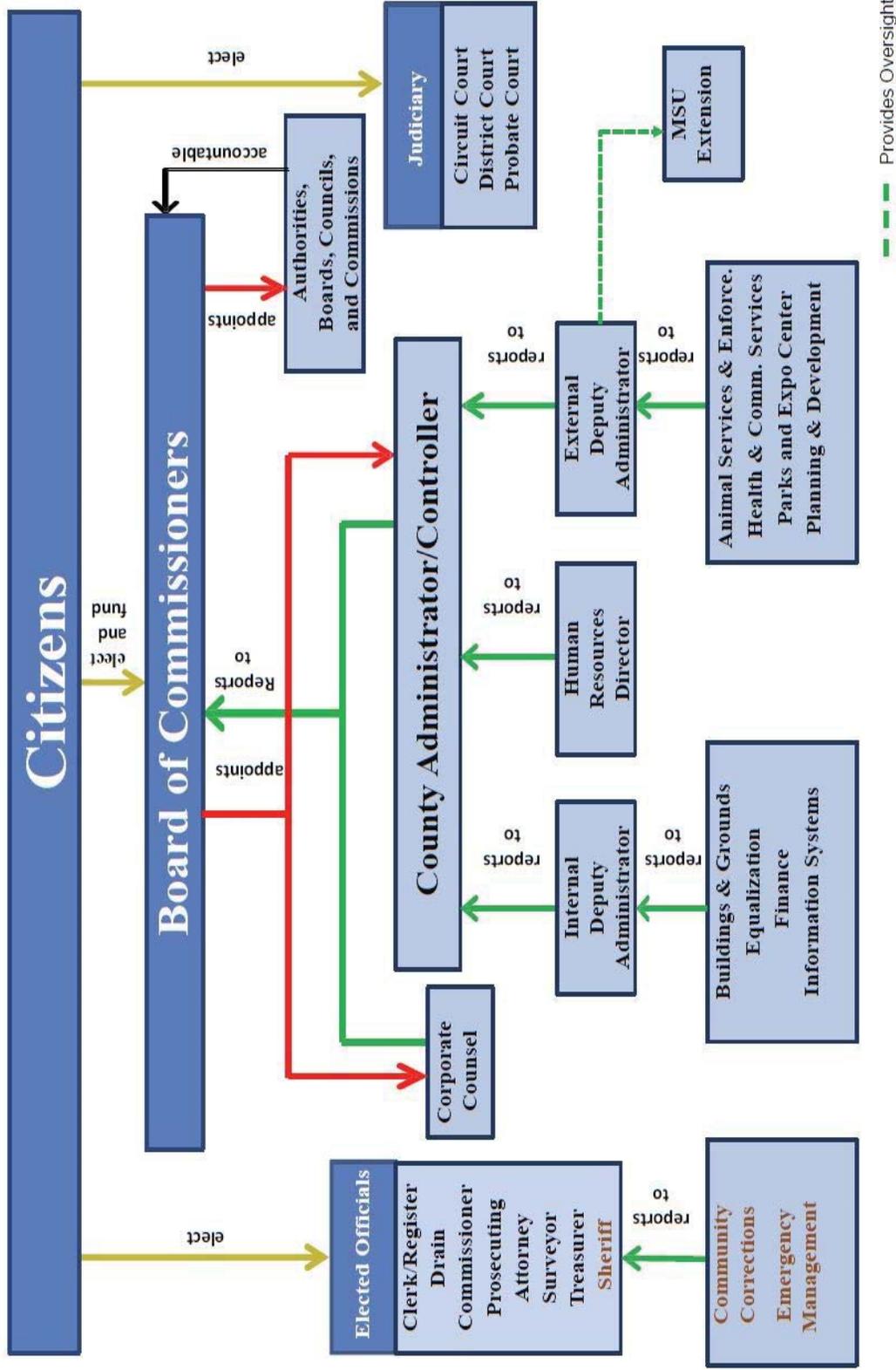
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tracie L. Moored", is written over a light gray rectangular background.

Tracie L. Moored
Administrator/Controller

COUNTY OF KALAMAZOO, MICHIGAN

Table of Organization





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Kalamazoo
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

June 28, 2017

Honorable Members of the
 Board of Commissioners
 of the County of Kalamazoo, Michigan
 Kalamazoo, Michigan

Report on the Financial Statements

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 Kalamazoo, Michigan* (the "County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following entities, which represents the indicated percentages of total aggregate discretely presented component unit assets and deferred outflows of resources, net position, and revenues:

	Percent of Total Assets and Deferred Outflows of Resources	Percent of Total Net Position	Percent of Total Revenues
Kalamazoo County Transportation Authority	0.7%	0.8%	3.2%
Central County Transportation Authority	1.3%	0.8%	2.3%
Kalamazoo County Road Commission	70.1%	77.9%	21.6%
Kalamazoo County Public Housing Commission	0.3%	0.4%	0.7%
Kalamazoo County Consolidated Dispatch Authority	0.6%	0.7%	1.2%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Kalamazoo County Road Commission were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports 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 Kalamazoo, Michigan, as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatements

As discussed in Note 17 to the financial statements, the beginning net position/fund balance of multiple opinion units was restated to correct a variety of errors reported in the prior year and to appropriately present certain component units (with respect to blended versus discrete presentation). Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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, introductory section, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of the County of Kalamazoo, 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* in considering the County's internal control over financial reporting and compliance.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

As management of the County of Kalamazoo, Michigan (the "County" or the "government"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$210,090,319 (net position). Of this amount, \$62,062,007 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and future creditors.
- The government's total net position increased by \$2,644,689.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$49,974,818, an increase of \$5,266,882 in comparison with the prior year. Approximately 56% of this total amount, \$27,816,125 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$27,816,125, totaling approximately 56% of the total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public works, health and welfare, cultural and recreation, legislative, judicial and community and economic development. The business-type activities of the County include the Kalamazoo/Battle Creek International Airport, Delinquent Tax Revolving Funds, the Local Government Public Works Financing Fund and the Tax Reversion Fund.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following legally separate entities: Kalamazoo Community Mental Health and Substance Abuse Services, Kalamazoo County Transportation Authority, Central County Transportation Authority, Kalamazoo County Road Commission, Drainage Districts, Land Bank Authority, Department of Human Services, Lake Level Districts, Public Housing Commission, Brownfield Redevelopment Authority, and Consolidated Dispatch Authority. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

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

The County maintains 24 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Law Enforcement Fund, and the General County Public Improvement Fund, all of which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison statements or schedules have been provided for the General and special revenue funds to demonstrate compliance with this budget.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Proprietary Funds. 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 the Airport Fund, the Delinquent Tax Revolving Fund, the Local Government Public Works Financing Fund and the Tax Reversion Fund. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its employee benefits program, technology systems, Nazareth facility lease program, Central Stores activity, personnel pool, local site remediation and insurance. Because these services predominately 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 Airport Fund, the Delinquent Tax Revolving Fund, and the Local Government Public Works Financing Fund, each considered to be a major fund of the County, as well as the Tax Reversion Fund, the only nonmajor enterprise fund. The County's internal service funds are presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Funds column. Also, individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

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 information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$210,090,319 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 108,668,953	\$ 103,129,595	\$ 35,346,207	\$ 35,622,626	\$ 144,015,160	\$ 138,752,221
Capital assets, net	92,842,686	93,748,781	52,853,619	54,678,519	145,696,305	148,427,300
Total assets	<u>201,511,639</u>	<u>196,878,376</u>	<u>88,199,826</u>	<u>90,301,145</u>	<u>289,711,465</u>	<u>287,179,521</u>
Total deferred outflows of resources	<u>4,011,711</u>	<u>12,663,645</u>	<u>493,862</u>	<u>626,792</u>	<u>4,505,573</u>	<u>13,290,437</u>
Long-term liabilities	28,804,735	29,740,149	12,090,413	13,308,327	40,895,148	43,048,476
Other liabilities	23,903,093	30,742,122	855,711	415,716	24,758,804	31,157,838
Total liabilities	<u>52,707,828</u>	<u>60,482,271</u>	<u>12,946,124</u>	<u>13,724,043</u>	<u>65,653,952</u>	<u>74,206,314</u>
Total deferred inflows of resources	<u>18,259,562</u>	<u>18,542,857</u>	<u>213,205</u>	<u>275,157</u>	<u>18,472,767</u>	<u>18,818,014</u>
Net position						
Net investment in capital assets	67,512,686	65,396,152	47,755,499	48,993,268	115,268,185	114,389,420
Restricted	32,393,370	22,717,381	366,757	394,318	32,760,127	23,111,699
Unrestricted	34,649,904	42,403,360	27,412,103	27,541,151	62,062,007	69,944,511
Total net position	<u>\$ 134,555,960</u>	<u>\$ 130,516,893</u>	<u>\$ 75,534,359</u>	<u>\$ 76,928,737</u>	<u>\$ 210,090,319</u>	<u>\$ 207,445,630</u>

A substantial portion of the County's net position, \$115,268,185 (54.9%), reflects its investment in capital assets (e.g., land, in progress assets, intangible easements, land improvements, buildings and improvements, furniture, machinery, and equipment, vehicles, and books), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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.

An additional portion of the County's net position of \$32,760,127 (15.6%) represents resources that are subject to external restrictions on how they may be used. The County may use the remaining balance of unrestricted net position of \$62,062,007 (29.5%) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

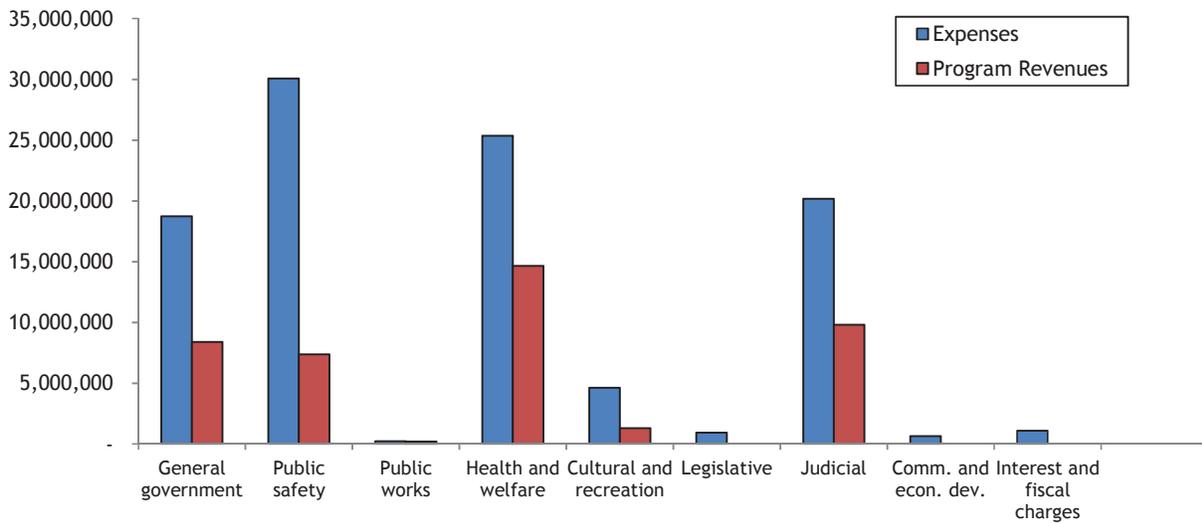
	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 14,281,599	\$ 12,886,594	\$ 7,144,912	\$ 7,048,116	\$ 21,426,511	\$ 19,934,710
Operating grants and contributions	26,771,584	26,092,582	21,514	249,649	26,793,098	26,342,231
Capital grants and contributions	689,000	-	1,881,974	1,440,882	2,570,974	1,440,882
General revenues:						
Property taxes	51,866,549	50,594,081	-	-	51,866,549	50,594,081
Other taxes	2,920,184	2,574,207	-	37,500	2,920,184	2,611,707
State revenue sharing	5,204,061	5,179,740	-	-	5,204,061	5,179,740
Other	2,260,235	2,070,336	-	41,636	2,260,235	2,111,972
Total revenues	103,993,212	99,397,540	9,048,400	8,817,783	113,041,612	108,215,323
Expenses:						
General						
government	18,745,016	21,807,060	-	-	18,745,016	21,807,060
Public safety	30,068,549	26,082,119	-	-	30,068,549	26,082,119
Public works	223,444	493,776	-	-	223,444	493,776
Health and welfare	25,352,602	30,666,561	-	-	25,352,602	30,666,561
Cultural and recreation	4,614,096	5,029,523	-	-	4,614,096	5,029,523
Legislative	932,316	789,219	-	-	932,316	789,219
Judicial	20,181,383	19,884,101	-	-	20,181,383	19,884,101
Community and economic development	637,206	139,042	-	-	637,206	139,042
Interest and fiscal charges	1,082,933	1,184,686	-	-	1,082,933	1,184,686
Airport operations	-	-	6,811,127	8,119,278	6,811,127	8,119,278
Local government public works financing	-	-	201,631	91,519	201,631	91,519
Other enterprise	-	-	1,546,620	573,542	1,546,620	573,542
Total expenses	101,837,545	106,076,087	8,559,378	8,784,339	110,396,923	114,860,426
Change in net position,						
before transfers	2,155,667	(6,678,547)	489,022	33,444	2,644,689	(6,645,103)
Transfers	1,883,400	1,724,443	(1,883,400)	(1,724,443)	-	-
Change in net position	4,039,067	(4,954,104)	(1,394,378)	(1,690,999)	2,644,689	(6,645,103)
Net position:						
Beginning of year, as restated	130,516,893	135,470,997	76,928,737	78,619,736	207,445,630	214,090,733
End of year	\$134,555,960	\$130,516,893	\$ 75,534,359	\$ 76,928,737	\$210,090,319	\$207,445,630

COUNTY OF KALAMAZOO, MICHIGAN

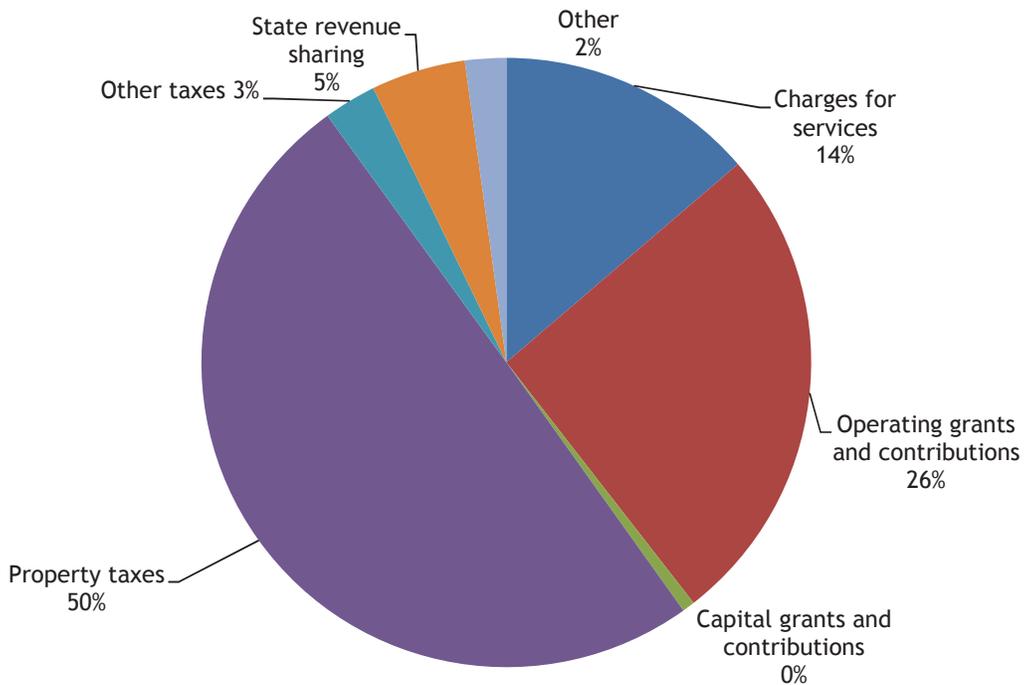
Management's Discussion and Analysis

Governmental Activities. Governmental activities increased the County's net position by \$4,039,067. This increase is the result of overall revenues exceeding expenses and transfers and the key element is the plan for increasing the General County Capital Improvement fund for future facility improvements.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



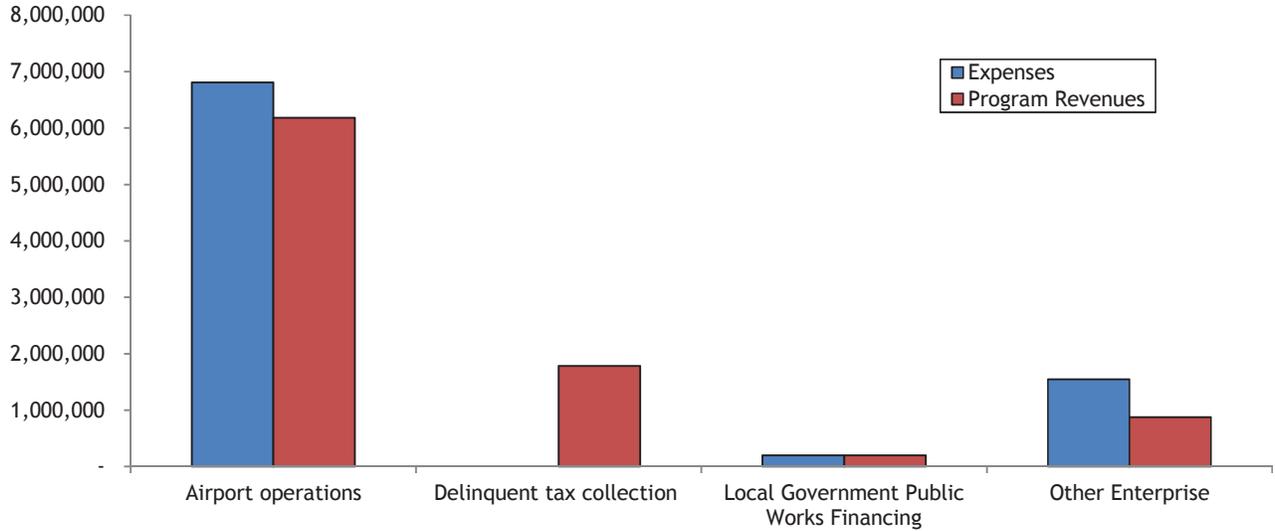
COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

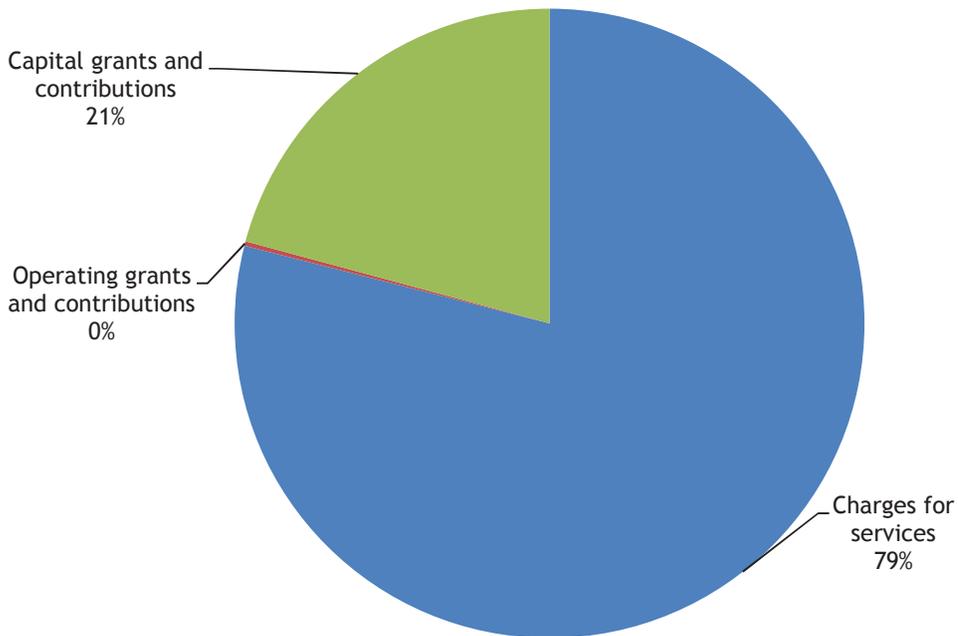
Business-type Activities. Business-type activities decreased the County's net position by \$1,394,378. Key elements of this decrease consisted of the following:

- Airport operations decrease in net position of approximately \$639,000 is a result of planned operating expenses exceeding revenues.
- Tax Reversion operations decrease in net position of approximately \$1.1 million is a result of planned capital expenditures for demolition of blighted properties in the county that exceeded revenues.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

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

Fund balance components have been classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources of the fund.

Nonspendable fund balances make up \$621,846 (1%) of the fund balance. Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The County's inventories, prepaids and advances to component units are nonspendable.

Restricted fund balances make up \$6,385,784 (13%) of the fund balance. Spending of these resources is constrained by externally imposed (statutory, bond covenant, contracts, or grantors) limitations on their use. The amounts are for budget stabilization, debt service, capital, and special revenue funds.

Committed fund balances make up \$2,715,700 (5%) of the fund balance. Spending of these resources is for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment.

Assigned fund balance, one of the largest components of fund balance at 25% of total, totals \$12,435,363. These funds are primarily assigned for General County Public Improvement fund capital expenditures. Additionally, \$1,098,667 is assigned within nonmajor governmental funds.

Unassigned fund balance represents the General Fund remaining fund balance. The General Fund unassigned fund balance is available to support general operations of the fund. The unassigned amount represents 56% of the total governmental fund balances.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$27,816,125, while total fund balance amounted to \$33,520,303. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43% of total General Fund expenditures and transfers out, while total fund balance represents 52% of that same amount.

The fund balance of the County's General Fund decreased by \$1,101,761 during the current fiscal year. The key factor in this change is the planned fund balance transfer in the amount of \$3.5 million over prior year to the County's General County Public Improvement fund to pay for future facility improvements outlined in our facilities master plan. This amount is offset by the underutilization of appropriations for ongoing operating expenditures.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

The Law Enforcement Fund accounts for specific revenue derived from a special voter approved millage, state and federal grants, charges for services, and are to be expended as dictated by legal, regulatory, or administrative requirements. At the end of the current fiscal year, total fund balance of the Law Enforcement Fund was \$646,528. The fund balance of the County's Law Enforcement Fund decreased by \$43,408 during the current fiscal year. The key factor for change was the planned use of fund balance to cover operating expenditures.

The General County Public Improvement Fund was established to account for renovation/construction projects performed on the County facilities. These projects are funded primarily by the General Fund. The County continues to transfer a portion of the State Shared Revenue payments into the General County Public Improvement Fund to pay for capital facility needs. The fund balance increased in the amount of \$6,115,253, due to the difference between the \$7.3 million transfer in and the use of the funds to complete the new Gull Road Justice Complex placed into service in March 2016, bringing the total fund balance to \$11,336,696.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Airport Fund at the end of the year amounted to \$5,347,521. The net position for the Delinquent Tax Revolving Fund amounted to \$20,338,166 and the net position for the Local Government Public Works Financing Fund totaled \$64,642. The Airport Fund had a total decrease in net position of \$638,738, the Delinquent Tax Revolving Fund experienced an increase in net position of \$287,238 and the Local Government Public Works Financing Fund saw an increase in net position in the amount of \$35. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The original General Fund budgeted for a \$290,500 decrease in fund balance. The final amended budget planned to use of \$3,409,800 fund balance for one-time expenditures and capital projects. The actual decrease in fund balance was \$1,101,761. Significant budgetary variances are as follows:

Revenues

Taxes - \$573,851. This revenue increase is primarily the result of higher than expected distribution from the Local Community Stabilization Authority related to changes in the State of Michigan personal property tax laws and distribution methods.

Fines and forfeitures - \$683,848. This revenue shortfall is primarily the result of a decrease in collections of ordinances fines and costs in the District Court.

Investment earnings - \$834,742. This revenue shortfall is primarily the result of a loss on investments held by the County.

Expenditures

General Government - \$852,640. This activity was under budget due to lower than anticipated costs for utilities, lower than projected costs in the buildings and grounds area for facility maintenance and upkeep, and overall conservative spending by departments.

Judicial - \$326,265. This activity was under budget primarily due to overall conservative spending by the Circuit Court and the District Court.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Capital Outlay - \$661,277. This favorable budget variance was primarily due to the timing in the completion of the capital projects.

Transfers Out - \$661,811. This is primarily related to the Health Fund and the Child Care Fund and is due to a combination of underutilization of operating budgets, and increases in federal and state grants.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$145,696,305 (net of accumulated depreciation). This investment in capital assets includes land, in process assets, intangible easements, land improvements, building and improvements, furniture, machinery and equipment, vehicles and books. The total decrease in the County's investment in capital assets for the current fiscal year was \$2,730,995 (a decrease of 1.0% for governmental activities and a decrease of 3.3% for business-type activities).

The major capital asset event during the current fiscal year was the completion of the construction on a new court facility for a total cost of approximately \$21.5 million.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 4,184,316	\$ 3,816,322	\$ 5,182,935	\$ 5,182,935	\$ 9,367,251	\$ 8,999,257
Construction in progress	180,925	22,177,356	185,313	2,692,878	366,238	24,870,234
Intangible easements	146,734	146,734	-	-	146,734	146,734
Land improvements	8,358,962	8,903,754	16,684,634	14,661,845	25,043,596	23,565,599
Buildings and improvements	74,196,558	54,949,031	28,042,991	28,852,166	102,239,549	83,801,197
Furniture, machinery and equipment	4,048,161	2,642,952	2,352,102	2,852,663	6,400,263	5,495,615
Vehicles	1,727,030	1,112,632	405,644	436,032	2,132,674	1,548,664
Total	\$ 92,842,686	\$ 93,748,781	\$ 52,853,619	\$ 54,678,519	\$ 145,696,305	\$ 148,427,300

Additional information on the County's capital assets can be found in Note 7 of this report.

COUNTY OF KALAMAZOO, MICHIGAN

Management's Discussion and Analysis

Long-Term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$40,895,148, a decrease of \$2,153,328 from the prior year, mainly due to installment payments made during the year.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 25,330,000	\$ 26,410,000	\$ 11,510,000	\$ 12,725,000	\$ 36,840,000	\$ 39,135,000
Bond premium/discount	-	-	492,011	507,151	492,011	507,151
Compensated absences	3,474,735	3,330,149	88,402	76,176	3,563,137	3,406,325
Total	\$ 28,804,735	\$ 29,740,149	\$ 12,090,413	\$ 13,308,327	\$ 40,895,148	\$ 43,048,476

The County maintains an "AA+" rating from Standard & Poor's and "Aa3" rating from Moody's for its general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total state equalized valuation.

The current debt limitation for the County is \$913,333,127, which is significantly higher than the County's outstanding general obligation debt. Additional information on the County's long-term obligations is found in Note 8.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County as of April 2017, is 5.3% which is a slight increase from the rate a year ago. This is slightly higher than the State average of 4.7%.
- Property values increased by 2.7% in 2017.
- Inflationary trends in the region compare favorable to national indices.

These factors were considered in preparing and monitoring the County's budget for the 2017 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund is \$27,816,125. This has allowed the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2017 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to Finance Director, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan 49007.

BASIC FINANCIAL STATEMENTS

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Net Position
December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 9,948,484	\$ 8,298,538	\$ 18,247,022	\$ 13,089,297
Restricted cash	2,070	351	2,421	913,934
Investments	51,673,112	10,919,277	62,592,389	1,195,080
Receivables, net	19,152,559	15,332,947	34,485,506	17,649,666
Restricted receivables	-	74,868	74,868	-
Internal balances	(167,869)	167,869	-	-
Advances to component unit	115,998	-	115,998	-
Other assets	1,468,552	164,230	1,632,782	3,451,284
Capital assets not being depreciated	4,511,975	5,368,248	9,880,223	24,437,623
Capital assets being depreciated, net	88,330,711	47,485,371	135,816,082	124,511,198
Net other postemployment benefit asset	-	-	-	285,967
Net pension asset	26,476,047	388,127	26,864,174	7,176,879
Total assets	201,511,639	88,199,826	289,711,465	192,710,928
Deferred outflows of resources				
Deferred charge on refunding, net	-	377,246	377,246	-
Deferred pension amounts	4,011,711	116,616	4,128,327	9,843,141
Total deferred outflows of resources	4,011,711	493,862	4,505,573	9,843,141
Liabilities				
Accounts payable and accrued liabilities	7,155,237	824,485	7,979,722	12,546,123
Advances from primary government	-	-	-	115,998
Unearned revenue	328,580	31,226	359,806	258,938
Long-term liabilities:				
Due within one year	4,169,769	1,282,426	5,452,195	1,519,759
Due in more than one year	24,634,966	10,807,987	35,442,953	6,882,622
Net other postemployment benefit obligation	16,419,276	-	16,419,276	-
Total liabilities	52,707,828	12,946,124	65,653,952	21,323,440
Deferred inflows of resources				
Property taxes levied for subsequent period	13,990,955	-	13,990,955	249,009
Deferred pension amounts	4,268,607	213,205	4,481,812	2,560,731
Total deferred inflows of resources	18,259,562	213,205	18,472,767	2,809,740
Net position				
Net investment in capital assets	67,512,686	47,755,499	115,268,185	141,772,525
Restricted for:				
Public safety	1,944,058	-	1,944,058	-
Health and welfare	19,105	-	19,105	-
Community and economic development	280,317	-	280,317	-
Debt service	-	75,219	75,219	738,957
Capital projects	28,811	-	28,811	-
Pension	26,219,151	291,538	26,510,689	13,646,946
Budget stabilization	2,500,000	-	2,500,000	-
Other state mandated programs	1,401,928	-	1,401,928	-
Donor specified purposes	-	-	-	30,092
Replacement and insurance escrow reserves	-	-	-	139,482
Assets held at Community Foundation	-	-	-	143,008
Millage service agreement	-	-	-	434,030
Unrestricted	34,649,904	27,412,103	62,062,007	21,515,849
Total net position	\$ 134,555,960	\$ 75,534,359	\$ 210,090,319	\$ 178,420,889

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 18,745,016	\$ 3,432,129	\$ 4,966,044	\$ -	\$ (10,346,843)
Public safety	30,068,549	3,597,799	3,085,903	689,000	(22,695,847)
Public works	223,444	-	198,805	-	(24,639)
Health and welfare	25,352,602	2,225,346	12,435,279	-	(10,691,977)
Cultural and recreation	4,614,096	1,199,359	106,217	-	(3,308,520)
Legislative	932,316	-	-	-	(932,316)
Judicial	20,181,383	3,826,966	5,979,336	-	(10,375,081)
Community and economic development	637,206	-	-	-	(637,206)
Interest and fiscal charges	1,082,933	-	-	-	(1,082,933)
Total governmental activities	101,837,545	14,281,599	26,771,584	689,000	(60,095,362)
Business-type activities:					
Airport operations	6,811,127	4,295,639	6,381	1,881,974	(627,133)
Delinquent tax collection and administration	-	1,772,140	15,098	-	1,787,238
Local government public works financing	201,631	201,631	35	-	35
Other enterprise funds	1,546,620	875,502	-	-	(671,118)
Total business-type activities	8,559,378	7,144,912	21,514	1,881,974	489,022
Total primary government	\$ 110,396,923	\$ 21,426,511	\$ 26,793,098	\$ 2,570,974	\$ (59,606,340)
Component units					
CMH & Substance Abuse Services	\$ 77,254,806	\$ 2,088,669	\$ 72,685,434	\$ 256,166	\$ (2,224,537)
Kalamazoo County Transportation Authority	3,623,376	144,200	-	-	(3,479,176)
Central County Transportation Authority	1,158,592	-	-	-	(1,158,592)
Road Commission	18,663,881	449,519	21,432,749	2,153,617	5,372,004
Drainage Districts	244,420	-	-	-	(244,420)
Land Bank Authority	1,432,409	1,159,768	276,412	531,788	535,559
DHS/Child Care Welfare	28	-	-	-	(28)
Lake Level	1,919	-	-	-	(1,919)
Public Housing Commission	315,729	-	731,689	-	415,960
Brownfield Redevelopment Authority	656,102	15,000	12,510	-	(628,592)
Consolidated Dispatch Authority	197,281	1,294,579	-	-	1,097,298
Total component units	\$ 103,548,543	\$ 5,151,735	\$ 95,138,794	\$ 2,941,571	\$ (316,443)

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (60,095,362)	\$ 489,022	\$ (59,606,340)	\$ (316,443)
General revenues:				
Property taxes	51,866,549	-	51,866,549	7,582,418
Lodging excise taxes	2,920,184	-	2,920,184	-
State revenue sharing	5,204,061	-	5,204,061	-
Unrestricted investment earnings	595,652	-	595,652	26,327
Other revenues	1,664,583	-	1,664,583	932,747
Transfers - internal activities	1,883,400	(1,883,400)	-	-
Total general revenues and transfers	64,134,429	(1,883,400)	62,251,029	8,541,492
Change in net position	4,039,067	(1,394,378)	2,644,689	8,225,049
Net position, beginning of year, as restated	130,516,893	76,928,737	207,445,630	170,195,840
Net position, end of year	\$ 134,555,960	\$ 75,534,359	\$ 210,090,319	\$ 178,420,889

concluded

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

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COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet
 Governmental Funds
 December 31, 2016

	General Fund	Law Enforcement	General County Public Improvement
Assets			
Cash and cash equivalents	\$ -	\$ 595,045	\$ 4,029,629
Restricted cash	-	-	2,070
Investments	34,040,464	2,570,073	7,318,236
Receivables, net:			
Accounts	795,321	17,500	-
Taxes	1,435,939	9,292,561	-
Loans	26,786	-	-
Due from other governments	805,676	-	-
Accrued interest	263,648	11,962	31,756
Advances to component units	115,998	-	-
Inventories	18,407	-	-
Prepays	354,073	722	-
Total assets	\$ 37,856,312	\$ 12,487,863	\$ 11,381,691
Liabilities			
Negative equity in pooled cash and cash equivalents	\$ 1,404,830	\$ -	\$ -
Accounts payable	1,102,335	12,773	42,925
Accrued liabilities	856,367	324,692	2,070
Due to other funds	91,940	51,879	-
Due to other governments	-	-	-
Deposits payable	16,226	-	-
Unearned revenue	26,256	-	-
Total liabilities	3,497,954	389,344	44,995
Deferred inflows of resources			
Property taxes levied for subsequent period	-	11,395,174	-
Unavailable revenue - property taxes	838,055	56,817	-
Total deferred inflows of resources	838,055	11,451,991	-
Fund balances			
Nonspendable	488,478	722	-
Restricted	2,500,000	645,806	-
Committed	2,715,700	-	-
Assigned	-	-	11,336,696
Unassigned	27,816,125	-	-
Total fund balances	33,520,303	646,528	11,336,696
Total liabilities, deferred inflows of resources and fund balances	\$ 37,856,312	\$ 12,487,863	\$ 11,381,691

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



Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,954,507	\$ 8,579,181
-	2,070
810,254	44,739,027
960,284	1,773,105
2,109,564	12,838,064
-	26,786
3,170,518	3,976,194
-	307,366
-	115,998
50,159	68,566
82,487	437,282
<u>\$ 11,137,773</u>	<u>\$ 72,863,639</u>
1,788,718	\$ 3,193,548
1,550,467	2,708,500
328,730	1,511,859
-	143,819
88,512	88,512
5,824	22,050
302,324	328,580
<u>4,064,575</u>	<u>7,996,868</u>
2,595,781	13,990,955
6,126	900,998
<u>2,601,907</u>	<u>14,891,953</u>
132,646	621,846
3,239,978	6,385,784
-	2,715,700
1,098,667	12,435,363
-	27,816,125
<u>4,471,291</u>	<u>49,974,818</u>
<u>\$ 11,137,773</u>	<u>\$ 72,863,639</u>

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2016

Fund balances - total governmental funds	\$ 49,974,818
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements.	
Capital assets not being depreciated	4,511,975
Capital assets being depreciated, net	87,607,934
The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Deferred inflows for property taxes receivable	900,998
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.	
Net position of governmental activities accounted for in internal service funds:	
Total internal service fund net position	10,967,431
Internal service fund net position accounted for in business-type activities	(167,869)
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds payable	(25,330,000)
Compensated absences	(3,432,424)
Accrued interest on long-term debt	(276,778)
Certain pension and OPEB-related amounts, such as the net pension asset and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net other postemployment benefit obligation	(16,419,276)
Net pension asset	26,476,047
Deferred outflows related to the net pension asset	4,011,711
Deferred inflows related to the net pension asset	(4,268,607)
Net position of governmental activities	<u>\$ 134,555,960</u>

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

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COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2016

	General Fund	Law Enforcement	General County Public Improvement
Revenues			
Taxes	\$ 37,399,751	\$ 11,686,347	\$ -
Licenses and permits	607,730	-	-
Intergovernmental	13,449,752	-	-
Charges for services	6,648,206	-	-
Fines and forfeitures	1,006,752	70,000	-
Investment earnings	425,258	91,218	73,989
Contributions, grants and reimbursements	23,718	-	-
Other	1,603,094	10	19,998
Total revenues	61,164,261	11,847,575	93,987
Expenditures			
Current:			
General government	12,556,060	1,821,685	-
Public safety	17,161,987	7,902,675	-
Public works	-	-	-
Health and welfare	4,172,693	-	-
Cultural and recreation	289,436	-	-
Legislative	935,399	-	-
Judicial	11,914,035	1,937,374	-
Community and economic development	125,000	-	-
Other	945,646	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	1,570,823	-	1,376,404
Total expenditures	49,671,079	11,661,734	1,376,404
Revenues over (under) expenditures	11,493,182	185,841	(1,282,417)
Other financing sources (uses)			
Transfers in	2,110,558	-	7,397,670
Transfers out	(14,723,189)	(229,249)	-
Proceeds from sale of capital assets	17,688	-	-
Total other financing sources (uses)	(12,594,943)	(229,249)	7,397,670
Net change in fund balances	(1,101,761)	(43,408)	6,115,253
Fund balances, beginning of year, as restated	34,622,064	689,936	5,221,443
Fund balances, end of year	\$ 33,520,303	\$ 646,528	\$ 11,336,696

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,805,364	\$ 54,891,462
650,826	1,258,556
17,708,607	31,158,359
5,194,814	11,843,020
-	1,076,752
5,187	595,652
793,568	817,286
144,752	1,767,854
<u>30,303,118</u>	<u>103,408,941</u>
389,914	14,767,659
3,210,053	28,274,715
211,382	211,382
21,018,643	25,191,336
3,669,572	3,959,008
-	935,399
5,696,882	19,548,291
525,000	650,000
-	945,646
1,080,000	1,080,000
1,130,518	1,130,518
353,252	3,300,479
<u>37,285,216</u>	<u>99,994,433</u>
<u>(6,982,098)</u>	<u>3,414,508</u>
8,002,825	17,511,053
(723,929)	(15,676,367)
-	17,688
<u>7,278,896</u>	<u>1,852,374</u>
296,798	5,266,882
<u>4,174,493</u>	<u>44,707,936</u>
<u>\$ 4,471,291</u>	<u>\$ 49,974,818</u>

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds \$ 5,266,882

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.

Capital assets purchased/constructed	2,908,248
Donated capital assets	689,000
Depreciation expense	(4,298,908)
Proceeds from sale of capital assets	(17,688)
Loss on sale of capital assets	(23,546)

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.

Change in deferred property taxes receivable	(104,729)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term debt	1,080,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term debt	47,585
Change in the accrual for compensated absences	(143,575)
Change in the net other postemployment benefit obligation	(1,023,501)
Change in the net pension asset and related deferred amounts	(833,546)

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Net operating income of the internal service funds	455,736
Operating income of the internal service funds allocated to business-type activities	(11,605)
Operating transfers in accounted for in the internal service funds	48,714

Change in net position of governmental activities \$ 4,039,067

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 39,060,000	\$ 36,825,900	\$ 37,399,751	\$ 573,851
Licenses and permits	568,500	568,800	607,730	38,930
Intergovernmental	10,824,200	13,168,200	13,449,752	281,552
Charges for services	6,389,100	6,467,900	6,648,206	180,306
Fines and forfeitures	1,690,600	1,690,600	1,006,752	(683,848)
Investment earnings	1,260,000	1,260,000	425,258	(834,742)
Contributions, grants, and reimbursements	7,000	23,000	23,718	718
Other	1,138,600	1,394,400	1,603,094	208,694
Total revenues	60,938,000	61,398,800	61,164,261	(234,539)
Expenditures				
Current:				
General government	13,239,400	13,408,700	12,556,060	(852,640)
Public safety	17,606,800	17,317,500	17,161,987	(155,513)
Health and welfare	4,180,100	4,194,500	4,172,693	(21,807)
Cultural and recreation	293,300	289,600	289,436	(164)
Legislative	1,002,200	961,700	935,399	(26,301)
Judicial	12,125,300	12,240,300	11,914,035	(326,265)
Community and economic development	125,000	125,000	125,000	-
Other	1,765,100	717,600	945,646	228,046
Capital outlay	926,000	2,232,100	1,570,823	(661,277)
Total expenditures	51,263,200	51,487,000	49,671,079	(1,815,921)
Revenues over expenditures	9,674,800	9,911,800	11,493,182	1,581,382
Other financing sources (uses)				
Transfers in	2,065,200	2,063,400	2,110,558	47,158
Transfers out	(12,030,500)	(15,385,000)	(14,723,189)	661,811
Proceeds from sale of capital assets	-	-	17,688	17,688
Total other financing sources (uses)	(9,965,300)	(13,321,600)	(12,594,943)	726,657
Net change in fund balance	(290,500)	(3,409,800)	(1,101,761)	2,308,039
Fund balance, beginning of year	34,622,064	34,622,064	34,622,064	-
Fund balance, end of year	\$ 34,331,564	31,212,264	\$ 33,520,303	\$ 2,308,039

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Law Enforcement Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 11,809,000	\$ 11,809,000	\$ 11,686,347	\$ (122,653)
Fines and forfeitures	70,000	70,000	70,000	-
Investment earnings	-	-	91,218	91,218
Other	-	-	10	10
Total revenues	11,879,000	11,879,000	11,847,575	(31,425)
Expenditures				
Current:				
General government -				
Prosecuting attorney	1,774,600	1,832,000	1,821,685	(10,315)
Public safety:				
Community corrections	11,000	11,000	11,000	-
Sheriff - admin/support	221,400	370,800	270,265	(100,535)
Sheriff - jail	4,931,100	5,005,500	5,079,974	74,474
Sheriff - field operations	1,940,900	1,951,200	1,897,973	(53,227)
Animal services & enforcement	330,100	329,700	324,784	(4,916)
Capital improvements	273,600	354,600	318,679	(35,921)
Total public safety	7,708,100	8,022,800	7,902,675	(120,125)
Judicial:				
Circuit court family division	501,700	522,900	522,929	29
Circuit court trial division	527,600	519,600	518,760	(840)
District court	865,500	891,700	895,685	3,985
Total judicial	1,894,800	1,934,200	1,937,374	3,174
Other:				
Contingencies	50,000	89,300	-	(89,300)
Restricted reserve	215,700	-	-	-
Total other	265,700	89,300	-	(89,300)
Total expenditures	11,643,200	11,878,300	11,661,734	(216,566)
Revenues over expenditures	235,800	700	185,841	185,141
Other financing uses				
Transfers out	(235,800)	(235,800)	(229,249)	6,551
Net change in fund balance	-	(235,100)	(43,408)	191,692
Fund balance, beginning of year	689,936	689,936	689,936	-
Fund balance, end of year	\$ 689,936	\$ 454,836	\$ 646,528	\$ 191,692

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

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COUNTY OF KALAMAZOO, MICHIGAN

Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities - Enterprise Funds				Governmental	
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,817,036	\$ 3,913,522	\$ 64,642	\$ 1,503,338	\$ 8,298,538	\$ 4,562,851
Investments	2,421,605	8,497,672	-	-	10,919,277	6,934,085
Receivables, net:						
Accounts	439,047	-	-	21,620	460,667	213,719
Taxes	-	7,912,176	-	327,000	8,239,176	-
Due from other governments	54,208	-	-	-	54,208	-
Leases, current portion	-	-	605,526	-	605,526	-
Accrued interest	6,838	14,796	-	-	21,634	17,325
Due from other funds	-	-	-	-	-	143,819
Inventories	21,576	-	-	-	21,576	109,520
Prepays	142,654	-	-	-	142,654	853,184
Total current assets	5,902,964	20,338,166	670,168	1,851,958	28,763,256	12,834,503
Noncurrent assets:						
Restricted cash and cash equivalents	351	-	-	-	351	-
Restricted accounts receivable	74,868	-	-	-	74,868	-
Leases receivable, net of current portion	-	-	5,951,736	-	5,951,736	-
Net pension asset	388,127	-	-	-	388,127	-
Capital assets not being depreciated	5,368,248	-	-	-	5,368,248	-
Capital assets being depreciated, net	47,485,371	-	-	-	47,485,371	722,777
Total noncurrent assets	53,316,965	-	5,951,736	-	59,268,701	722,777
Total assets	59,219,929	20,338,166	6,621,904	1,851,958	88,031,957	13,557,280
Deferred outflows of resources						
Deferred charge on refunding, net	377,246	-	-	-	377,246	-
Deferred pension amounts	116,616	-	-	-	116,616	-
Total deferred outflows of resources	493,862	-	-	-	493,862	-
Liabilities						
Current liabilities:						
Accounts payable	353,129	-	-	358,053	711,182	181,756
Accrued liabilities	28,515	-	-	-	28,515	188,389
Due to other governments	14,577	-	-	-	14,577	-
Deposits payable	9,723	-	-	-	9,723	91,603
Accrued interest	29,871	-	30,617	-	60,488	-
Unearned revenue	31,226	-	-	-	31,226	-
Current portion of long-term debt	707,518	-	574,908	-	1,282,426	30,576
Total current liabilities	1,174,559	-	605,525	358,053	2,138,137	492,324
Noncurrent liabilities, net of current portion:						
Claims payable	-	-	-	-	-	2,085,790
Long-term debt	4,856,250	-	5,951,737	-	10,807,987	11,735
Total noncurrent liabilities	4,856,250	-	5,951,737	-	10,807,987	2,097,525
Total liabilities	6,030,809	-	6,557,262	358,053	12,946,124	2,589,849
Deferred inflows of resources						
Deferred pension amounts	213,205	-	-	-	213,205	-
Net position						
Net investment in capital assets	47,755,499	-	-	-	47,755,499	722,777
Restricted for debt service	75,219	-	-	-	75,219	-
Restricted for pension	291,538	-	-	-	291,538	-
Unrestricted	5,347,521	20,338,166	64,642	1,493,905	27,244,234	10,244,654
Total net position	\$ 53,469,777	\$ 20,338,166	\$ 64,642	\$ 1,493,905	\$ 75,366,490	\$ 10,967,431

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

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
December 31, 2016

Net position - total enterprise funds \$ 75,366,490

Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the net position of the internal service funds is allocated to the enterprise funds and reported in the statement of net position.

Net position of business-type activities accounted for in governmental-type internal service funds

167,869

Net position of business-type activities

\$ 75,534,359

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				Governmental	
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Operating revenues						
Charges for services	\$ 4,295,639	\$ -	\$ -	\$ -	\$ 4,295,639	\$ 24,444,576
Collection fees	-	448,458	-	713,292	1,161,750	-
Interest and penalties	-	1,323,682	-	162,210	1,485,892	-
Lease interest revenue	-	-	201,631	-	201,631	-
Total operating revenues	4,295,639	1,772,140	201,631	875,502	7,144,912	24,444,576
Operating expenses						
Salaries and fringes	1,379,710	-	-	-	1,379,710	1,517,020
Supplies and other operating expenses	2,033,330	-	-	1,546,620	3,579,950	1,655,640
Depreciation	3,169,539	-	-	-	3,169,539	180,688
Insurance benefits and claims	-	-	-	-	-	20,635,492
Total operating expenses	6,582,579	-	-	1,546,620	8,129,199	23,988,840
Operating income (loss)	(2,286,940)	1,772,140	201,631	(671,118)	(984,287)	455,736
Nonoperating revenues (expenses)						
Investment earnings (loss)	(31,119)	15,098	35	-	(15,986)	-
Other contract revenue	37,500	-	-	-	37,500	-
Interest expense	(226,544)	-	(201,631)	-	(428,175)	-
Loss on sale of capital assets	(13,609)	-	-	-	(13,609)	-
Total nonoperating revenues (expenses)	(233,772)	15,098	(201,596)	-	(420,270)	-
Income (loss) before capital contributions and transfers	(2,520,712)	1,787,238	35	(671,118)	(1,404,557)	455,736
Capital contributions						
Passenger facility charges	608,985	-	-	-	608,985	-
Grants and donations	1,272,989	-	-	-	1,272,989	-
Total capital contributions	1,881,974	-	-	-	1,881,974	-
Income (loss) before transfers	(638,738)	1,787,238	35	(671,118)	477,417	455,736
Transfers in	-	-	-	-	-	48,714
Transfers out	-	(1,500,000)	-	(383,400)	(1,883,400)	-
Changes in net position	(638,738)	287,238	35	(1,054,518)	(1,405,983)	504,450
Net position, beginning of year, as restated	54,108,515	20,050,928	64,607	2,548,423	76,772,473	10,462,981
Net position, end of year	\$ 53,469,777	\$ 20,338,166	\$ 64,642	\$ 1,493,905	\$ 75,366,490	\$ 10,967,431

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

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Changes in Fund Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended December 31, 2016

Change in net position - total enterprise funds \$ (1,405,983)

Amounts reported for *business-type activities* in the statement of activities
are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. A portion of the operating income of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.

Net operating income from business-type activities accounted for in governmental-type
internal service funds

11,605

Change in net position of business-type activities \$ (1,394,378)

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				Governmental	
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Cash flows from operating activities						
Receipts from customers and users	\$ 4,249,182	\$ 14,449,309	\$ 780,737	\$ 888,908	\$ 20,368,136	\$ 25,196,976
Payments to vendors	(1,931,523)	-	-	(1,288,320)	(3,219,843)	(1,935,871)
Payments for personnel services	(1,379,923)	-	-	-	(1,379,923)	(1,622,597)
Benefit payments	-	-	-	-	-	(20,842,661)
Delinquent taxes purchased	-	(11,774,351)	-	-	(11,774,351)	-
Net cash provided by (used in) operating activities	937,736	2,674,958	780,737	(399,412)	3,994,019	795,847
Cash flows from noncapital financing activities						
Transfers to other funds	-	(1,500,000)	-	(383,400)	(1,883,400)	-
Transfers from other funds	-	-	-	-	-	48,714
Net cash provided by (used in) noncapital financing activities	-	(1,500,000)	-	(383,400)	(1,883,400)	48,714
Cash flows from capital and related financing activities						
Passenger facility charges collected	608,985	-	-	-	608,985	-
Other capital contributions received	1,272,989	-	-	-	1,272,989	-
Other contract revenue received	84,214	-	-	-	84,214	-
Proceeds from sale of capital assets	7,916	-	-	-	7,916	-
Purchase of capital assets	(1,366,164)	-	-	-	(1,366,164)	(17,487)
Principal paid on long-term debt	(630,000)	-	(585,000)	-	(1,215,000)	-
Interest paid on long-term debt	(185,775)	-	(195,737)	-	(381,512)	-
Net cash provided by (used in) capital and related financing activities	(207,835)	-	(780,737)	-	(988,572)	(17,487)
Cash flows from investing activities						
Purchase of investments	-	(2,728,838)	-	-	(2,728,838)	(1,558,091)
Sale of investments	577,798	-	-	-	577,798	-
Interest received on investments	-	15,098	35	-	15,133	-
Net cash provided by (used in) investing activities	577,798	(2,713,740)	35	-	(2,135,907)	(1,558,091)
Net increase (decrease) in cash and cash equivalents	1,307,699	(1,538,782)	35	(782,812)	(1,013,860)	(731,017)
Cash and cash equivalents, beginning of year	1,509,688	5,452,304	64,607	2,286,150	9,312,749	5,293,868
Cash and cash equivalents, end of year	\$ 2,817,387	\$ 3,913,522	\$ 64,642	\$ 1,503,338	\$ 8,298,889	\$ 4,562,851
Classification on the statement of net position						
Cash and cash equivalents	\$ 2,817,036	\$ 3,913,522	\$ 64,642	\$ 1,503,338	\$ 8,298,538	\$ 4,562,851
Noncurrent restricted cash and cash equivalents	351	-	-	-	351	-
Cash and cash equivalents, end of year	\$ 2,817,387	\$ 3,913,522	\$ 64,642	\$ 1,503,338	\$ 8,298,889	\$ 4,562,851

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				Governmental	
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (2,286,940)	\$ 1,772,140	\$ 201,631	\$ (671,118)	\$ (984,287)	\$ 455,736
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	3,169,539	-	-	-	3,169,539	180,688
Change in:						
Accounts receivable	31,736	289,736	-	340,406	661,878	383,946
Taxes receivable	-	627,878	-	(327,000)	300,878	-
Leases receivable	-	-	579,106	-	579,106	-
Accrued interest receivable	(6,838)	(14,796)	-	-	(21,634)	7,502
Due from other funds	-	-	-	-	-	(143,819)
Inventories	17,473	-	-	-	17,473	(2,913)
Prepays	(117,337)	-	-	-	(117,337)	(649,173)
Net pension asset and related deferred amounts	(20,724)	-	-	-	(20,724)	-
Accounts payable	204,690	-	-	258,300	462,990	(343,333)
Accrued liabilities	8,285	-	-	-	8,285	37,231
Claims payable	-	-	-	-	-	897,912
Unearned revenue	(71,355)	-	-	-	(71,355)	-
Deposits payable	(3,019)	-	-	-	(3,019)	(28,941)
Compensated absences	12,226	-	-	-	12,226	1,011
Net cash provided by (used in) operating activities	<u>\$ 937,736</u>	<u>\$ 2,674,958</u>	<u>\$ 780,737</u>	<u>\$ (399,412)</u>	<u>\$ 3,994,019</u>	<u>\$ 795,847</u>

concluded

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2016

	Retiree Health Care Trust Fund	Pension Trust Fund	Cemetery Trust Fund	Agency Funds
Assets				
Cash and cash equivalents	\$ 1,566,975	\$ 6,049,513	\$ 2,462	\$ 3,157,234
Investments, at fair value:				
U.S. government securities	1,388,814	24,927,421	-	-
U.S. agency securities	275,486	4,944,620	-	-
Corporate obligations	792,101	14,217,049	-	-
Foreign corporate obligations	165,235	2,965,905	-	-
Mortgage-backed funds	124,349	2,231,905	-	-
Domestic equity mutual funds/ collective trust funds	5,821,250	104,483,967	-	-
International emerging market mutual funds	1,134,240	20,358,157	-	-
International equity mutual funds	1,152,004	20,677,006	-	-
Real estate investment trust	224,708	4,033,202	-	-
Real estate pooled separate account	339,325	6,090,455	-	-
Receivables:				
Sale of investments	29,672	532,567	-	-
Accrued interest	18,644	334,628	-	-
Employer contributions	-	26,779	-	-
Other	46,411	74,231	-	-
Prepaids	158,064	-	-	-
Total assets	13,237,278	211,947,405	2,462	\$ 3,157,234
Liabilities				
Accounts payable	5,008	97,248	-	\$ -
Benefits payable	138,792	809,051	-	-
Purchase of investments	210,790	3,783,411	-	-
Due to other governments	-	-	-	55,414
Undistributed collections	-	-	-	3,101,820
Total liabilities	354,590	4,689,710	-	\$ 3,157,234
Net position				
Restricted for:				
Employees' pension benefits	-	207,257,695	-	-
Other postemployment benefits	12,882,688	-	-	-
Individuals and organizations	-	-	2,462	-
Total net position	\$ 12,882,688	\$ 207,257,695	\$ 2,462	

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2016

	Retiree Health Care Trust Fund	Pension Trust Fund	Cemetery Trust Fund
Additions			
Contributions:			
Employer	\$ 4,092,175	\$ 1,464,540	\$ -
Plan members	689,784	-	-
Total contributions	4,781,959	1,464,540	-
Investment income:			
Net appreciation in fair value of investments	194,093	18,559,697	-
Income on mutual funds	-	4,173,139	-
Interest and dividends	949,496	1,311,100	-
Income on real estate pooled separate account	-	173,014	-
Total investment income	1,143,589	24,216,950	-
Investment expense	(37,051)	(768,331)	-
Net investment income	1,106,538	23,448,619	-
Total additions	5,888,497	24,913,159	-
Deductions			
Benefit payments	3,598,643	10,252,492	-
Stop loss expense	105,449	-	-
Administrative expenses	328,501	303,990	-
Total deductions	4,032,593	10,556,482	-
Change in net position	1,855,904	14,356,677	-
Net position, beginning of year	11,026,784	192,901,018	2,462
Net position, end of year	\$ 12,882,688	\$ 207,257,695	\$ 2,462

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

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Net Position Discretely Presented Component Units

	September 30, 2016		
	CMH & Substance Abuse Services	Kalamazoo County Transportation Authority	Central County Transportation Authority
Assets			
Cash and cash equivalents	\$ 1,593,124	\$ 1,120,355	\$ 2,252,208
Restricted cash	-	-	-
Investments	1,195,080	-	-
Receivables, net	11,367,568	315,099	296,815
Other assets	719,979	-	-
Capital assets not being depreciated	788,967	-	-
Capital assets being depreciated, net	9,775,521	-	-
Net other postemployment benefit asset	-	-	-
Net pension asset	4,634,263	-	-
Total assets	30,074,502	1,435,454	2,549,023
Deferred outflows of resources			
Deferred pension amounts	9,431,097	-	-
Liabilities			
Accounts payable and accrued liabilities	9,614,164	58,788	1,158,340
Advances from primary government	-	-	-
Unearned revenue	248,001	-	-
Long-term liabilities:			
Due within one year	1,212,026	-	-
Due in more than one year	5,362,446	-	-
Total liabilities	16,436,637	58,788	1,158,340
Deferred inflows of resources			
Property taxes levied for subsequent period	-	-	-
Deferred pension amounts	418,414	-	-
Total deferred inflows of resources	418,414	-	-
Net position			
Net investment in capital assets	5,003,931	-	-
Restricted for:			
Pension	13,646,946	-	-
Debt service	-	-	-
Donor specified purposes	-	-	-
Replacement and insurance escrow reserves	-	-	-
Assets held at Community Foundation	-	-	-
Milage service agreement	-	-	-
Unrestricted	3,999,671	1,376,666	1,390,683
Total net position	\$ 22,650,548	\$ 1,376,666	\$ 1,390,683

December 31, 2016

Road Commission	Drainage Districts	Land Bank Authority	DHS/Child Care Welfare	Lake Level	Public Housing Commission
\$ 4,478,682	\$ 569,650	\$ 905,464	\$ -	\$ 36,589	\$ 560,733
-	750,000	163,934	-	-	-
-	-	-	-	-	-
3,768,883	1,371,795	91,368	-	-	3,662
1,193,809	-	1,393,285	-	-	143,008
22,493,375	1,155,281	-	-	-	-
106,885,121	3,320,069	4,530,487	-	-	-
285,967	-	-	-	-	-
2,542,616	-	-	-	-	-
<u>141,648,453</u>	<u>7,166,795</u>	<u>7,084,538</u>	<u>-</u>	<u>36,589</u>	<u>707,403</u>
<u>412,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,008,846	141,132	130,978	-	-	38,278
-	115,998	-	-	-	-
-	-	10,937	-	-	-
-	227,494	80,239	-	-	-
-	1,297,506	72,670	-	-	-
<u>1,008,846</u>	<u>1,782,130</u>	<u>294,824</u>	<u>-</u>	<u>-</u>	<u>38,278</u>
-	-	-	-	-	-
<u>2,142,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,142,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
129,378,496	2,950,350	4,439,748	-	-	-
-	-	-	-	-	-
-	738,957	-	-	-	-
-	-	30,092	-	-	-
-	-	139,482	-	-	-
-	-	-	-	-	143,008
-	-	-	-	-	434,030
<u>9,530,838</u>	<u>1,695,358</u>	<u>2,180,392</u>	<u>-</u>	<u>36,589</u>	<u>92,087</u>
<u>\$ 138,909,334</u>	<u>\$ 5,384,665</u>	<u>\$ 6,789,714</u>	<u>\$ -</u>	<u>\$ 36,589</u>	<u>\$ 669,125</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Net Position
Discretely Presented Component Units

	December 31, 2016		
	Brownfield Redevelopment Authority	Consolidated Dispatch Authority	Total
Assets			
Cash and cash equivalents	\$ 566,461	\$ 1,006,031	\$ 13,089,297
Restricted cash	-	-	913,934
Investments	-	-	1,195,080
Receivables, net	256,777	177,699	17,649,666
Other assets	-	1,203	3,451,284
Capital assets not being depreciated	-	-	24,437,623
Capital assets being depreciated, net	-	-	124,511,198
Net other postemployment benefit asset	-	-	285,967
Net pension asset	-	-	7,176,879
Total assets	823,238	1,184,933	192,710,928
Deferred outflows of resources			
Deferred pension amounts	-	-	9,843,141
Liabilities			
Accounts payable and accrued liabilities	386,485	9,112	12,546,123
Advances from primary government	-	-	115,998
Unearned revenue	-	-	258,938
Long-term liabilities:			
Due within one year	-	-	1,519,759
Due in more than one year	150,000	-	6,882,622
Total liabilities	536,485	9,112	21,323,440
Deferred inflows of resources			
Property taxes levied for subsequent period	249,009	-	249,009
Deferred pension amounts	-	-	2,560,731
Total deferred inflows of resources	249,009	-	2,809,740
Net position			
Net investment in capital assets	-	-	141,772,525
Restricted for:			
Pension	-	-	13,646,946
Debt service	-	-	738,957
Donor specified purposes	-	-	30,092
Replacement and insurance escrow reserves	-	-	139,482
Assets held at Community Foundation	-	-	143,008
Milage service agreement	-	-	434,030
Unrestricted	37,744	1,175,821	21,515,849
Total net position	\$ 37,744	\$ 1,175,821	\$ 178,420,889

concluded

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

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COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units

	September 30, 2016		
	CMH & Substance Abuse Services	Kalamazoo County Transportation Authority	Central County Transportation Authority
Expenses			
CMH & Substance Abuse Services	\$ 77,254,806	\$ -	\$ -
Kalamazoo County Transportation Authority	-	3,623,376	-
Central County Transportation Authority	-	-	1,158,592
Road Commission	-	-	-
Drainage Districts	-	-	-
Land Bank Authority	-	-	-
DHS/Child Care Welfare	-	-	-
Lake Level	-	-	-
Public Housing Commission	-	-	-
Brownfield Redevelopment Authority	-	-	-
Consolidated Dispatch Authority	-	-	-
Total expenses	<u>77,254,806</u>	<u>3,623,376</u>	<u>1,158,592</u>
Program revenues			
Charges for services	2,088,669	144,200	-
Operating grants and contributions	72,685,434	-	-
Capital grants and contributions	256,166	-	-
Total program revenues	<u>75,030,269</u>	<u>144,200</u>	<u>-</u>
Net revenues (expense)	<u>(2,224,537)</u>	<u>(3,479,176)</u>	<u>(1,158,592)</u>
General revenues			
Property taxes	-	3,374,046	2,549,275
Unrestricted investment earnings	10,844	1,224	-
Other revenues	226,320	7,494	-
Total general revenues	<u>237,164</u>	<u>3,382,764</u>	<u>2,549,275</u>
Change in net position	<u>(1,987,373)</u>	<u>(96,412)</u>	<u>1,390,683</u>
Net position, beginning of year, as restated	<u>24,637,921</u>	<u>1,473,078</u>	<u>-</u>
Net position, end of year	<u>\$ 22,650,548</u>	<u>\$ 1,376,666</u>	<u>\$ 1,390,683</u>

December 31, 2016

Road Commission	Drainage Districts	Land Bank Authority	DHS/Child Care Welfare	Lake Level	Public Housing Commission
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
18,663,881	-	-	-	-	-
-	244,420	-	-	-	-
-	-	1,432,409	-	-	-
-	-	-	28	-	-
-	-	-	-	1,919	-
-	-	-	-	-	315,729
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,663,881</u>	<u>244,420</u>	<u>1,432,409</u>	<u>28</u>	<u>1,919</u>	<u>315,729</u>
449,519	-	1,159,768	-	-	-
21,432,749	-	276,412	-	-	731,689
2,153,617	-	531,788	-	-	-
<u>24,035,885</u>	<u>-</u>	<u>1,967,968</u>	<u>-</u>	<u>-</u>	<u>731,689</u>
5,372,004	(244,420)	535,559	(28)	(1,919)	415,960
-	1,085,457	-	-	-	-
-	26	363	-	-	13,206
65,908	526,412	106,593	-	20	-
<u>65,908</u>	<u>1,611,895</u>	<u>106,956</u>	<u>-</u>	<u>20</u>	<u>13,206</u>
5,437,912	1,367,475	642,515	(28)	(1,899)	429,166
133,471,422	4,017,190	6,147,199	28	38,488	239,959
<u>\$ 138,909,334</u>	<u>\$ 5,384,665</u>	<u>\$ 6,789,714</u>	<u>\$ -</u>	<u>\$ 36,589</u>	<u>\$ 669,125</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units

	December 31, 2016		
	Brownfield Redevelopment Authority	Consolidated Dispatch Authority	Total
Expenses			
CMH & Substance Abuse Services	\$ -	\$ -	\$ 77,254,806
Kalamazoo County Transportation Authority	-	-	3,623,376
Central County Transportation Authority	-	-	1,158,592
Road Commission	-	-	18,663,881
Drainage Districts	-	-	244,420
Land Bank Authority	-	-	1,432,409
DHS/Child Care Welfare	-	-	28
Lake Level	-	-	1,919
Public Housing Commission	-	-	315,729
Brownfield Redevelopment Authority	656,102	-	656,102
Consolidated Dispatch Authority	-	197,281	197,281
Total expenses	656,102	197,281	103,548,543
Program revenues			
Charges for services	15,000	1,294,579	5,151,735
Operating grants and contributions	12,510	-	95,138,794
Capital grants and contributions	-	-	2,941,571
Total program revenues	27,510	1,294,579	103,232,100
Net revenues (expense)	(628,592)	1,097,298	(316,443)
General revenues			
Property taxes	573,640	-	7,582,418
Unrestricted investment earnings	-	664	26,327
Other revenues	-	-	932,747
Total general revenues	573,640	664	8,541,492
Change in net position	(54,952)	1,097,962	8,225,049
Net position, beginning of year, as restated	92,696	77,859	170,195,840
Net position, end of year	\$ 37,744	\$ 1,175,821	\$ 178,420,889

concluded

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

NOTES TO FINANCIAL STATEMENTS

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The *County of Kalamazoo, Michigan* (the “County” or the “government”) was organized as a county by the territorial legislature on July 30, 1830. An eleven member Board of Commissioners governs the County. The County provides the following services: general governmental administrative services, public safety, public works, health and welfare, cultural and recreation, legislative, judicial and community and economic development.

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

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and as such, 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. Each blended and discretely presented component unit has a December 31 year-end, except for the Kalamazoo Community Mental Health and Substance Abuse Services, the Kalamazoo County Transportation Authority, and the Central County Transportation Authority, which have September 30 year-ends to be consistent with the fiscal period of their grantor agencies.

Blended Component Units

Kalamazoo County Building Authority - The Kalamazoo County Building Authority is governed by a board which is appointed by the County Board of Commissioners. Although it is legally separate from the County, the Kalamazoo County 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. A separate report is not prepared for the Building Authority.

Discretely Presented Component Units

Kalamazoo Community Mental Health and Substance Abuse Services - The Kalamazoo Community Mental Health and Substance Abuse Services (“CMH”) was created by the County Board to operate, control, and manage an integrated behavioral healthcare system in order to serve the County. The County is a direct beneficiary of the services provided. The County appoints the members of the CMH’s Board and provides financial support. Consequently, the County exercises effective control through its power of appointment. The CMH fiscal year end is September 30. The component unit is audited individually and complete financial statements can be obtained from the CMH’s administrative offices.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Kalamazoo County Transportation Authority - The Kalamazoo County Transportation Authority (the "Authority"), established pursuant to the provisions of Act No. 196, of the Public Acts of 1986, as amended, is governed by a nine-member board of directors appointed by the County Board. The Authority may issue debt without the approval of the County Board and may levy a tax on all of the taxable property within the jurisdictional limits/boundaries of the Authority, for transportation purposes, with the approval of the registered electors residing in the jurisdictional limits/boundaries. The Authority's fiscal year end is September 30. The component unit is audited individually and complete financial statements can be obtained from the Authority's administrative offices.

Central County Transportation Authority - The Central County Transportation Authority (the "Transportation Authority"), established pursuant to the provisions of Act No. 196, of the Public Acts of 1986, as amended, is governed by a eleven-member board of directors appointed by the County Board. The Authority may issue debt without the approval of the County Board and may levy a tax on all of the taxable property within the jurisdictional limits/boundaries of the Authority, for transportation purposes, with the approval of the registered electors residing in the jurisdictional limits/boundaries. The Authority's fiscal year end is September 30. The component unit is audited individually and complete financial statements can be obtained from the Transportation Authority's administrative offices.

Kalamazoo County Road Commission - The Kalamazoo County Road Commission (the "Road Commission") is responsible for the maintenance and construction of the County road system. The County appoints the members of the Road Commission Board and is a direct beneficiary of the services provided. The Road Commission may not issue debt or levy a tax without the approval of the County Board. The component unit is audited individually and complete financial statements can be obtained from the Road Commission's administrative office.

Drainage Districts - The Drainage Districts consist of multiple individual districts created for alleviating drainage problems and is under the control of the County Drain Commissioner. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for road drainage. The County is a direct beneficiary of the service provided and its employees run the day-to-day operations. In addition, the County often pledges its full faith and credit for the long-term debt of the drainage districts. Based on the recommendations of the Michigan Department of Treasury, the County has determined that it would be misleading to exclude this entity from the County reporting entity. The financial activity of the Drainage Districts for the year ended December 31, 2016 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

Kalamazoo County Land Bank Authority - The Kalamazoo County Land Bank Authority (the "Land Bank"), established in 2009 under agreement with the Michigan Land Bank Fast Track Authority and the Treasurer of the County of Kalamazoo with approval of the Board of Commissioners for the County of Kalamazoo under PA 128 of 2003 as amended, is governed by the County appointed seven member County Authority Board. The Kalamazoo County Land Bank Authority has the authority to acquire, manage, and dispose of interests in property, borrow money, and issue bonds and notes. Because members of the Land Bank are appointed by the County Board, the County exercises effective control over its activities. The component unit is audited individually and complete financial statements can be obtained from the Land Bank's administrative office.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Department of Human Services (DHS)/Child Care Welfare - The Department of Human Services accounts for assistance provided to eligible recipients and the administering of various county, state, and federal programs. Financing is provided through the various state and federal program grants and General Fund appropriations. The Board consists of one member appointed by the director of the State Department of Human Services and two members appointed by the County Board. Because members of the DHS Board are appointed by the County Board, the County exercises effective control over its activities. There are no separately issued financial statements of this component unit.

Lake Level - The County Drain Commissioner also administers the activity reported in the County's Lake Level Fund, as permitted by Act 451 PA 1994, as amended, (MCL 324.30701 et al.). Lake level projects establish the lake levels for inland lakes and perform construction and maintenance related to maintaining the established levels. Projects may be funded through the levying of special assessments or by issuing debt, and the County is a direct beneficiary of the services provided. The financial activity of the Lake Level Fund for the year ended December 31, 2016 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

Kalamazoo County Public Housing Commission - The Kalamazoo County Public Housing Commission (the "Housing Commission") was created by ordinance adopted by the County Board in 2002. The Commission is authorized to acquire and operate housing facilities for low income families within unincorporated areas of Kalamazoo County, and to contract for similar services with incorporated areas of the County. The County appoints the members of the Housing Commission Board and is a direct beneficiary of the services provided. The component unit is audited individually and complete financial statements can be obtained from the Housing Commission's administrative office.

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority (the "Brownfield") was established to review and approve plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. Funding is provided through tax increment financial, federal and state grants, and General Fund appropriations. The County Board appoints the governing body of the Brownfield. The financial activity of the Brownfield for the year ended December 31, 2016 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit.

Kalamazoo County Consolidated Dispatch Authority - The Kalamazoo County Consolidated Dispatch Authority (the "Dispatch Authority") was established to account for all operational funds collected by the County from the service supplier for the operation of the 9-1-1 system. Both the regular E-911 System and the Enhanced 911-Emergency Services for Wireless Telephone Systems pursuant to Public Act 81 of 1999, are accounted for in this fund. The County has determined that it would be misleading to exclude this entity from the County reporting entity. The component unit is audited individually and complete financial statements can be obtained from the Dispatch Authority's administrative office.

Kalamazoo County Economic Development Corporation - The Economic Development Corporation of Kalamazoo County (EDC) is a separate legal entity that was established pursuant to Michigan Public Act 338 of 1974, in order to stimulate business capital investment, contribute to the area's employment, increase tax base, and provide needed public services. In certain situations, members of the EDC Board of Directors may be removed by a majority decision of the County Board. Separate financial statements are not prepared for this entity. The EDC had no activity during the year, and has therefore not been included in the financial statements.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Administrative Offices

Kalamazoo Community Mental Health
and Substance Abuse Services
2030 Portage Street
Kalamazoo, Michigan 49001

Kalamazoo County Land Bank Authority
229 East Michigan Avenue, Suite 340
Kalamazoo, Michigan 49007

Kalamazoo County Transportation Authority
201 West Kalamazoo Avenue
Kalamazoo, Michigan 49007

Kalamazoo County Public Housing Commission
P.O. Box 101
Nazareth, Michigan 49074

Central County Transportation Authority
530 N. Rose Street
Kalamazoo, Michigan 49007

Kalamazoo County Consolidated Dispatch Authority
1720 Riverview Drive
Kalamazoo, Michigan 49004

Kalamazoo County Road Commission
3801 East Kilgore Road
Kalamazoo, Michigan 49002

Complete financial statements for these discretely presented component units may be obtained at the entity's administrative offices listed above. Accordingly, the County has elected to omit substantially all note disclosures related to these component units in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 services. 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.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except taxes which must be collected within 60 days, and expenditure-driven grants which must be collected within one year. 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, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal 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 the financial resources of the general government, except those accounted for and reported in another fund.

The *Law Enforcement Fund* accounts for specific revenue derived from a special vote approved millage, state and federal grants, charges for services, and General Fund appropriations that are to be expended as dictated by legal, regulatory, or administrative requirements.

The *General County Public Improvement Fund* accounts for renovation/construction projects performed on the County facilities. These projects are funded primarily by the General Fund.

The County reports the following major enterprise funds:

The *Airport Fund* accounts for the operation and maintenance of the Kalamazoo/Battle Creek International Airport. Financing is provided primarily by user charges.

The *Delinquent Tax Revolving Fund* accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent taxes and fees. Revenues are generated by the collection of the delinquent taxes and fees.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The *Local Government Public Works Financing Fund* accounts for revenues received from local municipalities for the payment of the limited obligation long-term debt (principal, interest and fees) of the County. The proceeds of such debt are used to construction projects, which the local governments agree to operate and lease over the life of the bonds. The lease agreement constitutes a capital lease and the lease payments to the County are generally equal to the debt service requirements of the County's bonds.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 the employee benefits/programs, technology, document, and facility activities provided to other departments or funds on a cost reimbursement basis.

The *Retiree Health Care Trust Fund* accounts for the accumulation of resources to be used for payments for the County's postemployment healthcare benefits.

The *Pension Trust Fund* accounts for the accumulation of resources to be used for annuity payments for the County's Defined Benefit Plan.

The *Cemetery Trust Fund* accounts for money held in trust by the County for the perpetual care of certain cemetery lots. The principal must be maintained intact and invested.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are revenues in excess of expenses for tax collection. Elimination of the revenues would distort the activity of the functions and would not reflect the proper future uses of the excesses collected for their specific governmental purposes.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Deposits and Investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short term investments with original maturities of three months or less from the date of acquisition. Investments, exclusive of certificates of deposit, are stated at fair value. Certificates of deposit are carried at cost plus accrued interest, since the original maturity dates are less than one year or the certificates are non-participating (i.e., there is no available market for trade prior to maturity).

State statutes and County policy authorize the County to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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.”

Property taxes receivable in governmental funds represent amounts due from taxpayers on the July 1 and December 1 tax levies in the General Fund and other governmental funds, respectively. Any amounts outstanding on the July 1 levy on March 1 (excluding personal property taxes) are purchased by the Delinquent Tax Revolving enterprise fund through the settlement process.

Property taxes receivable in the Delinquent Tax Revolving enterprise fund represent unpaid balances from the previous years' levies for the County itself as well as other local taxing authorities in the County's geographical region. The County is responsible for pursuing and administering collection of these balances and coordinating the forfeiture and foreclosure activities for the related parcels. This process takes place over a 3-year period. Interest at 1% per month (increased to 1.5% after 12 months, retroactive to the date of delinquency) and administrative fees at 4% are accrued in accordance with State statute. No amounts have been included in an allowance for uncollectible balances, as the structure of the Delinquent Tax Revolving enterprise fund has been designed to make the fund whole either through the eventual auction of the foreclosed parcels or through chargebacks to the local taxing authorities initially levying the taxes.

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

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

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

Restricted Assets

Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

The Airport fund's restricted receivable is restricted for capital improvements and the respective debt service payments related to passenger facility charges.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Other Assets

Inventories reported in the proprietary funds are valued at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method. Inventories of the discretely presented component units are presented at average cost. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures. Prepaids are accounted for in governmental funds using the consumption method whereby expenditures are recognized over the benefitting period.

Capital Assets

Capital assets, which include property, buildings and equipment, 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 having a useful life in excess of three years and whose costs exceed \$5,000. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their estimated acquisition value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	20
Infrastructure	5-50
Building and improvements	15-50
Furniture, machinery, and equipment	5-20
Vehicles	5

The County evaluates its capital assets for impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Assets to be disposed of would be recognized at the lower of carrying value or fair value less the estimated cost of disposal. Assets held and in use are reviewed for impairment whenever indicators of impairment exist. All recognized impairment losses, whether for assets to be disposed of or assets to be held and used, are recorded as operating expenses. No impairments have been identified as of December 31, 2016.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows for the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized on a straight-line basis over the shorter of the life of the refunded or refunding debt. In addition, the County reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

Compensated Absences

County employees are granted vacation and sick leave in varying amounts based on length of service. Upon termination or retirement, employees are paid for unused vacation and sick leave reduced to the maximum amount allowed. Vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Property taxes (excluding those for the General Fund, which are subject to a different timeline) are levied and attach as an enforceable lien on property on December 1. Property taxes unpaid as of February 28 are considered to be delinquent. Although the County's 2016 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2016, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations. Therefore, the entire amount of the December 1, 2016 levies is reported as deferred inflows of resources at year-end.

Finally, the County reports deferred inflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has the authority to assign fund balance and has not delegated this authority. Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Other governmental funds besides the General Fund can only report a negative unassigned fund balance, which would occur if expenditures were to be incurred for specific purposes that exceeded the amounts restricted, committed or assigned in the fund.

The County Board of Commissioners has formally established a budget stabilization arrangement, under which a portion of the balance may be utilized during the budget process to prevent a reduction in the level of public service provided, or prevent a reduction in the number of employees providing these services. It can also be used due to a natural disaster. The use of these funds requires a 2/3 majority vote of County Board members. As of December 31, 2016, the balance in the stabilization arrangement was \$2,500,000, which is reported in the General Fund within restricted fund balance.

The County Board of Commissioners has adopted a minimum fund balance policy in which the uncommitted fund balance of the General Fund will be 20 to 25% of general operating revenues. Any amounts over the 20% threshold shall be limited to non-operational expenditures.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Capital Contributions

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration, with certain matching funds provided by the Aeronautics Department and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred and reimbursement has been requested. Grants for capital assets acquisition, facilities development and rehabilitation are reported in the statement of revenues, expenses and changes in fund net position, after nonoperating revenues and expenses as capital contributions.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Grants and Third Party Cost Reimbursement Settlements

The County receives grants from other governmental units to finance specific programs. The grant revenues are recorded based on qualifying program expenditures, as determined by the County, and are subject to audit by the responsible agencies. Adjustments required upon final settlements are recorded in the period of settlement. Third party cost reimbursements are recorded at prospective rates and provisions are made at the end of each year to adjust such revenues to the reimbursable cost expected to be received. Adjustments required upon final settlements are recorded in the period of settlement.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Budgets

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. Debt service and capital project funds are also included in the budgetary process; however, state statutes do not require legally adopted budgets for such funds.

2. EXCESS OF EXPENDITURES OVER BUDGET

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

During the year ended December 31, 2016, the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Actual	Actual Over Final Budget
General Fund:			
General government:			
Fringe benefits, temporary	\$ 668,200	\$ 670,184	\$ 1,984
Health and welfare:			
Soldiers & sailors relief	25,000	27,934	2,934
Judicial:			
Probate court	965,000	965,979	979
Other:			
Insurance	466,200	861,416	395,216
Nonmajor Governmental Fund:			
Public Works Special Grants Fund	200,800	211,382	10,582
Public Safety Special Grants Fund	2,471,400	2,679,049	207,649
Concealed Pistol Licensing Fund	27,800	32,247	4,447
Community Corrections	895,300	983,132	87,832

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of December 31, 2016:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 18,247,022	\$ 13,089,297	\$ 31,336,319
Restricted cash	2,421	913,934	916,355
Investments	62,592,389	1,195,080	63,787,469
Statement of Fiduciary Net Position			
Cash and cash equivalents	10,776,184	-	10,776,184
Investments	216,347,199	-	216,347,199
Total deposits and investments	307,965,215	15,198,311	323,163,526
Less component units separately audited and not held by the County Treasurer			
CMH & Substance Abuse Services	-	(2,788,204)	(2,788,204)
Kalamazoo County Transportation Authority	-	(1,120,355)	(1,120,355)
Central County Transportation Authority	-	(2,252,208)	(2,252,208)
Land Bank Authority	-	(1,069,398)	(1,069,398)
Public Housing Commission	-	(560,733)	(560,733)
Consolidated Dispatch Authority	-	(1,006,031)	(1,006,031)
Total	\$ 307,965,215	\$ 6,401,382	\$ 314,366,597
Deposits and investments			
Bank deposits:			
Checking and savings accounts			\$ 41,998,939
Certificates of deposit:			
Due within one year			14,750,000
Due in one to five years			5,738,935
Due in six to ten years			3,110,180
Due in more than ten years			2,018,000
Investments:			
County			30,382,205
Retiree Health Care Trust Fund			11,417,512
Pension Trust Fund			204,929,687
Cash on hand			21,139
Total			\$ 314,366,597

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be returned. The County does not have a policy for mitigating custodial credit risk over deposits. As of year-end, \$63,093,899 of the County's bank balance of \$68,343,900 was exposed to custodial credit risk because it was uninsured and uncollateralized. 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 with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although uninsured and unregistered, the County's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the County's name. Short-term investments in money market funds and equity mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. As of December 31, 2016, the County had no investments exposed to custodial credit risk.

In addition, the Pension and Retiree Health Care Trust funds will only conduct business with investment management firms that will: comply with all relevant provisions contained in Act 485 of the Public Acts of 1996 as amended (Michigan Compiled Laws 38.1132 et seq.); support the overall investment policies of the System; understand and accept their designated "role" within the System's investment structure; construct a portfolio of securities that reflect the execution of their assigned investment strategy; and adhere to the guidelines the investment policy statement (as amended). The following criteria are used to evaluate each investment manager's performance: a) achievement of fund objectives as outlined in the investment policy; b) comparisons with other managers, indexes, etc.; c) subjective observations regarding the manager's organization, professionalism, administrative skills, etc.; and d) biannual due diligence meetings.

The County's investments are held in a number of portfolios administered by various investment managers. Following is a summary of the County's investments at fair value, as determined by quoted market price:

	County	Retiree Health Care Trust Fund	Pension Trust Fund
U.S. government securities	\$ -	\$ 1,388,814	\$ 24,927,421
U.S. agency securities	11,117,947	275,486	4,944,620
Corporate obligations	2,981,120	792,101	14,217,049
Foreign corporate obligations	-	165,235	2,965,905
Municipal bonds	14,162,836	-	-
Mortgage-backed funds	1,115,054	124,349	2,231,905
Domestic equity mutual funds/collective trust funds	1,005,248	5,821,250	104,483,967
International emerging market mutual funds	-	1,134,240	20,358,157
International equity mutual funds	-	1,152,004	20,677,006
Real estate investment trust	-	224,708	4,033,202
Real estate pooled separate account	-	339,325	6,090,455
Total investments	\$ 30,382,205	\$ 11,417,512	\$ 204,929,687

Credit Risk. Statutes and various bond indentures authorized the County to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

For the Pension and Retiree Health Care Trust funds, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy limits commercial paper to be those at the time of purchase are within the two highest classifications established by not less than two national rating services as determined by the State Treasurer of Michigan. These also must mature no more than 270 days after date of issue. The investment policy requires the average fixed income portfolio quality rating to be an "A" or better. All bonds owned should be rated "BBB" or better by Standard & Poor's or an equivalent rating agency as determined by the State Treasurer of Michigan with the following exception: when bond ratings have dropped below "BBB" after purchase, and when the investment manager deems it economically beneficial, the manager may retain ownership.

The County's investments were rated as follows:

	County	Retiree Health Care Trust Fund	Pension Trust Fund
Standard & Poor's AAA	\$ 1,166,499	\$ 130,171	\$ 2,336,354
Standard & Poor's AA	21,617,188	130,952	2,350,464
Standard & Poor's A	4,024,506	404,703	7,263,794
Standard & Poor's BBB	-	403,281	7,238,388
Moody's Aaa	1,115,054	1,342,449	24,095,168
Moody's AAa	1,005,248	-	-
Moody's Aa1	248,078	-	-
Moody's A1	201,002	-	-
Moody's A2	1,004,630	-	-
Unrated	-	339,325	6,090,455
Not subject to credit risk	-	8,666,631	155,555,064
Total investments	\$ 30,382,205	\$ 11,417,512	\$ 204,929,687

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The County's policy provides for its fixed income portfolio to have a weighted-average duration within 0.05 years of the Lehman Brothers Government/Credit Intermediate Index and the Lehman Brothers Government/Credit Long Index for the respective portfolios. Maturities of the County's investments were as follows:

	County	Retiree Health Care Trust Fund	Pension Trust Fund
Less than 1 year	\$ 7,111,354	\$ 74,924	\$ 1,344,794
1 - 5 years	9,805,959	1,174,753	21,085,299
6 - 10 years	4,790,617	300,605	5,395,479
More than 10 years	7,669,027	1,195,703	21,461,328
No maturity	1,005,248	8,671,527	155,642,787
Total	\$ 30,382,205	\$ 11,417,512	\$ 204,929,687

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The State generally limits investments in a single issuer to no more than 5% of the total portfolio assets, with the exception of obligations issued, assumed, or guaranteed by the United States. To minimize concentration of credit risk and increase portfolio diversification, the County places the following additional limits to investments:

- 70% of the portfolio will be invested in common stock with the balance invested in notes, bonds, equity real estate, and short-term securities.
- No more than 5% of portfolio assets at market value will be invested in equity real estate.

The investment portfolio was concentrated as follows:

Investment Type	Issuer	Percentage of Portfolio	
		Retiree Health Care Trust Fund	Pension Trust Fund
Collective trust funds	Blackrock Fund	30.4%	30.4%
Domestic equity mutual fund	Dimensional	10.3%	10.3%
International emerging market mutual fund	Dimensional	10.1%	10.1%
International emerging market mutual fund	Dimensional	9.9%	9.9%
Domestic equity mutual fund	Dimensional	5.2%	5.2%
Domestic equity mutual fund	Dimensional	5.1%	5.1%

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The State permits investments in investment grade, dollar denominated obligations issued in the United States by foreign governments, banks, or corporations. Investments in foreign securities are limited to not exceed more than 20% of the County's assets. It is the County's policy to not purchase foreign investments except those listed in the United States.

Investment (currency in U.S. dollars)	Retiree Health Care Trust Fund	Pension Trust Fund
Foreign corporate obligations	\$ 165,235	\$ 2,965,905
International emerging markets mutual funds	1,134,240	20,358,157
International equity mutual funds	1,152,004	20,677,006
Total	\$ 2,451,479	\$ 44,001,068

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as determined by the System's investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County had the following recurring fair value measurements as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ -	\$ 26,316,235	\$ -	\$ 26,316,235
U.S. agency securities	-	16,338,053	-	16,338,053
Corporate obligations	-	17,990,270	-	17,990,270
Foreign Corporate obligations	-	3,131,140	-	3,131,140
Municipal bonds	-	14,162,836	-	14,162,836
Mortgage-backed funds	-	3,471,308	-	3,471,308
Domestic equity mutual funds/ collective trust funds	110,305,217	1,005,248	-	111,310,465
International emerging market mutual funds	21,492,397	-	-	21,492,397
International equity mutual funds	21,829,010	-	-	21,829,010
Real estate investment trust	-	-	4,257,910	4,257,910
Real estate pooled separate account	-	6,429,780	-	6,429,780
Total investments	\$ 153,626,624	\$ 88,844,870	\$ 4,257,910	\$ 246,729,404

4. RECEIVABLES

Receivables of the primary government are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts	\$ 1,986,824	\$ 530,006
Less: allowance for uncollectibles	-	(69,339)
Taxes (current)	12,599,506	-
Taxes (delinquent)	238,558	8,239,176
Loans	26,786	-
Due from other governments	3,976,194	54,208
Leases	-	6,557,262
Accrued interest	324,691	21,634
Total receivables	\$ 19,152,559	\$ 15,332,947

The Airport enterprise fund reported restricted receivables of \$74,868. The Airport's restricted receivable is restricted for capital improvements and the respective debt service payments related to passenger facility charges.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Of the amounts reported for receivables above, leases receivable of \$5,951,736 are not expected to be collected within one year.

The amount recorded as an allowance for uncollectibles in business-type activities is related to billings receivable in the Airport fund.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in governmental activities were as follows:

	Taxes Levied for Subsequent Period	Unavailable	Total
Governmental Funds			
Property taxes	\$ 13,990,955	\$ 900,998	\$ 14,891,953

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the primary government are comprised of the following at year-end:

	Governmental Activities	Business-type Activities
Accounts	\$ 2,890,256	\$ 711,182
Accrued liabilities	1,700,248	28,515
Claims payable	2,085,790	-
Due to other governments	88,512	14,577
Deposits payable	113,653	9,723
Accrued interest on long-term debt	276,778	60,488
Total	\$ 7,155,237	\$ 824,485

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2016, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 91,940
Law Enforcement	-	51,879
Internal service funds	143,819	-
Total	\$ 143,819	\$ 143,819

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$167,869. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

Advances to and from component units

	Advances to Component Units	Advances from Primary Government
General Fund	\$ 115,998	\$ -
Drainage Districts	-	115,998
Total	\$ 115,998	\$ 115,998

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.

For the year ended December 31, 2016, interfund transfers consisted of the following:

Transfers Out	Transfers in				Totals
	General Fund	General County Public Improvement	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 7,397,670	\$ 7,325,519	\$ -	\$ 14,723,189
Law Enforcement	-	-	229,249	-	229,249
Nonmajor governmental funds	227,158	-	448,057	48,714	723,929
Delinquent tax revolving	1,500,000	-	-	-	1,500,000
Nonmajor enterprise funds	383,400	-	-	-	383,400
Total	\$ 2,110,558	\$ 7,397,670	\$ 8,002,825	\$ 48,714	\$ 17,559,767

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,816,322	\$ 331,494	\$ (1,000)	\$ 37,500	\$ 4,184,316
Construction in progress	22,177,356	228,807	-	(22,225,238)	180,925
Intangible easements	146,734	-	-	-	146,734
	<u>26,140,412</u>	<u>560,301</u>	<u>(1,000)</u>	<u>(22,187,738)</u>	<u>4,511,975</u>
Capital assets, being depreciated:					
Land improvements	15,046,486	150,608	-	-	15,197,094
Buildings and improvements	87,571,020	523,088	-	20,956,651	109,050,759
Furniture, machinery, and equipment	9,286,742	1,262,961	(128,550)	1,231,087	11,652,240
Vehicles	4,903,705	1,117,777	(874,621)	-	5,146,861
Law library books	405,392	-	-	-	405,392
	<u>117,213,345</u>	<u>3,054,434</u>	<u>(1,003,171)</u>	<u>22,187,738</u>	<u>141,452,346</u>
Less accumulated depreciation for:					
Land improvements	(6,142,732)	(695,400)	-	-	(6,838,132)
Buildings and improvements	(32,621,989)	(2,232,212)	-	-	(34,854,201)
Furniture, machinery, and equipment	(6,643,790)	(1,057,995)	97,706	-	(7,604,079)
Vehicles	(3,791,073)	(493,989)	865,231	-	(3,419,831)
Law library books	(405,392)	-	-	-	(405,392)
	<u>(49,604,976)</u>	<u>(4,479,596)</u>	<u>962,937</u>	<u>-</u>	<u>(53,121,635)</u>
Total capital assets being depreciated, net	<u>67,608,369</u>	<u>(1,425,162)</u>	<u>(40,234)</u>	<u>22,187,738</u>	<u>88,330,711</u>
Governmental activities capital assets, net	<u>\$ 93,748,781</u>	<u>\$ (864,861)</u>	<u>\$ (41,234)</u>	<u>\$ -</u>	<u>\$ 92,842,686</u>

At December 31, 2016, the County's governmental activities had outstanding commitments through construction contracts of approximately \$147,000.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 5,182,935	\$ -	\$ -	\$ -	\$ 5,182,935
Construction in progress	2,692,878	1,366,164	-	(3,873,729)	185,313
	<u>7,875,813</u>	<u>1,366,164</u>	<u>-</u>	<u>(3,873,729)</u>	<u>5,368,248</u>
Capital assets, being depreciated:					
Land improvements	45,631,309	-	(2,805)	3,709,691	49,338,195
Buildings and improvements	34,981,395	-	(46,001)	61,583	34,996,977
Vehicles	3,869,464	-	(32,075)	51,232	3,888,621
Furniture, machinery, and equipment	7,004,478	-	(114,431)	51,223	6,941,270
	<u>91,486,646</u>	<u>-</u>	<u>(195,312)</u>	<u>3,873,729</u>	<u>95,165,063</u>
Less accumulated depreciation for:					
Land improvements	(30,969,464)	(1,686,902)	2,805	-	(32,653,561)
Buildings and improvements	(6,129,229)	(870,758)	46,001	-	(6,953,986)
Vehicles	(3,433,432)	(81,620)	32,075	-	(3,482,977)
Furniture, machinery, and equipment	(4,151,815)	(530,259)	92,906	-	(4,589,168)
	<u>(44,683,940)</u>	<u>(3,169,539)</u>	<u>173,787</u>	<u>-</u>	<u>(47,679,692)</u>
Total capital assets being depreciated, net	<u>46,802,706</u>	<u>(3,169,539)</u>	<u>(21,525)</u>	<u>3,873,729</u>	<u>47,485,371</u>
Business-type activities capital assets, net	<u>\$ 54,678,519</u>	<u>\$ (1,803,375)</u>	<u>\$ (21,525)</u>	<u>\$ -</u>	<u>\$ 52,853,619</u>

At December 31, 2016, the County's business-type activities had outstanding commitments through construction contracts of approximately \$38,000.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

Depreciation of governmental activities by function	
General government	\$ 332,609
Public safety	1,536,782
Health and welfare	81,617
Cultural and recreation	807,414
Judicial	1,540,486
Internal service funds	180,688
	<u> </u>
Total	<u>\$ 4,479,596</u>
Depreciation of business-type activities by function	
Airport	<u>\$ 3,169,539</u>

Discretely presented component units

Capital assets activity for the Drainage District component unit for the year ended December 31, 2016, consists of the following:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage District					
Capital assets, not being depreciated:					
Construction in progress	\$ 61,493	\$ 1,093,788	\$ -	\$ -	\$ 1,155,281
Capital assets, being depreciated:					
Infrastructure	5,060,067	-	-	-	5,060,067
Less accumulated depreciation for:					
Infrastructure	(1,638,797)	(101,201)	-	-	(1,739,998)
Total capital assets being depreciated, net	<u>3,421,270</u>	<u>(101,201)</u>	<u>-</u>	<u>-</u>	<u>3,320,069</u>
Drainage District capital assets, net	<u>\$ 3,482,763</u>	<u>\$ 992,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,475,350</u>

At December 31, 2016, the Drainage Districts component unit had outstanding commitments through construction contracts of approximately \$1,255,000.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 26,410,000	\$ -	\$ (1,080,000)	\$ 25,330,000	\$ 1,140,000
Compensated absences	3,330,149	3,174,937	(3,030,351)	3,474,735	3,029,769
Total governmental activities	\$ 29,740,149	\$ 3,174,937	\$ (4,110,351)	\$ 28,804,735	\$ 4,169,769
Business-type activities					
General obligation bonds	\$ 12,725,000	\$ -	\$ (1,215,000)	\$ 11,510,000	\$ 1,160,000
Net bond premium/discount	507,151	-	(15,140)	492,011	58,617
Compensated absences	76,176	76,035	(63,809)	88,402	63,809
Total business-type activities	\$ 13,308,327	\$ 76,035	\$ (1,293,949)	\$ 12,090,413	\$ 1,282,426
Discretely-presented component units					
<i>Brownfield Redevelopment Authority</i>					
Loan payable	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -
<i>Drainage Districts</i>					
Special assessment bonds	\$ 145,000	\$ -	\$ (45,000)	\$ 100,000	\$ 50,000
Notes payable	485,000	950,000	(10,000)	1,425,000	177,494
Total installment debt	\$ 630,000	\$ 950,000	\$ (55,000)	\$ 1,525,000	\$ 227,494

Governmental activities

\$28,320,000 2007 Juvenile Home Facilities Bonds, due in annual installments of \$270,000 to \$2,100,000 plus interest ranging from 4.00 at 5.00%, payable semi-annually, through April 1, 2032. \$ 23,250,000

\$3,000,000 2011 Expo Center Improvement Bonds, due in annual installments of \$75,000 to \$125,000 plus interest of 3.20%, payable semi-annually, through April 1, 2026. 2,080,000

Total governmental activities **\$ 25,330,000**

Business-type activities

\$6,520,000 2012 Airport Refunding Bonds, due in annual installments of \$25,000 to \$640,000, plus interest ranging from 2.00 to 4.00%, payable semi-annually, through May 1, 2028. \$ 5,150,000

\$780,000 1982 Water Supply System No. 1 Bonds, due in annual installments of \$10,000 to \$30,000 plus interest at 5.00%, payable semi-annually, through May 1, 2020. 40,000

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Business-type activities (concluded)

\$750,000 2005 Village of Augusta Water Supply, due in annual installments of \$15,000 to \$45,000 plus interest at 2.125%, payable semi-annually, through April 1, 2025.	\$ 385,000
\$1,980,000 2010 Sewage Disposal Indian/Pickerel Lake Refunding Bonds, due in annual installments of \$260,000 to \$335,000 plus interest ranging from 2.00 to 4.00%, payable semi-annually, through December 1, 2017.	260,000
\$1,195,000 2012 Cooper Township Sewage Disposal System Refunding Bonds, due in annual installments of \$130,000 to \$135,000 plus interest at 1.96%, payable semi-annually, through May 1, 2021.	675,000
\$5,000,000 2015 CMH Capital Improvement Bonds, due in annual installments of \$100,000 to \$400,000 plus interest ranging from 2.25 to 4.00%, payable semi-annually, through May 1, 2034.	<u>5,000,000</u>
Total business-type activities	<u>\$ 11,510,000</u>

Discretely-presented component units

Brownfield Redevelopment Authority

\$150,000 2015 Eliza Street, Schoolcraft Project loan payable due in annual installments of \$14,015 to \$16,025 plus interest at 1.50%, payable annually, through September 14, 2029.	<u>\$ 150,000</u>
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Drainage District

\$415,000 2008 Townline Drain Bonds, due in annual installments of \$25,000 to \$50,000 plus interest ranging from 2.40 to 4.55%, payable semi-annually, through March 1, 2018.	\$ 100,000
\$445,000 2014 Townline Drain note payable, due in one installment of \$445,000 plus interest of 1.95% on July 1, 2018.	445,000
\$60,000 2014 Vicksburg & Branch Drain promissory note payable, due in annual installments of \$10,000 plus interest of 2.17%, payable annually, through July 1, 2019.	30,000
\$500,000 2016 East Corporation Drain promissory note payable, due in annual installments of \$37,820 to \$46,602, plus interest of 2.00%, payable annually, through July 1, 2028.	500,000
\$350,000 2016 East Corporation Drain promissory note payable, due in annual installments of \$26,366 to \$32,225, plus interest of 2.00%, payable annually, through July 1, 2028.	350,000
\$100,000 2016 Lexington Green Drain note payable, due in one installment of \$100,000, plus interest of 1.38%, on May 3, 2017.	<u>100,000</u>
Total Drainage Districts component unit	<u>\$ 1,525,000</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,140,000	\$ 1,086,752	\$ 1,160,000	\$ 367,407
2018	1,195,000	1,041,587	890,000	334,610
2019	1,300,000	993,179	940,000	301,363
2020	1,360,000	941,023	965,000	266,979
2021	1,365,000	883,764	985,000	231,985
2022-2026	7,870,000	3,404,526	3,290,000	740,212
2027-2031	9,000,000	1,530,000	2,080,000	339,930
2032-2034	2,100,000	47,250	1,200,000	58,500
Totals	\$ 25,330,000	\$ 9,928,081	\$ 11,510,000	\$ 2,640,986

Year Ended December 31,	Discretely-presented Component Units			
	Brownfield Redevelopment Authority		Drainage Districts	
	Principal	Interest	Principal	Interest
2017	\$ -	\$ -	\$ 227,494	\$ 25,734
2018	-	-	569,185	21,778
2019	-	-	75,487	14,783
2020	14,015	2,250	66,800	13,253
2021	14,225	2,040	68,169	11,883
2022-2026	74,392	6,933	362,142	38,122
2027-2031	47,368	1,428	155,723	4,758
Totals	\$ 150,000	\$ 12,651	\$ 1,525,000	\$ 130,311

The County has entered into agreements to lease certain facilities acquired and constructed by the Kalamazoo County Building Authority. The agreements are, in substance, lease purchases. Upon termination of the lease agreements, titles to the facilities and equipment will pass to the County.

The County has debt that is being repaid by special assessments. This debt is the responsibility of the local unit using the special assessment. If the local unit defaults on the debt, it is the County's responsibility.

The full faith, credit, and resources of the County have been pledged for the prompt payment of all long-term debt requirements.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The local government public works financing bonds were issued by the County pursuant to contracts entered into with the Village of Climax, Village of Augusta, Indian/Pickerel Lakes and Cooper Township financing of additional sewage collection and disposal and water supply systems for the contractees. Additionally, the County financed bonds for the CMH used for construction of facilities. Under the terms of the agreements, the contractees are to pay the County each year amounts sufficient to provide for debt service. The full faith and credit of the County and that of the respective participating municipalities are pledged for repayment of the bonds.

There are a number of limitations and restrictions contained in the various debt issues. At December 31, 2016, the County complied with all significant limitations and restrictions.

The compensated absence liability attributable to the governmental activities will be liquidated by the County's General, Law Enforcement, Nazareth Facility, Parks, Friend of the Court, Health, Child Care, Public Safety Special Grants and HSD Pooled Costs funds.

9. BENEFIT PLANS

Kalamazoo County Employees' Retirement System ("System")

The System is a single-employer, defined benefit pension plan, which provides retirement and disability benefits to eligible plan members and beneficiaries. The System was established by the Kalamazoo County Board of Commissioners and is administered by the Kalamazoo County Retirement Investment Committee. The Kalamazoo County (the "County"), Kalamazoo Road Commission (the "Road Commission"), and Kalamazoo Community Mental Health and Substance Abuse Services ("CMH") are participating employers of the System and are required to contribute to the System under state of Michigan statutes. Employees of participating employers holding regular positions, either full time or part time of twenty hours or more per week, are included by law in the System. Employees of the Sheriff's Deputy Association, Sheriff's Supervisory Association, certain District Court employees, and Judges elected or appointed after March 31, 1997, are excluded from the plan pursuant to past negotiations.

The System is controlled by laws established by the State of Michigan. Any changes to the plan document must be approved by the Kalamazoo County Board of Commissioners and subsequently implemented by the Retirement Investment Committee and the County Administrator/Controller. The System provides retirement, disability and death benefits to plan members and their beneficiaries. It is accounted for as a separate pension trust fund. Stand-alone financial reports are issued that include financial statements and required supplementary information for the System, which may be obtained from to the Office of Finance, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan, 49007.

Eligibility

An eligible employee becomes a member in the System as of his or her date of permanent employment. Participants become 100% vested for benefits after eight years of service. Terminated members vested in the System are eligible for deferred retirement benefits.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

As of December 31, 2016 the System's membership consisted of the following:

	County	Road Commission	CMH	Total
Retirees and beneficiaries currently receiving benefits	312	36	42	390
Terminated employees entitled to but not yet receiving benefits	143	6	57	206
Vested active participants	313	23	81	417
Nonvested participants	325	18	132	475
Total membership	1,093	83	312	1,488

Regular retirement benefits begin at age 60 with 8 years or more of service for the CMH and the Road Commission employees, as well as the County employees hired before July 1, 2009. Regular retirement benefits begin at age 65 with eight years or more of service for the County employees hired on or after July 1, 2009. Certain County employees are eligible for normal retirement at age 55 with 25 years of service. Members may retire at age 55 with eight years of service for a reduced benefit.

Deferred members of the County hired before October 1, 2009, deferred members of the CMH hired before February 5, 2013, and all deferred members of the Road Commission, may elect to receive a lump sum benefit at any time before or after reaching the retirement age. All deferred members may receive annuity benefits at the normal or early retirement age.

Benefits are determined at the member's retirement date based on a formula of the member's service credit, final average compensation, and a percentage factor. Service credit is determined by the total number of full or part-time (at least 20 hours per week) years and months of employment. Additional service may be credited for Road Commission employees with military or disability leave. The final average compensation is the average compensation received during the highest 5 consecutive years of the last 10 years of service or all years of service if the employee has less than 10 years of service. The percentage is determined by the participating employers of the System and ranged from 1.7% to 2.5% in 2016. Annual benefits are reduced for early retirement or beneficiary benefits. Employees may choose to receive benefits in monthly payments or as a lump sum payment. Lump sum payments for employees hired before October 1, 2009, are calculated using the annual benefit, expected future lifetime, and a discount rate. Lump sum payments are no longer an option available for County employees hired on or after October 1, 2009, and CMH employees hired on or after February 5, 2013. The discount rate shall be the investment return assumption as adopted by the Retirement Investment Committee to be used in the annual actuarial valuation of the System.

Contributions

Employer Contributions. The System's funding policy provides for periodic employer contributions at actuarially determined rates that are expressed as percentages of annual covered payroll, and are designed to accumulate sufficient assets to pay benefits when due. The contribution rate ranged from 0.00% to 10.56% for the year ended December 31, 2016 of projected valuation payroll. The normal cost and amortization payment were determined using an entry-age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent-of-payroll over an open period of 10 years.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Employee Contributions. No employee contributions are required for participation in the System. The only contributions recognized are those relating to purchased years of service.

It is the System's policy to fund the actuarial determined pension liability in order for funds to be available when a member retires. The employers are required to contribute a percentage of payroll at an actuarially determined rate. The contribution rate is based on the actuarial assumptions and experiences. Once a group is full or overfunded, the County no longer contributes for that group. The employers were required to contribute the following percentages of payroll for the year ended December 31, 2016:

Kalamazoo County:	
Airport	0.00%
AS&E/B&G/Parks	2.14%
Head Start I	0.00%
Head Start II	0.00%
Juvenile Court	10.56%
Juvenile Home	1.99%
Non-Represented	2.72%
Sheriff Command	0.00%
FOP	0.00%
Road Commission - all eligible employees	0.00%
CMH:	
Managerial	9.64%
Professional	2.45%
TOPS	5.44%

The Sheriff Command no longer has active members and therefore no contribution rate can be determined based on a percentage of payroll. The County contributed a fixed dollar amount for the Sherriff Command of \$48,389 for the year ended December 31, 2016.

The employers' actual contributions were as follows:

Year ended December 31, 2016	Annual Required Contributions	Actual	Percent Contributed
County	\$ 949,476	\$ 949,476	100.00%
Road Commission	-	-	100.00%
CMH	515,064	515,064	100.00%
Total contributions	<u>\$ 1,464,540</u>	<u>\$ 1,464,540</u>	

Plan members may purchase credited service for time served in the military. To purchase credited service for military leave, members pay an amount equal to 5% of the member's annual compensation for each year purchased. Members of the County Board of Commissioners electing to participate in the plan must contribute 100% of the actuarial cost annually. Plan members retain the right upon termination to withdraw their contributions plus regular interest, as defined by the System, in lieu of any pension rights they may have. Members may repurchase past service credit for an amount equal to the aggregate amount of contributions the County made at the time of the previous service plus accrued interest from the date of separation to the date of the deposit.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The System maintains a member deposit fund, which is used to accumulate contributions made by plan members and related accrued interest. As detailed in the plan document, the fund is legally required to distribute individual employee contributions and related interest, upon request by a terminated plan member. The balance in the member deposit fund at December 31, 2016, is \$484,320.

Net pension asset. The components of the net pension asset of the System at December 31, 2016, were as follows:

Total pension liability	\$ 171,253,496
System fiduciary net position	<u>207,257,695</u>
Net pension asset	<u>\$ (36,004,199)</u>
System fiduciary net position percentage of total pension liability	121.02%

	Net Pension Asset at December 31, 2016	Timing Difference	As Reported in the Statement of Net Position
Net pension asset by entity:			
County	\$ 26,864,174	\$ -	\$ 26,864,174
Road Commission	2,542,616	-	2,542,616
CMH	<u>6,597,409</u>	<u>1,963,146</u>	<u>4,634,263</u>
Net pension asset	<u>\$ 36,004,199</u>	<u>\$ 1,963,146</u>	<u>\$ 34,041,053</u>

The CMH is presented on a September 30 year-end, and as such the amount reported above at December 31, 2016 will be reported by that component unit in the subsequent year audit report.

Actuarial Assumptions. The System's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.50% to 7.23%, including inflation
Investment rate of return	7.50%

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Mortality rates were based on the RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study from the period January 1, 2009 to December 31, 2013.

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocations percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation of December 31, 2016 (see the discussion of the System's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
U.S. Small Cap (Manager 1)	5.00%	4.60%	0.23%
U.S. Small Cap (Manager 2)	10.00%	4.60%	0.46%
International Developed Equity	10.00%	4.10%	0.41%
U.S. Large Cap (Manager 1)	30.00%	4.10%	1.23%
U.S. Large Cap (Manager 2)	5.00%	4.20%	0.21%
Emerging Markets	10.00%	6.60%	0.66%
Domestic Fixed Income	25.00%	1.00%	0.25%
Real Estate (Manager 1)	2.50%	2.90%	0.07%
Real Estate (Manager 2)	2.50%	2.90%	0.07%
	100.00%		
Inflation			3.50%
Risk factor adjustment			0.40%
Investment rate of return			7.50%

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Asset. The components of the change in the net pension asset are summarized as follows:

	Total Pension Liability	System Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2015	\$ 166,754,193	\$ 192,901,018	\$ (26,146,825)
Changes for the year:			
Service cost	3,449,662	-	3,449,662
Interest on the total pension liability	12,251,457	-	12,251,457
Difference between expected and actual experience	(949,324)	-	(949,324)
Benefit payments and refunds	(10,252,492)	(10,252,492)	-
Employer contributions	-	1,464,540	(1,464,540)
Pension plan net investment income	-	23,448,619	(23,448,619)
Pension plan administrative expenses	-	(303,990)	303,990
Net changes	4,499,303	14,356,677	(9,857,374)
Balance at December 31, 2016	\$ 171,253,496	\$ 207,257,695	\$ (36,004,199)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following table presents the System's net pension asset, calculated using a single discount rate of 7.50%, as well as what the System's net pension asset would be if it were calculated using a single discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Asset	\$ (14,436,364)	\$ (36,004,199)	\$ (54,069,955)

Pension Plan Fiduciary Net Position. Detailed information about the System's fiduciary net position is available in the statements of fiduciary net position and changes in fiduciary net position.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2016, the County recognized pension expense of \$3,561,081. At December 31, 2016, the County reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

County	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 1,854,821	\$ (1,854,821)
Changes of assumptions	938,400	-	938,400
Net difference between projected and actual investment earnings on pension plan investments	3,031,912	-	3,031,912
Changes in proportion and differences between employer contributions and share of contributions	158,015	2,626,991	(2,468,976)
Total	\$ 4,128,327	\$ 4,481,812	\$ (353,485)

Road Commission	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 175,553	\$ (175,553)
Changes of assumptions	88,817	-	88,817
Net difference between projected and actual investment earnings on pension plan investments	286,962	-	286,962
Changes in proportion and differences between employer contributions and share of contributions	36,265	1,966,764	(1,930,499)
Total	\$ 412,044	\$ 2,142,317	\$ (1,730,273)

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

CMH	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 455,514	\$ (455,514)
Changes of assumptions	230,456	-	230,456
Net difference between projected and actual investment earnings on pension plan investments	744,589	-	744,589
Changes in proportion and differences between employer contributions and share of contributions	4,593,755	194,280	4,399,475
Total	\$ 5,568,800	\$ 649,794	\$ 4,919,006

The CMH is presented on a September 30 year-end, and as such the amounts reported above at December 31, 2016 will be reported by that component unit in the subsequent year audit report.

Total	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 2,485,888	\$ (2,485,888)
Changes of assumptions	1,257,673	-	1,257,673
Net difference between projected and actual investment earnings on pension plan investments	4,063,463	-	4,063,463
Changes in proportion and differences between employer contributions and share of contributions	4,788,035	4,788,035	-
Total	\$ 10,109,171	\$ 7,273,923	\$ 2,835,248

Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2017	\$ 1,682,597
2018	1,682,596
2019	1,490,110
2020	(2,020,055)
	<u>\$ 2,835,248</u>

Payable to the Pension Plan. At December 31, 2016, the County reported a payable of \$51,564 to the pension plan.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Defined Contribution Plans

Sheriff's Department

The County provides pension benefits for all of its full-time employees of the Sheriff's Department not covered by the Kalamazoo County Employees' Retirement System through a defined contribution plan, established and administered by the Fraternal Order of Police, Lodge No. 98 (FOP). In a defined contribution plan, benefits depend solely on amounts contributed to the System, plus investment earnings. Employees are eligible to participate from the date of employment. The County contributes an amount equal to 16.00% of the employee's salary each pay period. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested upon deposit into a participant's account. The County made the required 2016 contribution of \$2,199,451. The County is not a fiduciary with respect to this plan and, accordingly, assets and liabilities of the Plan have been excluded from these financial statements. Contribution requirements are established or amended under the authority of the County Board and collective bargaining.

Other Defined Contribution Plan

Currently, one Probate Court Judge and four District Court employees have elected not to participate in the County's defined benefit plan described above. The probate judge is considered a State of Michigan employee and has elected to participate in a State of Michigan retirement plan under which the State and participant share in the cost of the State of Michigan retirement plan.

The County has agreed to contribute, on behalf of the District Court employees, to defined contribution plans that are administered by unrelated third parties. The County made the required 2016 contributions on behalf of the District Court employees in the amount of \$16,224. The County is not a fiduciary with respect to these plans and, accordingly, the assets and liabilities of these plans have been excluded from these financial statements.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description. The County provides post-employment health benefits through a single employer OPEB plan. The system was established by the County Board of Commissioners and is administered by the Retiree Health Trust. The County of Kalamazoo, Michigan (the "County"), the Kalamazoo County Road Commission (the "Road Commission"), and the Kalamazoo Community Mental Health and Substance Abuse Services (the "CMH") are participating employers of the Retiree Health Trust.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

County policy established that retiring employees, who terminate employment after becoming eligible for immediate commencement of retirement benefits from the County, shall be eligible for group health insurance. Active participants of the FOP defined contribution plan are eligible under the terms of their collective bargaining agreement. Changes are made through collective bargaining. All other retiring employees reach eligibility based on hire date, years of retirement plan, credited service and age at retirement. Employees hired on or before 12/31/2008 are eligible at age 55 with at least 8 years of service. Employees hired on or after 1/1/2009 are eligible at age 60 with at least 8 years of service. Employees hired on or after 1/1/2010 are eligible at age 60 with at least 8 years of service until they reach the age of 65. For employees hired on or before 12/31/2009, at age 65 the County will provide only supplemental insurance coverage. For employees hired on or after 1/1/2010, at age 65 the County will provide the retiree the opportunity to purchase supplemental coverage with the retiree responsible for 100% of the cost. A retiree and his/her covered dependents must obtain Medicare Parts A & B at the earliest date eligible. For employees hired on or after 1/1/2012, the County will not provide retiree health insurance. These benefits are established and can be amended by the County Board of Commissioners.

Membership of the Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	652
Active plan members	<u>787</u>
Total	<u><u>1,439</u></u>

Basis of Accounting. The Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments. Plan investments are reported at fair value. 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. Pooled separate accounts are stated primarily at current appraised value, which approximates market. Investments that do not have an established market are reported at estimated fair value.

Funding Policy. The Retiree Health Trust currently funds the plan under the authority defined by the Kalamazoo County Board of Commissioners. Plan members are charged contributions at a set rate per member depending on years of service over eight years and the type of optional coverage elected. The County is currently contributing 50% of the fixed rate determined in the most recent actuarial valuation adjusted for plan design changes made during the year. The Road Commission and CMH are contributing based on the percentage of payroll determined in the most recent actuarial valuation.

The contribution rates shown include amortization of the unfunded actuarial accrued liability over a closed period of 25 years for County and CMH. A closed period of 27 years for Road Commission, and a 30 year open period for Sheriff. The maximum time period permitted by the GASB Statements No. 43 and No. 45 is 30 years. A shorter amortization period would result in a higher ARC.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the net OPEB obligation:

	County	CMH	Road Commission
Annual Required Contribution (ARC)	\$ 4,771,497	\$ 239,851	\$ 241,142
Interest on new OPEB obligation	615,831	-	21,066
Adjustment to ARC	(778,689)	-	(15,978)
Annual OPEB cost	4,608,639	239,851	246,230
Contributions made	3,585,138	239,851	241,142
Increase in net OPEB obligation	1,023,501	-	5,088
Net OPEB obligation (asset), December 31, 2015	15,395,775	-	280,879
Net OPEB obligation (asset), December 31, 2016	\$ 16,419,276	\$ -	\$ 285,967

The annual other post employment health benefit OPEB cost and contributions for the current and preceding years were as follows:

	Year Ended December 31,	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed
Kalamazoo County	2014	\$ 5,033,067	\$ 2,863,700	56.90%
	2015	4,950,881	2,834,114	57.24%
	2016	4,608,639	3,585,138	77.79%
CMH	2014	\$ 245,207	\$ 238,751	97.40%
	2015	233,369	238,751	102.31%
	2016	239,851	239,851	100.00%
Road Commission	2014	\$ 182,624	\$ 119,245	65.30%
	2015	181,569	171,676	94.55%
	2016	246,230	241,142	97.93%
Totals	2014	\$ 5,460,898	\$ 3,221,696	59.00%
	2015	5,365,819	3,244,541	60.47%
	2016	5,094,720	4,066,131	79.81%

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The funded status of the plan, as of December 31, 2015, the most recent actuarial valuation date, was as follows:

	Kalamazoo County	CMH	Road Commission	Total
Actuarial accrued liability (AAL)	\$ 78,994,809	\$ 4,800,580	\$ 3,201,365	\$ 86,996,754
Actuarial value of plan assets	6,541,999	3,083,914	1,431,221	11,057,134
Unfunded actuarial accrued liability (UAAL)	<u>\$ 72,452,810</u>	<u>\$ 1,716,666</u>	<u>\$ 1,770,144</u>	<u>\$ 75,939,620</u>
Funded ratio	8.3%	64.2%	44.7%	12.7%
Covered payroll (active plan members)	\$ 34,745,205	\$ 6,008,440	\$ 1,883,924	\$ 42,637,569
UAAL as a percentage of covered payroll	208.5%	28.6%	94.0%	178.1%

Actuarial Methods and Assumptions. The annual contribution rate (ARC) for the current year was determined as part of the December 31, 2014 actuarial valuation using the entry age normal cost method for each employee. The actuarial assumptions included (a) rate of return of 4.00-7.75%, (b) initial health cost trend of 9%, (c) inflation assumption of 3.5%, and (d) an ultimate health cost trend of 3.5%.

The actuarial valuation involves estimates of reported amounts and assumptions are made which are based on the probability of future events. As a result, the valuation must be revised continually to incorporate changes that have occurred which impact the past expectations.

The actuarial calculations are based upon benefits that are provided at the time of the valuation, and do not include assumptions of future changes. A long-term perspective was used in the employment of actuarial techniques and methods, resulting in the smoothing of short-term volatility in actuarial accrued liabilities and asset values.

The Schedule of Funding Progress immediately following the notes to the basic financial statements, as required supplementary information, presents multi-year information pertaining to whether the actuarial valuation of the plan's assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

11. RISK MANAGEMENT

The risks of loss arising from general liability, property, and crime, not associated with operation of the airport, are managed through a combination of purchased commercial insurance, through the Michigan Municipal Risk Management Authority, and the set aside of assets. Assets have been set aside for the coverage of up to a maximum of \$100,000 for each general liability claim, and \$1,000 for each property and crime claim (also, 10% of next \$100,000 of each property and crime claim). Purchased commercial insurance provides coverage in excess of these limits and for all other risks of loss. With regard to vehicle physical damage claims, the County is entirely self-insured due to the prohibitive cost of commercial insurance for such losses.

Risks of loss associated with operation of the Airport (general, contractual, personal injury, and hangar-keepers' liabilities) are managed through the purchase of commercial insurance.

The Employee Benefit Fund provides coverage for up to a maximum of \$550,000 for each workers' compensation claim. The County purchases commercial insurance for claims in excess of this coverage up to a maximum of \$1,000,000 for each claim and \$10,000,000 for aggregate claims. Workers' compensation claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss may be reasonably estimated.

Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period are not significant, as the County prefers to liquidate such liabilities immediately.

The County manages its risk of loss arising from health and medical claims through a combination of purchased commercial insurance and a set aside of assets for claims settlements. For those claims (up to an annual maximum of \$150,000 per individual) financed from the set aside of assets, the County reports claim expenditures and liabilities when it is probable that a loss has occurred and the amount of loss may be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Health and medical claim liabilities are subject to the same estimation limitations and periodic reevaluation as workers' compensation claims. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. In addition, in the past three fiscal years, settlements did not exceed insurance coverage.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Changes in the balances of claim liabilities consists of the following:

	Estimated Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Estimated Liability End of Year
General liability and crime:				
2015	\$ 230,197	\$ 330,572	\$ (82,283)	\$ 478,486
2016	478,486	315,960	(128,168)	666,278
Workers' compensation:				
2015	558,022	220,055	(117,661)	660,416
2016	660,416	472,771	(265,950)	867,237
Employee health and medical:				
2015	482,600	7,021,333	(7,006,486)	497,447
2016	497,447	7,087,468	(7,061,082)	523,833
Employee dental:				
2015	20,549	576,285	(563,827)	33,007
2016	33,007	516,354	(520,919)	28,442

The County considers property and vehicle damage claims arising from natural disasters, catastrophes, or other extraordinary events as subject to the provisions of the accounting standards governing risk management and, therefore, reportable. Expenditures incurred in connection with assets repairs or replacements not associated with such causes are considered outside the measurement and reporting standards.

12. LEASES

Leases Receivable

The Airport has entered into agreements to lease airport facilities to various airlines and vendors. The aggregate amount of future minimum lease payments expected to be received by the Airport, exclusive of expected extensions and airline month-to-month agreements, in each of the next five years and thereafter are as follows:

Year Ended December 31,	Amount
2017	\$ 333,073
2018	272,478
2019	271,206
2020	258,406
2021	258,406
2022-2026	110,962
2027-2031	88,765
2032-2033	35,506
	<u>\$ 1,628,802</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

Leases Commitment

The County leases several facilities and equipment under non-cancelable agreements that have been classified as operating leases. Rental expense for such leases was \$292,439 for the year ended December 31, 2016. The future minimum lease payments for these leases consist of the following:

Year Ended December 31,	Amount
2017	\$ 284,393
2018	271,714
2019	260,096
2020	8,636
2021	460
	<u>\$ 825,299</u>

13. PROPERTY TAXES

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.

Tax Abatements

The County received reduced property tax revenues during 2016 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by cities, villages, townships, and authorities within the County.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the county. The abatements amounted to \$359,473 in reduced county tax revenues for 2016.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this Act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to \$532,354 in reduced county tax revenues for 2016.

14. CONTINGENT LIABILITIES

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

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

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

15. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General Fund	Law Enforcement	General County Public Improvement	Nonmajor Funds	Total
Nonspendable					
Inventories	\$ 18,407	\$ -	\$ -	\$ 50,159	\$ 68,566
Prepays	354,073	722	-	82,487	437,282
Long-term advances	115,998	-	-	-	115,998
Total nonspendable	488,478	722	-	132,646	621,846
Restricted					
Budget stabilization	2,500,000	-	-	-	2,500,000
Law enforcement	-	645,806	-	-	645,806
Register of deeds automation	-	-	-	919,826	919,826
Community development	-	-	-	280,317	280,317
Accommodation tax	-	-	-	482,102	482,102
Grant programs	-	-	-	1,207,645	1,207,645
Concealed pistol license	-	-	-	108,355	108,355
Debt services	-	-	-	212,922	212,922
Capital projects	-	-	-	28,811	28,811
Total restricted	2,500,000	645,806	-	3,239,978	6,385,784
Committed					
Future expenditures for:					
Capital projects	1,396,946	-	-	-	1,396,946
Social welfare	16,300	-	-	-	16,300
Drug court	328,696	-	-	-	328,696
Parking operations	933,758	-	-	-	933,758
Community training disaster recovery	40,000	-	-	-	40,000
Total committed	2,715,700	-	-	-	2,715,700
Assigned					
Capital projects	-	-	11,336,696	-	11,336,696
Grant programs	-	-	-	1,098,667	1,098,667
Total assigned	-	-	11,336,696	1,098,667	12,435,363
Unassigned	27,816,125	-	-	-	27,816,125
Total fund balances, governmental funds	\$ 33,520,303	\$ 646,528	\$ 11,336,696	\$ 4,471,291	\$ 49,974,818

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of the County's net investment in capital assets as of December 31, 2016, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 4,511,975	\$ 5,368,248
Capital assets being depreciated, net	88,330,711	47,485,371
	<u>92,842,686</u>	<u>52,853,619</u>
Related debt:		
Total installment debt	25,330,000	11,510,000
Net bond premium/discount	-	492,011
Deferred charge on refunding	-	(377,246)
Bonds payable related to capital leases	-	(6,360,000)
Bonds premium related to capital leases	-	(166,645)
	<u>25,330,000</u>	<u>5,098,120</u>
Net investment in capital assets	<u>\$ 67,512,686</u>	<u>\$ 47,755,499</u>

17. RESTATEMENTS

A variety of restatements were made to the December 31, 2016 audited financial statements in order to correct errors and appropriately present financial activity in accordance with GAAP. A summary of these restatements is as follows:

	Fund Balance/ Net Position As Presented in December 31, 2015 Audit	Restatement	Fund Balance/ Net Position As Presented in December 31, 2016 Audit
Governmental activities			
Nonmajor governmental funds	\$ 4,562,339	\$ (387,846)	\$ 4,174,493
Full accrual adjustments	69,126,632	6,219,344	75,345,976
	<u>73,688,971</u>	<u>5,831,498</u>	<u>79,520,469</u>
Business-type activities			
Local government public works financing	-	64,607	64,607
Public housing commission	239,959	(239,959)	-
	<u>239,959</u>	<u>(175,352)</u>	<u>64,607</u>
Total primary government	<u>\$ 73,928,930</u>	<u>\$ 5,656,146</u>	<u>\$ 79,585,076</u>

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

	Fund Balance/ Net Position As Presented in December 31, 2015 Audit	Restatement	Fund Balance/ Net Position As Presented in December 31, 2016 Audit
Component units			
Drainage District	\$ 1,083,884	\$ 80,543	\$ 1,164,427
Drainage District full accrual adjustments	-	2,852,763	2,852,763
Land Bank Authority	6,008,001	139,198	6,147,199
Public Housing Commission	-	239,959	239,959
Brownfield Redevelopment Authority	-	242,696	242,696
Brownfield Redevelopment Authority - full accrual adjustments	-	(150,000)	(150,000)
Consolidated Dispatch Authority	15,113	62,746	77,859
	<u>\$ 7,106,998</u>	<u>\$ 3,467,905</u>	<u>\$ 10,574,903</u>

The restatement in the nonmajor government funds fund balance included presenting the Brownfield Redevelopment Authority as a discretely presented component unit rather than a blended component unit (decrease of \$242,696); recognizing the previously reported 2008 Townline Drain debt service fund in the Drainage District component unit (decrease of \$80,543); and recognizing the previously recorded 2015 CMH Improvements debt service fund in the Local Government Public Works Financing enterprise fund (decrease of \$64,607).

The restatement of the governmental activities full accrual net position was necessary to move long-term debt to the Drainage District component unit as the debt related to that fund (increase of \$145,000); to move long-term debt to the Brownfield Redevelopment Authority component unit as the fund changed from a blended component unit to a discretely presented component unit (increase of \$150,000); effect of writing off bond issuance cost that was being amortized over the life of the long-term debt (decrease of \$127,750); to remove premium on long-term debt, long-term debt and related leases receivable that was moved to the Local Government Public Works Financing enterprise fund (increase of \$191,367, \$6,945,000, and decrease of \$2,090,000, respectively); and to correct deferred inflows for property taxes that are deferred based on availability (increase of \$1,005,727).

A restatement was necessary to establish the Local Government Public Works Financing Fund to account for revenues received and related leases receivable from local municipalities for the payment of the limited obligation long-term debt (principal, interest and fees) of the County (increase of \$64,607). These amounts had previously been recognized in nonmajor governmental funds. The Public Housing Commission was restated to be presented as a discretely presented component unit rather than a blended component unit (decrease of \$239,959).

As noted above the Drainage District component unit fund balance was restated to account for the 2008 Townline Drain debt service activity (increase of \$80,543). The Drainage District full accrual adjustments net position were restated to record Drain capital assets (increase of \$3,482,763) and long-term debt activity (decrease of \$630,000).

The Land Bank Authority net position was restated to include the operations of rental units, which the Authority owns, and which are managed by a property management company.

COUNTY OF KALAMAZOO, MICHIGAN

■ Notes to Financial Statements

As noted above the Public Housing Commission component unit was restated to present as a discretely presented component unit rather than a blended component unit (increase of \$239,959).

As noted above the Brownfield Redevelopment Authority was restated to present as a discretely presented component unit rather than a blended component unit (increase of \$242,696). The Brownfield Redevelopment Authority full accrual adjustments net position were restated to record long-term debt previously recorded in governmental activities (decrease of \$150,000).

The Consolidated Dispatch Authority restated net position to correct the method of accounting used for accounts receivable.

18. SUBSEQUENT EVENT

In April 2017, the County refunded \$22,300,000 of the 2007 Juvenile Home Facilities bonds with the issuance of \$19,390,000 in 2017 Juvenile Home Facility general obligation refunding bonds.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information
Employees' Retirement System

Schedule of Changes in Net Pension Asset and Related Ratios

	Year Ended December 31,		
	2014	2015	2016
Total pension liability			
Service cost	\$ 3,629,274	\$ 3,339,511	\$ 3,449,662
Interest on total pension liability	11,540,803	11,895,347	12,251,457
Difference between expected and actual experience	-	(2,986,458)	(949,324)
Assumption changes	-	2,164,854	-
Benefit payments	(11,408,049)	(9,187,843)	(10,252,492)
Net change in total pension liability	<u>3,762,028</u>	<u>5,225,411</u>	<u>4,499,303</u>
Total pension liability, beginning of year	<u>157,766,754</u>	<u>161,528,782</u>	<u>166,754,193</u>
Total pension liability, end of year	<u>161,528,782</u>	<u>166,754,193</u>	<u>171,253,496</u>
Plan fiduciary net position			
Employer contributions	1,985,340	1,320,723	1,464,540
Employee contributions	-	4,500	-
Net investment income (loss)	13,528,275	(3,399,365)	23,448,619
Benefit payments	(11,408,049)	(9,187,843)	(10,252,492)
Administrative expense	(252,272)	(345,891)	(303,990)
Net change in plan fiduciary net position	<u>3,853,294</u>	<u>(11,607,876)</u>	<u>14,356,677</u>
Plan fiduciary net position, beginning of year	<u>200,655,600</u>	<u>204,508,894</u>	<u>192,901,018</u>
Plan fiduciary net position, end of year	<u>204,508,894</u>	<u>192,901,018</u>	<u>207,257,695</u>
Net pension asset	<u>\$ (42,980,112)</u>	<u>\$ (26,146,825)</u>	<u>\$ (36,004,199)</u>
Plan fiduciary net position as a percentage of total pension liability	126.61%	115.68%	121.02%
Covered payroll ⁽¹⁾	<u>\$ 41,180,449</u>	<u>\$ 41,152,336</u>	<u>\$ 43,438,087</u>
Net pension asset as a percentage of covered payroll	-104.37%	-63.54%	-82.89%

Note: GASB 67 was implemented in 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

⁽¹⁾ Valuation payroll as of the previous year ended December 31

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information
Employees' Retirement System

Schedule of Net Pension Asset

Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset	Plan Fiduciary Net Position as Percentage of Total Pension Liability	Covered ⁽¹⁾ Payroll	Net Pension Asset as Percentage of Covered Payroll
2014	\$ 161,528,782	\$ 204,508,894	\$ (42,980,112)	126.61%	\$ 41,180,449	-104.37%
2015	166,754,193	192,901,018	(26,146,825)	115.68%	41,152,336	-63.54%
2016	171,253,496	207,257,695	(36,004,199)	121.02%	43,438,087	-82.89%

Note: GASB 67 was implemented in 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

⁽¹⁾ Valuation payroll as of the previous year ended December 31

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information Employees' Retirement System

Schedule of Contributions

Year Ended December 31,	Actuarially ⁽²⁾ Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered ⁽¹⁾ Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ 1,985,340	\$ 1,985,340	\$ -	\$ 41,180,449	4.82%
2015	1,320,723	1,320,723	-	41,152,336	3.21%
2016	1,464,540	1,464,540	-	43,438,087	3.37%

(1) Valuation payroll as of the previous year ended December 31

(2) The actuarially determined contribution was calculated based on projected covered payroll. Employer contributions were made in full based on actual covered payroll. Accordingly, the actuarially-determined contribution has been expressed above as a percentage of actual payroll.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, open period
Remaining amortization period	10 years
Asset valuation method	Market value with 5-year smoothing
Inflation	3.5%
Salary increases	3.5%-7.23%, including inflation
Investment rate of return	7.5% net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to the January 1, 2009 - December 31, 2013 experience study
Mortality	RP-2000 mortality combined healthy tables, projected 20 years with U.S. Projection Scale BB.
Cost-of-living adjustment	Varied, depending on union
Other information	There were no benefit changes during the year.

Note: GASB 67 was implemented in 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information Employees' Retirement System

Schedule of Investment Returns

Year Ended December 31,	Annual ⁽³⁾ Return
2014	6.87%
2015	-1.71%
2016	13.21%

⁽³⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information
 Retiree Health Care Trust - Kalamazoo County Government

Schedule of Funding Progress
 Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2011	\$ 5,169,571	\$ 68,730,743	\$ 63,561,172	7.5%	\$ 39,685,167	160.2%
12/31/2013	5,560,607	86,776,528	81,215,921	6.4%	40,160,494	202.2%
12/31/2015	6,541,999	78,994,809	72,452,810	8.3%	34,745,205	208.5%

Schedule of Employer Contributions
 Other Postemployment Benefits Plan

Year Ended December 31,	Annual Required Contributions	Percentage Contributed
2014	\$ 5,127,397	55.9%
2015	5,068,227	55.9%
2016	4,771,497	75.1%

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Health Care Trust - Kalamazoo County Road Commission Component Unit

Schedule of Funding Progress
Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2011	\$ 1,435,680	\$ 3,956,241	\$ 2,520,561	36.3%	\$ 2,483,917	101.5%
12/31/2013	1,562,405	3,239,807	1,677,402	48.2%	2,200,685	76.2%
12/31/2015	1,431,221	3,201,365	1,770,144	44.7%	1,883,924	94.0%

Schedule of Employer Contributions
Other Postemployment Benefits Plan

Year Ended December 31,	Annual Required Contributions	Percentage Contributed
2014	\$ 158,807	100.0%
2015	130,407	100.0%
2016	241,142	100.0%

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information

Retiree Health Care Trust - Community Mental Health & Substance Abuse Services Component Unit

Schedule of Funding Progress
Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2011	\$ 2,521,844	\$ 5,191,359	\$ 2,669,515	48.6%	\$ 8,626,811	30.9%
12/31/2013	3,148,454	4,621,935	1,473,481	68.1%	10,116,884	14.6%
12/31/2015	3,083,914	4,800,580	1,716,666	64.2%	6,008,440	28.6%

Schedule of Employer Contributions
Other Postemployment Benefits Plan

Year Ended December 31,	Annual Required Contributions	Percentage Contributed
2014	\$ 238,751	100.0%
2015	226,227	105.5%
2016	239,851	100.0%

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

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COUNTY OF KALAMAZOO, MICHIGAN

■ General Fund

The General Fund is the principal operating fund of the County. It is used to account for all revenues, expenditures, and activities not specifically accounted for and reported in another fund. Revenues are derived primarily from property taxes, intergovernmental revenues, and charges for services.

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes:				
Property	\$ 38,985,000	\$ 36,750,900	\$37,299,350	\$ 548,450
Treasurer	75,000	75,000	100,401	25,401
Total taxes	39,060,000	36,825,900	37,399,751	573,851
Licenses and permits:				
County clerk / register of deeds	9,000	9,000	10,750	1,750
Animal services and enforcement	500,500	500,500	530,415	29,915
Treasurer	12,000	12,000	14,392	2,392
Soil erosion & sedimentation control	30,000	30,000	32,340	2,340
Medical examiner	17,000	17,300	19,833	2,533
Total licenses and permits	568,500	568,800	607,730	38,930
Intergovernmental:				
Federal grants:				
Sheriff	13,000	13,000	22,728	9,728
Emergency management	34,600	34,600	26,144	(8,456)
Prosecuting attorney	13,600	13,600	52,156	38,556
State grants:				
State revenue sharing	5,188,800	5,204,100	5,204,061	(39)
State stabilization sharing	-	2,234,100	2,234,075	(25)
State court fund distribution	1,182,000	1,182,000	1,200,017	18,017
Convention and tourism	1,308,800	1,348,300	1,348,253	(47)
Elections	105,000	143,800	155,116	11,316
Friend of the court	245,000	245,500	254,563	9,063
Circuit court trial division	186,000	186,000	185,784	(216)
Circuit court family division	343,000	343,000	325,759	(17,241)
District court	361,900	361,900	352,465	(9,435)
Prosecuting attorney	194,900	194,900	298,599	103,699
Probate court	140,000	140,000	140,017	17
Sheriff	25,000	5,000	1,105	(3,895)
County clerk / register of deeds	2,500	2,500	2,213	(287)
Local unit contributions:				
Sheriff	1,476,000	1,511,600	1,642,365	130,765
Veterans affairs	4,100	4,300	4,332	32
Total intergovernmental	10,824,200	13,168,200	13,449,752	281,552

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (continued)				
Charges for services:				
Circuit court administration	\$ 659,000	\$ 648,500	\$ 685,504	\$ 37,004
District court	2,177,100	2,177,100	1,670,668	(506,432)
Friend of the court	180,000	180,000	175,223	(4,777)
Probate court	66,500	66,500	75,379	8,879
Elections	-	87,900	147,726	59,826
County clerk / register of deeds	2,165,600	2,165,600	2,392,953	227,353
Equalization	-	-	1,500	1,500
Human resources	100	100	510	410
Prosecuting attorney	28,300	28,300	25,709	(2,591)
Treasurer	48,100	48,100	69,014	20,914
Buildings & grounds	-	-	899	899
Drain commissioner	1,500	1,500	1,050	(450)
Sheriff	984,100	984,100	1,314,931	330,831
Emergency management	-	-	864	864
Animal services & enforcement	60,300	60,300	70,909	10,609
HCS administration	3,000	4,400	3,425	(975)
MSU extension	9,500	9,500	9,500	-
Planning	6,000	6,000	2,442	(3,558)
Total charges for services	<u>6,389,100</u>	<u>6,467,900</u>	<u>6,648,206</u>	<u>180,306</u>
Fines and forfeitures:				
Circuit court administration	30,000	30,000	8,519	(21,481)
District court	1,660,000	1,660,000	998,023	(661,977)
Treasurer	300	300	210	(90)
Soil erosion & sedimentation control	300	300	-	(300)
Total fines and forfeitures	<u>1,690,600</u>	<u>1,690,600</u>	<u>1,006,752</u>	<u>(683,848)</u>
Investment earnings	<u>1,260,000</u>	<u>1,260,000</u>	<u>425,258</u>	<u>(834,742)</u>
Contributions and reimbursements:				
Non department revenue	-	16,000	16,000	-
Animal services & enforcement	2,000	2,000	1,680	(320)
Soldiers & sailors relief	-	-	296	296
Resource development	-	-	742	742
MSU extension	5,000	5,000	5,000	-
Total contributions and reimbursements	<u>7,000</u>	<u>23,000</u>	<u>23,718</u>	<u>718</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Other:				
Non department revenue	\$ -	\$ -	\$ 5,756	\$ 5,756
Circuit court administration	800	800	498	(302)
District court	45,100	45,100	(696)	(45,796)
Probate court	3,000	3,000	24	(2,976)
Family counseling services	25,000	25,000	27,150	2,150
Planning	-	-	74	74
County clerk / register of deeds	4,000	4,000	814	(3,186)
Finance	138,900	96,400	92,016	(4,384)
Central service cost recovery	674,600	972,900	1,050,850	77,950
Prosecuting attorney	3,000	3,000	416	(2,584)
Treasurer	100	100	18,226	18,126
Sheriff	230,700	230,700	394,185	163,485
Animal services & enforcement	13,400	13,400	14,669	1,269
Veteran's affairs	-	-	117	117
Emergency management	-	-	(1,005)	(1,005)
Total other	<u>1,138,600</u>	<u>1,394,400</u>	<u>1,603,094</u>	<u>208,694</u>
Total revenues	<u>60,938,000</u>	<u>61,398,800</u>	<u>61,164,261</u>	<u>(234,539)</u>
Expenditures				
Current:				
General government:				
Elections	500,500	628,200	616,312	(11,888)
County clerk / register of deeds	678,600	653,600	625,812	(27,788)
Finance	1,338,300	1,242,600	1,166,164	(76,436)
Equalization	424,200	458,900	438,307	(20,593)
Fringe benefits, temporary	621,700	668,200	670,184	1,984
Information systems	1,029,800	1,024,800	1,006,493	(18,307)
Prosecuting attorney	2,291,100	2,261,800	2,212,547	(49,253)
Special projects	1,039,300	1,059,300	1,047,115	(12,185)
Buildings & grounds	2,597,600	2,709,700	2,505,312	(204,388)
Utilities	1,421,100	1,421,100	1,097,976	(323,124)
Security	573,200	537,600	529,714	(7,886)
Contractual services	305,700	310,400	260,386	(50,014)
Contractual temp employees	88,400	99,300	96,976	(2,324)
Planning	254,900	258,200	207,762	(50,438)
Appropriation to SW Michigan First	75,000	75,000	75,000	-
Total general government	<u>13,239,400</u>	<u>13,408,700</u>	<u>12,556,060</u>	<u>(852,640)</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued)				
Current (continued):				
Public safety:				
Sheriff	\$ 16,695,600	\$ 16,381,800	\$16,310,317	\$ (71,483)
Animal services & enforcement	642,500	639,600	629,112	(10,488)
Emergency management	218,000	245,400	187,393	(58,007)
Adult probation	50,700	50,700	35,165	(15,535)
Total public safety	<u>17,606,800</u>	<u>17,317,500</u>	<u>17,161,987</u>	<u>(155,513)</u>
Health and welfare:				
HCS administration	1,113,500	1,163,600	1,157,309	(6,291)
Veterans affairs	152,400	143,200	142,156	(1,044)
Advertising	518,800	518,800	518,800	-
Veterans burial	109,000	16,000	14,943	(1,057)
Soldiers & sailors relief	14,000	25,000	27,934	2,934
Appropriations to:				
Community mental health	2,272,400	2,292,200	2,292,126	(74)
Social services	-	35,700	19,425	(16,275)
Total health and welfare	<u>4,180,100</u>	<u>4,194,500</u>	<u>4,172,693</u>	<u>(21,807)</u>
Cultural and recreation:				
MSU extension	<u>293,300</u>	<u>289,600</u>	<u>289,436</u>	<u>(164)</u>
Legislative:				
Board of commissioners	207,300	210,300	202,925	(7,375)
County administration	564,900	532,400	518,675	(13,725)
Legal services	230,000	219,000	213,799	(5,201)
Total legislative	<u>1,002,200</u>	<u>961,700</u>	<u>935,399</u>	<u>(26,301)</u>
Judicial:				
Circuit court administration	5,109,100	5,281,200	5,075,533	(205,667)
Circuit court trial division	443,100	443,900	442,010	(1,890)
Circuit court family division	851,900	861,700	860,132	(1,568)
District court	4,768,800	4,685,200	4,567,278	(117,922)
Jury board	3,300	3,300	3,103	(197)
Probate court	949,100	965,000	965,979	979
Total judicial	<u>12,125,300</u>	<u>12,240,300</u>	<u>11,914,035</u>	<u>(326,265)</u>
Community and economic development:				
Public housing	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Other:				
Contingency	\$ 100,500	\$ 168,200	\$ 30,000	\$ (138,200)
Restricted reserve	1,115,200	-	-	-
At-large drains	13,200	13,200	12,070	(1,130)
Insurance	466,200	466,200	861,416	395,216
Strategic issues	70,000	70,000	42,160	(27,840)
Total other	<u>1,765,100</u>	<u>717,600</u>	<u>945,646</u>	<u>228,046</u>
Capital outlay	<u>926,000</u>	<u>2,232,100</u>	<u>1,570,823</u>	<u>(661,277)</u>
Total expenditures	<u>51,263,200</u>	<u>51,487,000</u>	<u>49,671,079</u>	<u>(1,815,921)</u>
Revenues over expenditures	<u>9,674,800</u>	<u>9,911,800</u>	<u>11,493,182</u>	<u>1,581,382</u>
Other financing sources (uses)				
Transfers in	2,065,200	2,063,400	2,110,558	47,158
Transfers out	(12,030,500)	(15,385,000)	(14,723,189)	661,811
Proceeds from sale of capital assets	-	-	17,688	17,688
Total other financing sources (uses)	<u>(9,965,300)</u>	<u>(13,321,600)</u>	<u>(12,594,943)</u>	<u>726,657</u>
Net change in fund balance	(290,500)	(3,409,800)	(1,101,761)	2,308,039
Fund balance, beginning of year	<u>34,622,064</u>	<u>34,622,064</u>	<u>34,622,064</u>	<u>-</u>
Fund balance, end of year	<u>\$ 34,331,564</u>	<u>\$ 31,212,264</u>	<u>\$33,520,303</u>	<u>\$ 2,308,039</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Parks Fund - accounts for the maintenance and operation of the County owned parks and fairgrounds. Funding is provided from charges for services, grants, and interfund transfers.

Health Fund - accounts for the costs of providing health protection and health services. Funding is provided through licenses and permits, federal and state grants, charges for services, General Fund appropriations, and interfund transfers.

Capital Outlay Special Grants Fund - accounts for various capital outlay function activities financed by federal and/or state grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Friend of the Court Fund - accounts for operations of the Friend of the Court, including costs incurred in the collection and subsequent disbursement of child support payments. Fund is provided through federal and state grants and charges for services. Most of the Friend of the Court revenues are deposited in the General Fund and later transferred to the Friend of the Court Fund as needed.

Justice Special Grants Fund - accounts for various judicial function activities financed by federal and/or state grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Public Works Special Grants Fund - accounts for various public works function activities financed by federal and/or state grants or local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Health and Welfare Special Grants Fund - accounts for various health and welfare function activities financed by federal and/or state grants or local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Community Economic Development Special Grants Fund - accounts for the fiduciary activity of the Public Housing Commission. Funding is provided through tax increment payments.

Accommodation Tax Fund - accounts for the collection of a 5% excise tax, which is imposed on all individuals engaged in the business of providing rooms for transient guests within the County. This tax provides funding for the Kalamazoo Convention and Visitors Bureau. The County Board resolutions allocate the use of these revenues to promote tourism and convention business.

Public Safety Special Grants Fund - accounts for various public safety function activities financed by charges for services and federal and/or state grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

Concealed Pistol Licensing Fund - accounts for the fees collected and expenditures related to the County Clerk issuing licenses to carry a concealed pistol and administering Public Act 3 of 2015.

Law Library Fund - accounts for funds provided for the maintenance of a law library. Funding is provided from penal fees and interfund transfers.

Area Agency on Aging Fund - accounts for operation and administration of services programs to senior citizens. Funding is provided through federal and state grants.

Child Care Fund - accounts for the County court-administered health and welfare of minor children. Funding is provided through federal and state grants and interfund transfers.

COUNTY OF KALAMAZOO, MICHIGAN

Nonmajor Governmental Funds

Veterans' Trust Fund - accounts for financial assistance provided to qualified veterans. Funding is provided through state grants.

Community Healthy Start Grant Fund - accounts for operations aimed at reducing infant mortality. Funding is provided through federal grants and local grants and interfund transfers.

HIV/AIDS Consortium Fund - accounts for providing financial assistance to individuals and their families infected or affected with AIDS during difficult financial times. Individuals (families) receive appropriate financial subsidies for housing needs to move the person (family) from an emergency housing situation to a more stable housing plan and to prevent the person (family) from becoming homeless.

Community Corrections Fund - accounts for alternatives such as tethers, bail screening, and additional probation to alleviate jail-overcrowding problems. Funding is provided through state grants and charges for services.

Debt Service Funds

Debt Service Funds account for the collection of resources and the payment of general long-term debt.

2007 Juvenile Home Bond Fund - accounts for the collection of ad valorem taxes and the payment of the general obligation debt service. This debt is secured by the unlimited taxing power of the County, issued in connection with the construction of a new Juvenile Home.

2011 Expo Center Improvements Fund - accounts for the transfer of the Accommodation Tax revenue and the payment of the limited tax general obligation debt service. This debt is secured by Accommodation Tax revenue and the limited taxing power of the County, issued in connection with the improvements to the Expo Center.

Capital Projects Funds

Capital Improvement Program Funds accounts for the accumulation of resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary Fund and Trust Funds).

Oshtemo Township Water Supply Construction Fund - accounts for the receipt and use of bond proceeds in connection with a water supply system project within the Charter Township of Oshtemo.

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COUNTY OF KALAMAZOO, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2016

	Special Revenue Funds				
	Parks	Health	Capital Outlay Special Grants	Friend of the Court	Justice Special Grants
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 113,087	\$ -	\$ -
Investments	-	-	810,254	-	-
Receivables, net:					
Accounts	90,861	223,135	-	-	158,020
Taxes	-	-	-	-	-
Due from other governments	-	35,676	-	349,303	560,342
Inventories	342	48,292	-	289	-
Prepays	2,470	11,856	-	44,422	-
Total assets	\$ 93,673	\$ 318,959	\$ 923,341	\$ 394,014	\$ 718,362
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ 59,612	\$ 88,303	\$ -	\$ 229,198	\$ 472,622
Accounts payable	10,729	93,661	2,721	65,135	100,606
Accrued liabilities	15,051	64,475	794	54,970	24,762
Due to other governments	-	8,772	-	-	11,454
Deposits payable	5,469	-	-	-	-
Unearned revenue	-	3,600	-	-	67,619
Total liabilities	90,861	258,811	3,515	349,303	677,063
Deferred inflows of resources					
Property taxes levied for subsequent period	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances					
Nonspendable	2,812	60,148	-	44,711	-
Restricted	-	-	919,826	-	-
Assigned	-	-	-	-	41,299
Total fund balances	2,812	60,148	919,826	44,711	41,299
Total liabilities, deferred inflows of resources and fund balances	\$ 93,673	\$ 318,959	\$ 923,341	\$ 394,014	\$ 718,362

Special Revenue Funds						
Public Works Special Grants	Health and Welfare Special Grants	Community Economic Development Special Grants	Accommodation Tax	Public Safety Special Grants	Concealed Pistol Licensing	Law Library
\$ -	\$ 920,260	\$ 429,184	\$ 572,362	\$ 953,244	\$ 108,840	\$ 16,274
-	-	-	-	-	-	-
-	17,146	-	154,492	279,195	-	-
-	-	637,495	-	-	-	-
58,936	404,655	-	-	180,872	-	-
-	601	-	-	-	-	-
-	8,833	-	-	-	-	-
<u>\$ 58,936</u>	<u>\$ 1,351,495</u>	<u>\$ 1,066,679</u>	<u>\$ 726,854</u>	<u>\$ 1,413,311</u>	<u>\$ 108,840</u>	<u>\$ 16,274</u>
\$ 12,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43,429	134,338	-	244,752	420,495	-	16,274
-	37,745	-	-	3,852	485	-
2,363	52,364	-	-	8,174	-	-
-	355	-	-	-	-	-
-	97,359	-	-	83,952	-	-
<u>58,539</u>	<u>322,161</u>	<u>-</u>	<u>244,752</u>	<u>516,473</u>	<u>485</u>	<u>16,274</u>
-	-	786,362	-	-	-	-
-	-	-	-	-	-	-
-	-	786,362	-	-	-	-
-	9,434	-	-	-	-	-
-	-	280,317	482,102	896,838	108,355	-
397	1,019,900	-	-	-	-	-
<u>397</u>	<u>1,029,334</u>	<u>280,317</u>	<u>482,102</u>	<u>896,838</u>	<u>108,355</u>	<u>-</u>
<u>\$ 58,936</u>	<u>\$ 1,351,495</u>	<u>\$ 1,066,679</u>	<u>\$ 726,854</u>	<u>\$ 1,413,311</u>	<u>\$ 108,840</u>	<u>\$ 16,274</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2016

	Special Revenue Funds				
	Area Agency on Aging	Child Care	Veterans' Trust	Community Healthy Start Grant	HIV/AIDS Consortium
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 8,113	\$ -	\$ 37,071
Investments	-	-	-	-	-
Receivables, net:					
Accounts	19,487	-	-	17,948	-
Taxes	-	-	-	-	-
Due from other governments	188,038	1,175,969	-	70,068	-
Inventories	-	-	-	635	-
Prepays	3,239	11,667	-	-	-
Total assets	\$ 210,764	\$ 1,187,636	\$ 8,113	\$ 88,651	\$ 37,071
Liabilities					
Negative equity in pooled cash and cash equivalents	\$ 130,800	\$ 774,822	\$ -	\$ 20,614	\$ -
Accounts payable	69,097	301,491	316	13,835	-
Accrued liabilities	4,363	99,656	-	10,097	-
Due to other governments	-	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenue	3,265	-	7,797	25,000	-
Total liabilities	207,525	1,175,969	8,113	69,546	-
Deferred inflows of resources					
Property taxes levied for subsequent period	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances					
Nonspendable	3,239	11,667	-	635	-
Restricted	-	-	-	18,470	-
Assigned	-	-	-	-	37,071
Total fund balances	3,239	11,667	-	19,105	37,071
Total liabilities, deferred inflows of resources and fund balances	\$ 210,764	\$ 1,187,636	\$ 8,113	\$ 88,651	\$ 37,071

Special Revenue Funds	Debt Service Funds		Capital Project Fund	
Community Corrections	2007 Juvenile Home Bond	2011 Expo Center Improvements	Oshtemo Township Water Supply Construction	Total
\$ 210,863	\$ 556,398	\$ -	\$ 28,811	\$ 3,954,507
-	-	-	-	810,254
-	-	-	-	960,284
-	1,472,069	-	-	2,109,564
146,659	-	-	-	3,170,518
-	-	-	-	50,159
-	-	-	-	82,487
<u>\$ 357,522</u>	<u>\$ 2,028,467</u>	<u>\$ -</u>	<u>\$ 28,811</u>	<u>\$ 11,137,773</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,788,718
33,588	-	-	-	1,550,467
12,480	-	-	-	328,730
5,385	-	-	-	88,512
-	-	-	-	5,824
13,732	-	-	-	302,324
<u>65,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,064,575</u>
-	1,809,419	-	-	2,595,781
-	6,126	-	-	6,126
<u>-</u>	<u>1,815,545</u>	<u>-</u>	<u>-</u>	<u>2,601,907</u>
-	-	-	-	132,646
292,337	212,922	-	28,811	3,239,978
-	-	-	-	1,098,667
<u>292,337</u>	<u>212,922</u>	<u>-</u>	<u>28,811</u>	<u>4,471,291</u>
<u>\$ 357,522</u>	<u>\$ 2,028,467</u>	<u>\$ -</u>	<u>\$ 28,811</u>	<u>\$ 11,137,773</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
 For the Year Ended December 31, 2016

	Special Revenue Funds				
	Parks	Health	Capital Outlay Special Grants	Friend of the Court	Justice Special Grants
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	556,616	-	-	-
Intergovernmental	-	1,513,679	-	2,325,741	1,585,079
Charges for services	1,199,359	1,375,433	208,095	85,400	96,041
Investment earnings	3,421	-	1,484	-	-
Contributions, grants and reimbursements	106,217	3,827	-	-	459,173
Other	17,355	115	-	355	-
Total revenues	1,326,352	3,449,670	209,579	2,411,496	2,140,293
Expenditures					
Current:					
General government	-	-	389,914	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	5,216,727	-	-	-
Cultural and recreation	1,520,832	-	-	-	-
Judicial	-	-	-	3,241,253	2,390,534
Community and economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	13,725	-	-
Total expenditures	1,520,832	5,216,727	403,639	3,241,253	2,390,534
Revenues over (under) expenditures	(194,480)	(1,767,057)	(194,060)	(829,757)	(250,241)
Other financing sources (uses)					
Transfers in	197,292	1,827,205	-	877,388	219,902
Transfers out	-	-	-	(2,920)	-
Total other financing sources (uses)	197,292	1,827,205	-	874,468	219,902
Net change in fund balances	2,812	60,148	(194,060)	44,711	(30,339)
Fund balances, beginning of year, as restated	-	-	1,113,886	-	71,638
Fund balances, end of year	\$ 2,812	\$ 60,148	\$ 919,826	\$ 44,711	\$ 41,299

Special Revenue Funds						
Public Works Special Grants	Health and Welfare Special Grants	Community Economic Development Special Grants	Accommodation Tax	Public Safety Special Grants	Concealed Pistol Licensing	Law Library
\$ -	\$ -	\$ 805,319	\$ 2,920,184	\$ -	\$ -	\$ -
-	-	-	-	-	94,210	-
198,805	4,307,148	-	-	774,238	-	-
-	111,636	-	-	1,485,083	10	-
-	-	(2)	-	-	-	-
-	16,421	-	-	59,909	-	-
-	2,000	-	-	96,789	710	6,500
198,805	4,437,205	805,317	2,920,184	2,416,019	94,930	6,500
-	-	-	-	-	-	-
-	-	-	-	2,194,674	32,247	-
211,382	-	-	-	-	-	-
-	4,911,365	-	-	-	-	-
-	-	-	2,148,740	-	-	-
-	-	-	-	-	-	65,095
-	-	525,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	339,527	-	-
211,382	4,911,365	525,000	2,148,740	2,534,201	32,247	65,095
(12,577)	(474,160)	280,317	771,444	(118,182)	62,683	(58,595)
12,537	446,752	-	-	36,905	-	58,595
-	(48,714)	-	(522,447)	(144,848)	-	-
12,537	398,038	-	(522,447)	(107,943)	-	58,595
(40)	(76,122)	280,317	248,997	(226,125)	62,683	-
437	1,105,456	-	233,105	1,122,963	45,672	-
\$ 397	\$ 1,029,334	\$ 280,317	\$ 482,102	\$ 896,838	\$ 108,355	\$ -

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds				
	Area Agency on Aging	Child Care	Veterans' Trust	Community Healthy Start Grant	HIV/AIDS Consortium
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	1,059,540	4,619,661	29,987	736,995	-
Charges for services	38,711	130,025	-	-	-
Investment earnings	-	-	-	-	-
Contributions, grants and reimbursements	101,139	46,882	-	-	-
Other	(175)	21,103	-	-	-
Total revenues	1,199,215	4,817,671	29,987	736,995	-
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	1,329,761	8,798,809	24,987	736,994	-
Cultural and recreation	-	-	-	-	-
Judicial	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	1,329,761	8,798,809	24,987	736,994	-
Revenues over (under) expenditures	(130,546)	(3,981,138)	5,000	1	-
Other financing sources (uses)					
Transfers in	81,487	3,992,805	-	-	-
Transfers out	-	-	(5,000)	-	-
Total other financing sources (uses)	81,487	3,992,805	(5,000)	-	-
Net change in fund balances	(49,059)	11,667	-	1	-
Fund balances, beginning of year, as restated	52,298	-	-	19,104	37,071
Fund balances, end of year	\$ 3,239	\$ 11,667	\$ -	\$ 19,105	\$ 37,071

Special Revenue Funds	Debt Service Funds		Capital Project Fund	
Community Corrections	2007 Juvenile Home Bond	2011 Expo Center Improvements	Oshtemo Township Water Supply Construction	Total
\$ -	\$ 2,079,861	\$ -	\$ -	\$ 5,805,364
-	-	-	-	650,826
557,734	-	-	-	17,708,607
465,021	-	-	-	5,194,814
-	284	-	-	5,187
-	-	-	-	793,568
-	-	-	-	144,752
<u>1,022,755</u>	<u>2,080,145</u>	<u>-</u>	<u>-</u>	<u>30,303,118</u>
-	-	-	-	389,914
983,132	-	-	-	3,210,053
-	-	-	-	211,382
-	-	-	-	21,018,643
-	-	-	-	3,669,572
-	-	-	-	5,696,882
-	-	-	-	525,000
-	900,000	180,000	-	1,080,000
-	1,058,561	71,957	-	1,130,518
-	-	-	-	353,252
<u>983,132</u>	<u>1,958,561</u>	<u>251,957</u>	<u>-</u>	<u>37,285,216</u>
<u>39,623</u>	<u>121,584</u>	<u>(251,957)</u>	<u>-</u>	<u>(6,982,098)</u>
-	-	251,957	-	8,002,825
-	-	-	-	(723,929)
-	-	251,957	-	7,278,896
39,623	121,584	-	-	296,798
252,714	91,338	-	28,811	4,174,493
<u>\$ 292,337</u>	<u>\$ 212,922</u>	<u>\$ -</u>	<u>\$ 28,811</u>	<u>\$ 4,471,291</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2016

	Parks			Health		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	547,900	556,616	8,716
Intergovernmental	-	-	-	1,519,900	1,513,679	(6,221)
Charges for services	1,130,900	1,199,359	68,459	1,278,700	1,375,433	96,733
Investment earnings	3,200	3,421	221	-	-	-
Contributions, grants and reimbursements	121,500	106,217	(15,283)	2,600	3,827	1,227
Other	17,300	17,355	55	-	115	115
Total revenues	1,272,900	1,326,352	53,452	3,349,100	3,449,670	100,570
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	5,235,600	5,216,727	(18,873)
Cultural and recreation	1,587,900	1,520,832	(67,068)	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,587,900	1,520,832	(67,068)	5,235,600	5,216,727	(18,873)
Revenues over (under) expenditures	(315,000)	(194,480)	120,520	(1,886,500)	(1,767,057)	119,443
Other financing sources (uses)						
Transfers in	315,000	197,292	(117,708)	1,886,500	1,827,205	(59,295)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	315,000	197,292	(117,708)	1,886,500	1,827,205	(59,295)
Net change in fund balances	-	2,812	2,812	-	60,148	60,148
Fund balances, beginning of year, as restated	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ 2,812	\$ 2,812	\$ -	\$ 60,148	\$ 60,148

Capital Outlay Special Grants			Friend of the Court			Justice Special Grants		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	2,234,900	2,325,741	90,841	1,863,500	1,585,079	(278,421)
250,000	208,095	(41,905)	78,600	85,400	6,800	94,000	96,041	2,041
3,000	1,484	(1,516)	-	-	-	-	-	-
-	-	-	-	-	-	429,100	459,173	30,073
-	-	-	-	355	355	-	-	-
<u>253,000</u>	<u>209,579</u>	<u>(43,421)</u>	<u>2,313,500</u>	<u>2,411,496</u>	<u>97,996</u>	<u>2,386,600</u>	<u>2,140,293</u>	<u>(246,307)</u>
345,600	389,914	44,314	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3,346,900	3,241,253	(105,647)	2,643,873	2,390,534	(253,339)
-	-	-	-	-	-	-	-	-
<u>150,000</u>	<u>13,725</u>	<u>(136,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>495,600</u>	<u>403,639</u>	<u>(91,961)</u>	<u>3,346,900</u>	<u>3,241,253</u>	<u>(105,647)</u>	<u>2,643,873</u>	<u>2,390,534</u>	<u>(253,339)</u>
<u>(242,600)</u>	<u>(194,060)</u>	<u>48,540</u>	<u>(1,033,400)</u>	<u>(829,757)</u>	<u>203,643</u>	<u>(257,273)</u>	<u>(250,241)</u>	<u>7,032</u>
-	-	-	1,033,400	877,388	(156,012)	217,900	219,902	2,002
-	-	-	-	(2,920)	(2,920)	-	-	-
-	-	-	1,033,400	874,468	(158,932)	217,900	219,902	2,002
<u>(242,600)</u>	<u>(194,060)</u>	<u>48,540</u>	<u>-</u>	<u>44,711</u>	<u>44,711</u>	<u>(39,373)</u>	<u>(30,339)</u>	<u>9,034</u>
<u>1,113,886</u>	<u>1,113,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,638</u>	<u>71,638</u>	<u>-</u>
<u>\$ 871,286</u>	<u>\$ 919,826</u>	<u>\$ 48,540</u>	<u>\$ -</u>	<u>\$ 44,711</u>	<u>\$ 44,711</u>	<u>\$ 32,265</u>	<u>\$ 41,299</u>	<u>\$ 9,034</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2016

	Public Works Special Grants			Health and Welfare Special Grants		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	188,500	198,805	10,305	4,628,514	4,307,148	(321,366)
Charges for services	-	-	-	95,805	111,636	15,831
Investment earnings	-	-	-	-	-	-
Contributions, grants and reimbursements	-	-	-	17,300	16,421	(879)
Other	-	-	-	-	2,000	2,000
Total revenues	188,500	198,805	10,305	4,741,619	4,437,205	(304,414)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	200,800	211,382	10,582	-	-	-
Health and welfare	-	-	-	5,221,176	4,911,365	(309,811)
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	200,800	211,382	10,582	5,221,176	4,911,365	(309,811)
Revenues over (under) expenditures	(12,300)	(12,577)	(277)	(479,557)	(474,160)	5,397
Other financing sources (uses)						
Transfers in	11,900	12,537	637	356,516	446,752	90,236
Transfers out	-	-	-	(103,100)	(48,714)	54,386
Total other financing sources (uses)	11,900	12,537	637	253,416	398,038	144,622
Net change in fund balances	(400)	(40)	360	(226,141)	(76,122)	150,019
Fund balances, beginning of year, as restated	437	437	-	1,105,456	1,105,456	-
Fund balances, end of year	\$ 37	\$ 397	\$ 360	\$ 879,315	\$ 1,029,334	\$ 150,019

Community Economic Development Special Grants			Accommodation Tax			Public Safety Special Grants		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ 700,000	\$ 805,319	\$ 105,319	\$ 2,818,500	\$ 2,920,184	\$ 101,684	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	827,000	774,238	(52,762)
-	-	-	-	-	-	1,283,800	1,485,083	201,283
-	(2)	(2)	-	-	-	-	-	-
-	-	-	-	-	-	3,300	59,909	56,609
-	-	-	-	-	-	-	96,789	96,789
<u>700,000</u>	<u>805,317</u>	<u>105,317</u>	<u>2,818,500</u>	<u>2,920,184</u>	<u>101,684</u>	<u>2,114,100</u>	<u>2,416,019</u>	<u>301,919</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,850,200	2,194,674	344,474
-	-	-	-	-	-	-	-	-
-	-	-	2,177,700	2,148,740	(28,960)	-	-	-
-	-	-	-	-	-	-	-	-
700,000	525,000	(175,000)	-	-	-	-	-	-
-	-	-	-	-	-	478,200	339,527	(138,673)
<u>700,000</u>	<u>525,000</u>	<u>(175,000)</u>	<u>2,177,700</u>	<u>2,148,740</u>	<u>(28,960)</u>	<u>2,328,400</u>	<u>2,534,201</u>	<u>205,801</u>
-	280,317	280,317	640,800	771,444	130,644	(214,300)	(118,182)	96,118
-	-	-	-	-	-	21,000	36,905	15,905
-	-	-	(640,800)	(522,447)	118,353	(143,000)	(144,848)	(1,848)
-	-	-	(640,800)	(522,447)	118,353	(122,000)	(107,943)	14,057
-	280,317	280,317	-	248,997	248,997	(336,300)	(226,125)	110,175
-	-	-	233,105	233,105	-	1,122,963	1,122,963	-
<u>\$ -</u>	<u>\$ 280,317</u>	<u>\$ 280,317</u>	<u>\$ 233,105</u>	<u>\$ 482,102</u>	<u>\$ 248,997</u>	<u>\$ 786,663</u>	<u>\$ 896,838</u>	<u>\$ 110,175</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2016

	Concealed Pistol Licensing			Law Library		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	27,100	94,210	67,110	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	100	10	(90)	-	-	-
Investment earnings	100	-	(100)	-	-	-
Contributions, grants and reimbursements	-	-	-	-	-	-
Other	500	710	210	6,500	6,500	-
Total revenues	27,800	94,930	67,130	6,500	6,500	-
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	27,800	32,247	4,447	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	65,100	65,095	(5)
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	27,800	32,247	4,447	65,100	65,095	(5)
Revenues over (under) expenditures	-	62,683	62,683	(58,600)	(58,595)	5
Other financing sources (uses)						
Transfers in	-	-	-	58,600	58,595	(5)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	58,600	58,595	(5)
Net change in fund balances	-	62,683	62,683	-	-	-
Fund balances, beginning of year, as restated	45,672	45,672	-	-	-	-
Fund balances, end of year	\$ 45,672	\$ 108,355	\$ 62,683	\$ -	\$ -	\$ -

Area Agency on Aging			Child Care			Veterans' Trust Fund		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
1,123,353	1,059,540	(63,813)	4,595,300	4,619,661	24,361	85,000	29,987	(55,013)
38,000	38,711	711	115,500	130,025	14,525	-	-	-
-	-	-	-	-	-	-	-	-
145,313	101,139	(44,174)	15,000	46,882	31,882	-	-	-
-	(175)	(175)	21,100	21,103	3	-	-	-
<u>1,306,666</u>	<u>1,199,215</u>	<u>(107,451)</u>	<u>4,746,900</u>	<u>4,817,671</u>	<u>70,771</u>	<u>85,000</u>	<u>29,987</u>	<u>(55,013)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,429,747	1,329,761	(99,986)	9,232,000	8,798,809	(433,191)	80,000	24,987	(55,013)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,429,747</u>	<u>1,329,761</u>	<u>(99,986)</u>	<u>9,232,000</u>	<u>8,798,809</u>	<u>(433,191)</u>	<u>80,000</u>	<u>24,987</u>	<u>(55,013)</u>
<u>(123,081)</u>	<u>(130,546)</u>	<u>(7,465)</u>	<u>(4,485,100)</u>	<u>(3,981,138)</u>	<u>503,962</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
70,783	81,487	10,704	4,485,100	3,992,805	(492,295)	-	-	-
-	-	-	-	-	-	(5,000)	(5,000)	-
<u>70,783</u>	<u>81,487</u>	<u>10,704</u>	<u>4,485,100</u>	<u>3,992,805</u>	<u>(492,295)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
(52,298)	(49,059)	3,239	-	11,667	11,667	-	-	-
<u>52,298</u>	<u>52,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 3,239</u>	<u>\$ 3,239</u>	<u>\$ -</u>	<u>\$ 11,667</u>	<u>\$ 11,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2016

	Community Healthy Start Grant			HIV / AIDS Consortium		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	753,950	736,995	(16,955)	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Contributions, grants and reimbursements	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	753,950	736,995	(16,955)	-	-	-
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	753,950	736,994	(16,956)	-	-	-
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	753,950	736,994	(16,956)	-	-	-
Revenues over (under) expenditures	-	1	1	-	-	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	1	1	-	-	-
Fund balances, beginning of year, as restated	19,104	19,104	-	37,071	37,071	-
Fund balances, end of year	\$ 19,104	\$ 19,105	\$ 1	\$ 37,071	\$ 37,071	\$ -



Community Corrections

Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
545,300	557,734	12,434
350,000	465,021	115,021
-	-	-
-	-	-
-	-	-
<u>895,300</u>	<u>1,022,755</u>	<u>127,455</u>
-	-	-
895,300	983,132	87,832
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>895,300</u>	<u>983,132</u>	<u>87,832</u>
-	39,623	39,623
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	39,623	39,623
252,714	252,714	-
<u>\$ 252,714</u>	<u>\$ 292,337</u>	<u>\$ 39,623</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Internal Service Funds

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, and to other governmental units on a cost reimbursement basis.

Employee Benefits Fund - was established to accumulate and allocate the costs of fringe benefits provided to employees of the primary government. Funding is provided through charges to the departments based upon payroll costs.

Technology Fund - was established to accumulate and allocate the costs to provide telephone and network services throughout all departments of the primary government. Funding is provided through charges for services to benefited departments.

Nazareth Facility Fund - was established to accumulate and allocate the operating and maintenance costs of the facility that house many health and welfare departments of the primary government. Funding is provided through rental charges to benefited departments.

Central Stores Fund - was established to accumulate and allocate the costs of print shop and central stores of the primary government. Funding is provided through charges for services and products to benefited departments.

HSD Personnel Pool Fund - was established to accumulate and allocate the costs of a personnel pool utilized by many of the health and welfare departments of the primary government. Funding is provided through charges for services to benefited departments.

Local Site Remediation Revolving Fund - was established to account for the money available to the Brownfield Development Authority to pay for the costs of eligible activities on eligible property located in the County in accordance with MCL 125.2663, Section 13(5).

Insurance Fund - was established to account for insurance costs associated with the Michigan Municipal Risk Management Authority and other purchased commercial insurance as well as proceeds related to insurance claims. Funding is provided by the General Fund.

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2016

	Employee Benefits	Technology	Nazareth Facility	Central Stores
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,205,290	\$ 602,536	\$ 267,353	\$ 78,969
Investments	6,934,085	-	-	-
Receivables, net:				
Accounts	204,200	-	6,604	2,915
Accrued interest	17,325	-	-	-
Due from other funds	143,819	-	-	-
Inventories	-	3,000	-	106,520
Prepays	445,834	91,607	10,417	-
Total current assets	<u>10,950,553</u>	<u>697,143</u>	<u>284,374</u>	<u>188,404</u>
Noncurrent assets:				
Capital assets being depreciated, net	62,379	549,735	104,039	6,624
Total assets	<u>11,012,932</u>	<u>1,246,878</u>	<u>388,413</u>	<u>195,028</u>
Liabilities				
Current liabilities:				
Accounts payable	131,521	6,342	27,053	16,840
Accrued liabilities	159,740	3,861	6,902	1,305
Deposits payable	84,774	-	-	6,829
Current portion of long-term debt	1,706	8,903	17,802	2,165
Total current liabilities	<u>377,741</u>	<u>19,106</u>	<u>51,757</u>	<u>27,139</u>
Noncurrent liabilities, net of current portion:				
Claims payable	1,419,512	-	-	-
Long-term debt	-	1,350	9,437	948
Total noncurrent liabilities	<u>1,419,512</u>	<u>1,350</u>	<u>9,437</u>	<u>948</u>
Total liabilities	<u>1,797,253</u>	<u>20,456</u>	<u>61,194</u>	<u>28,087</u>
Net position				
Investment in capital assets	62,379	549,735	104,039	6,624
Unrestricted	9,153,300	676,687	223,180	160,317
Total net position	<u>\$ 9,215,679</u>	<u>\$ 1,226,422</u>	<u>\$ 327,219</u>	<u>\$ 166,941</u>

HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 16,581	\$ 31,170	\$ 360,952	\$ 4,562,851
-	-	-	6,934,085
-	-	-	213,719
-	-	-	17,325
-	-	-	143,819
-	-	-	109,520
-	-	305,326	853,184
<u>16,581</u>	<u>31,170</u>	<u>666,278</u>	<u>12,834,503</u>
-	-	-	722,777
<u>16,581</u>	<u>31,170</u>	<u>666,278</u>	<u>13,557,280</u>
-	-	-	181,756
16,581	-	-	188,389
-	-	-	91,603
-	-	-	30,576
<u>16,581</u>	<u>-</u>	<u>-</u>	<u>492,324</u>
-	-	666,278	2,085,790
-	-	-	11,735
-	-	<u>666,278</u>	<u>2,097,525</u>
<u>16,581</u>	<u>-</u>	<u>666,278</u>	<u>2,589,849</u>
-	-	-	722,777
-	<u>31,170</u>	-	<u>10,244,654</u>
<u>\$ -</u>	<u>\$ 31,170</u>	<u>\$ -</u>	<u>\$ 10,967,431</u>

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Revenues, Expenditures and
 Changes in Fund Net Position
 Internal Service Funds
 For the Year Ended December 31, 2016

	Employee Benefits	Technology	Nazareth Facility	Central Stores
Operating revenues				
Charges for services	\$ 21,365,329	\$ 645,013	\$ 770,308	\$ 794,584
Operating expenses				
Salaries and fringes	61,908	201,851	337,171	97,094
Supplies and other operating expenses	88,177	403,820	459,454	666,637
Depreciation	24,951	134,579	16,961	4,197
Insurance benefits and claims	20,635,492	-	-	-
Total operating expenses	20,810,528	740,250	813,586	767,928
Operating income (loss)	554,801	(95,237)	(43,278)	26,656
Transfers in	-	-	48,714	-
Changes in net position	554,801	(95,237)	5,436	26,656
Net position, beginning of year	8,660,878	1,321,659	321,783	140,285
Net position, end of year	<u>\$ 9,215,679</u>	<u>\$ 1,226,422</u>	<u>\$ 327,219</u>	<u>\$ 166,941</u>



HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 856,548	\$ 12,794	\$ -	\$ 24,444,576
818,996	-	-	1,517,020
37,552	-	-	1,655,640
-	-	-	180,688
-	-	-	20,635,492
856,548	-	-	23,988,840
-	12,794	-	455,736
-	-	-	48,714
-	12,794	-	504,450
-	18,376	-	10,462,981
\$ -	\$ 31,170	\$ -	\$ 10,967,431

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2016

	Employee Benefits	Technology	Nazareth Facility	Central Stores
Cash flows from operating activities				
Receipts from customers and users	\$ 21,763,619	\$ 645,013	\$ 763,704	\$ 794,346
Payments to vendors	(88,177)	(681,110)	(456,508)	(672,444)
Payments for personnel services	(174,497)	(200,608)	(336,495)	(96,174)
Benefit payments	(20,842,661)	-	-	-
Net cash provided by (used in) operating activities	658,284	(236,705)	(29,299)	25,728
Cash flows from noncapital financing activities				
Transfers from other funds	-	-	48,714	-
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(17,487)	-	-
Cash flows from investing activities				
Purchases of investments	(1,558,091)	-	-	-
Net increase (decrease) in cash and cash equivalents	(899,807)	(254,192)	19,415	25,728
Cash and cash equivalents, beginning of year	4,105,097	856,728	247,938	53,241
Cash and cash equivalents, end of year	\$ 3,205,290	\$ 602,536	\$ 267,353	\$ 78,969
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 554,801	\$ (95,237)	\$ (43,278)	\$ 26,656
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	24,951	134,579	16,961	4,197
Change in:				
Accounts receivable	390,788	-	(6,604)	(238)
Accrued interest receivable	7,502	-	-	-
Due from other funds	(143,819)	-	-	-
Inventories	-	2,360	1,110	(6,383)
Prepays	(329,849)	(13,998)	-	-
Accounts payable	(78,827)	(265,652)	1,836	(610)
Accrued liabilities	30,861	804	1,777	(384)
Deposits payable	(30,127)	-	-	1,186
Claims payable	231,634	-	-	-
Compensated absences	369	439	(1,101)	1,304
Net cash provided by (used in) operating activities	\$ 658,284	\$ (236,705)	\$ (29,299)	\$ 25,728



HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 856,548	\$ 12,794	\$ 360,952	\$ 25,196,976
(37,632)	-	-	(1,935,871)
(814,823)	-	-	(1,622,597)
-	-	-	(20,842,661)
<hr/>	<hr/>	<hr/>	<hr/>
4,093	12,794	360,952	795,847
-	-	-	48,714
-	-	-	(17,487)
-	-	-	(1,558,091)
<hr/>	<hr/>	<hr/>	<hr/>
4,093	12,794	360,952	(731,017)
12,488	18,376	-	5,293,868
<hr/>	<hr/>	<hr/>	<hr/>
\$ 16,581	\$ 31,170	\$ 360,952	\$ 4,562,851
<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 12,794	\$ -	\$ 455,736
-	-	-	180,688
-	-	-	383,946
-	-	-	7,502
-	-	-	(143,819)
-	-	-	(2,913)
-	-	(305,326)	(649,173)
(80)	-	-	(343,333)
4,173	-	-	37,231
-	-	-	(28,941)
-	-	666,278	897,912
-	-	-	1,011
<hr/>	<hr/>	<hr/>	<hr/>
\$ 4,093	\$ 12,794	\$ 360,952	\$ 795,847
<hr/>	<hr/>	<hr/>	<hr/>

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COUNTY OF KALAMAZOO, MICHIGAN

Fiduciary Funds

Trust and Agency Fund - accounts for collected taxes, court fees, and other assets held by the County in a trustee capacity or as an agent to be distributed to other individuals, private organizations, and other governments.

Library Trust Fund - accounts for monies collected by circuit and district courts, which are disbursed at the request of the State of Michigan Library Service to local libraries.

Inmates' Trust Fund - accounts for the receipt and distribution of monies belonging to individuals residing in the County's corrections facility.

Drain Performance Bond Fund - accounts for the receipt and disbursement of monies deposited with the Office of the Drain Commissioner as performance bonds to ensure satisfactory completion of contractual obligations.

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 December 31, 2016

	Trust and Agency	Library Trust	Inmate's Trust	Drain Performance Bond	Total
Assets					
Cash and cash equivalents	\$ 2,875,384	\$ 167,438	\$ 85,001	\$ 29,411	\$ 3,157,234
Liabilities					
Due to other governments	\$ 55,414	\$ -	\$ -	\$ -	\$ 55,414
Undistributed collections	2,819,970	167,438	85,001	29,411	3,101,820
Total liabilities	<u>\$ 2,875,384</u>	<u>\$ 167,438</u>	<u>\$ 85,001</u>	<u>\$ 29,411</u>	<u>\$ 3,157,234</u>

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
<i>Trust and Agency Fund</i>				
Assets				
Cash and cash equivalents	\$ 3,311,760	\$ 86,961,457	(87,397,833)	\$ 2,875,384
Liabilities				
Due to other governments	\$ 23,186	\$ 8,743,368	\$ (8,711,140)	\$ 55,414
Undistributed collections	3,288,574	78,218,089	(78,686,693)	2,819,970
Total liabilities	\$ 3,311,760	\$ 86,961,457	\$ (87,397,833)	\$ 2,875,384
<i>Library Trust</i>				
Assets				
Cash and cash equivalents	\$ 231,618	\$ 812,894	\$ (877,074)	\$ 167,438
Liabilities				
Undistributed collections	\$ 231,618	\$ 812,894	\$ (877,074)	\$ 167,438
<i>Inmate's Trust</i>				
Assets				
Cash and cash equivalents	\$ 84,760	\$ 7,999,702	\$ (7,999,461)	\$ 85,001
Liabilities				
Undistributed collections	\$ 84,760	\$ 7,999,702	\$ (7,999,461)	\$ 85,001
<i>Drain Performance Bond</i>				
Assets				
Cash and cash equivalents	\$ 94,887	\$ 10,242	\$ (75,718)	\$ 29,411
Liabilities				
Undistributed collections	\$ 94,887	\$ 10,242	\$ (75,718)	\$ 29,411
<i>Total All Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ 3,723,025	\$ 95,784,295	\$ (96,350,086)	\$ 3,157,234
Liabilities				
Due to other governments	\$ 23,186	\$ 8,743,368	\$ (8,711,140)	\$ 55,414
Undistributed collections	3,699,839	87,040,927	(87,638,946)	3,101,820
Total liabilities	\$ 3,723,025	\$ 95,784,295	\$ (96,350,086)	\$ 3,157,234

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COUNTY OF KALAMAZOO, MICHIGAN

Component Unit

Drainage Districts - The Drainage Districts consist of multiple individual districts created for alleviating drainage problems and is under the control of the County Drain Commissioner. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for road drainage. The County is a direct beneficiary of the service provided and its employees run the day-to-day operations. In addition, the County often pledges its full faith and credit for the long-term debt of the drainage districts. Based on the recommendations of the Michigan Department of Treasury, the County has determined that it would be misleading to exclude this entity from the County reporting entity.

Lake Level - The County Drain Commissioner also administers the activity reported in the County's Lake Level Fund, as permitted by Act 451 PA 1994, as amended, (MCL 324.30701 et al.). Lake level projects establish the lake levels for inland lakes and perform construction and maintenance related to maintaining the established levels. Projects may be funded through the levying of special assessments or by issuing debt, and the County is a direct beneficiary of the services provided.

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority (the "Brownfield") was established to review and approve plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. Funding is provided through tax increment financial, federal and state grants, and General Fund appropriations. The County Board appoints the governing body of the Brownfield.

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Drainage Districts Component Unit

December 31, 2016

Assets

Cash and cash equivalents	\$ 569,650
Restricted cash	750,000
Accounts receivable	233,400
Special assessments receivable	<u>1,138,395</u>

Total assets

\$ 2,691,445

Liabilities

Accounts payable	\$ 130,089
Advance from primary government	<u>115,998</u>

Total liabilities

246,087

Deferred inflows of resources

Unavailable revenue - special assessment receivable	<u>1,085,457</u>
---	------------------

Fund balance

Restricted	750,000
Unassigned	<u>609,901</u>

Total fund balance

1,359,901

Total liabilities, deferred inflows of resources and fund balance

\$ 2,691,445

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Component Unit
Drainage Districts Component Unit
December 31, 2016

Fund balance - governmental fund \$ 1,359,901

Amounts reported for *component unit* in the statement of net position are different because:

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

Capital assets not being depreciated 1,155,281
Capital assets being depreciated, net 3,320,069

Certain assets, such as assessments receivable from local units, are not due and receivable in the current period and therefore are offset with deferred inflows of resources in the fund statement.

Deferred special assessments receivable 1,085,457

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Bonds payable (1,525,000)
Accrued interest on long-term debt (11,043)

Net position of component unit \$ 5,384,665

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures

and Change in Fund Balance

Drainage Districts Component Unit

For the Year Ended December 31, 2016

Revenues	
Other	\$ 526,412
Interest	26
	<hr/>
Total revenues	526,438
	<hr/>
Expenditures	
Current:	
Public works	1,209,115
Debt service:	
Principal	55,000
Interest expense	16,849
	<hr/>
Total expenditures	1,280,964
	<hr/>
Revenues under expenditures	(754,526)
Other financing sources	
Issuance of long-term debt	950,000
	<hr/>
Change in fund balance	195,474
Fund balance, beginning of year	1,164,427
	<hr/>
Fund balance, end of year	\$ 1,359,901
	<hr/> <hr/>

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Component Unit
Drainage Districts Component Unit
For the Year Ended December 31, 2016

Net change in fund balance - governmental fund	\$	195,474
Amounts reported for <i>component unit</i> 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.		
Capital assets purchased/constructed		1,093,788
Depreciation expense		(101,201)
Special assessments receivable are long-term in nature and are collectable over several years. However, the current receipts are reflected as revenues on the fund statements.		
Net change in deferred special assessments receivable		1,085,457
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal payments on long-term debt		55,000
Issuance of long-term debt		(950,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable on long-term debt		<u>(11,043)</u>
Change in net position of governmental activities	\$	<u><u>1,367,475</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Lake Level Component Unit
December 31, 2016

	Lake Level Fund
Assets	
Cash and cash equivalents	\$ 36,589
	<u>36,589</u>
Fund balance	
Unassigned	\$ 36,589
	<u>36,589</u>

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures

and Change in Fund Balance

Lake Level Component Unit

For the Year Ended December 31, 2016

	Lake Level Fund
Revenues	
Other	\$ 20
Expenditures	
Capital outlay	<u>1,919</u>
Change in fund balance	(1,899)
Fund balance, beginning of year	<u>38,488</u>
Fund balance, end of year	<u><u>\$ 36,589</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Balance Sheet

Brownfield Redevelopment Authority Component Unit

December 31, 2016

Assets

Cash and cash equivalents	\$	566,461
Accounts receivable		249,009
Due from other government		7,768
		<hr/>

Total assets

\$ 823,238

Liabilities

Accounts payable	\$	386,485
------------------	----	---------

Deferred inflows of resources

Property taxes levied for subsequent period		249,009
---	--	---------

Fund balance

Unassigned		187,744
		<hr/>

Total liabilities, deferred inflows of resources and fund balance

\$ 823,238

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Component Unit
Brownfield Redevelopment Authority Component Unit
December 31, 2016

Fund balance - governmental fund	\$ 187,744
Amounts reported for <i>component unit</i> in the statement of net position are different because:	
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Bonds payable	<u>(150,000)</u>
Net position of component unit	<u><u>\$ 37,744</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance Brownfield Redevelopment Authority Component Unit For the Year Ended December 31, 2016

Revenues	
Taxes	\$ 573,640
Charges for services	15,000
Intergovernmental	<u>12,510</u>
Total revenues	601,150
Expenditures	
Current:	
Community and economic development	<u>656,102</u>
Change in fund balance	(54,952)
Fund balance, beginning of year	<u>242,696</u>
Fund balance, end of year	<u><u>\$ 187,744</u></u>

COUNTY OF KALAMAZOO, MICHIGAN

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Component Unit
Brownfield Redevelopment Authority Component Unit
For the Year Ended December 31, 2016

Net change in fund balance - governmental fund	<u>\$ (54,952)</u>
Change in net position of governmental activities	<u><u>\$ (54,952)</u></u>

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STATISTICAL SECTION

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COUNTY OF KALAMAZOO, MICHIGAN

Statistical Section Table of Contents

This part of the County’s Comprehensive Annual Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the County of Kalamazoo, Michigan.

		<u>Page</u>
Financial Trends Tables 1 - 4	These schedules contain trend information to help the reader understand and evaluate how the County’s financial condition, performance and well-being have changed over time.	168
Revenue Capacity Tables 5 - 8	These schedules contain information to help the reader assess the County’s ability to generate its most significant local revenue source, the property tax.	178
Debt Capacity Tables 9 - 11	These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and its ability to issue additional debt in the future.	184
Demographic and Economic Information Tables 12 - 14	These schedules present various demographic and economic indicators to help the reader understand the environment within which the County operates and how they affect the County’s financial activities.	190
Operating Information Tables 15 - 16	These schedules contain information about the County’s operations and resources to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	194

COUNTY OF KALAMAZOO, MICHIGAN

Net Position By Component Last Ten Fiscal Years

	2016	2015	2014	2013
Governmental activities				
Net investment in capital assets	\$ 67,512,686	\$ 60,182,534	\$ 54,014,762	\$ 43,130,177
Restricted	32,393,370	22,862,531	36,523,766	7,707,379
Unrestricted	34,649,904	41,640,330	38,866,094	51,652,911
Total governmental activities	\$ 134,555,960	\$ 124,685,395	\$ 129,404,622	\$ 102,490,467
Business-type activities				
Net investment in capital assets	\$ 47,755,499	\$ 48,993,268	\$ 49,480,694	\$ 50,504,667
Restricted	366,757	459,843	247,565	-
Unrestricted	27,412,103	27,650,978	28,891,477	32,634,972
Total business-type activities	\$ 75,534,359	\$ 77,104,089	\$ 78,619,736	\$ 83,139,639
Primary government				
Net investment in capital assets	\$ 115,268,185	\$ 109,175,802	\$ 103,495,456	\$ 93,634,844
Restricted	32,760,127	23,322,374	36,771,331	7,707,379
Unrestricted	62,062,007	69,291,308	67,757,571	84,287,883
Total primary government	\$ 210,090,319	\$ 201,789,484	\$ 208,024,358	\$ 185,630,106

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: GASB Statement No. 68 was implemented for the year ended December 31, 2015. This resulted in presentation of the County's net position liability on the statement of net position. Prior years were not restated.

Certain restatements and reclassifications were made in 2016. Prior years were not restated.

Table 1 - Unaudited

2012	2011	2010	2009	2008	2007
\$ 39,987,637	\$ 20,075,223	\$ 19,173,432	\$ 14,661,496	\$ 31,973,057	\$ 14,798,453
8,005,017	7,953,715	11,398,561	15,968,510	20,947,877	24,863,148
53,804,428	70,239,778	59,674,138	59,211,457	35,299,847	44,414,631
<u>\$ 101,797,082</u>	<u>\$ 98,268,716</u>	<u>\$ 90,246,131</u>	<u>\$ 89,841,463</u>	<u>\$ 88,220,781</u>	<u>\$ 84,076,232</u>
\$ 52,076,706	\$ 53,833,191	\$ 43,917,137	\$ 27,521,531	\$ 23,914,326	\$ 24,479,312
-	-	-	-	-	-
31,125,230	29,467,743	31,172,945	30,865,423	29,143,845	25,967,411
<u>\$ 83,201,936</u>	<u>\$ 83,300,934</u>	<u>\$ 75,090,082</u>	<u>\$ 58,386,954</u>	<u>\$ 53,058,171</u>	<u>\$ 50,446,723</u>
\$ 92,064,343	\$ 73,908,414	\$ 63,090,569	\$ 42,183,027	\$ 55,887,383	\$ 39,277,765
8,005,017	7,953,715	11,398,561	15,968,510	20,947,877	24,863,148
84,929,658	99,707,521	90,847,083	90,076,880	64,443,692	70,382,042
<u>\$ 184,999,018</u>	<u>\$ 181,569,650</u>	<u>\$ 165,336,213</u>	<u>\$ 148,228,417</u>	<u>\$ 141,278,952</u>	<u>\$ 134,522,955</u>

COUNTY OF KALAMAZOO, MICHIGAN

Changes in Net Position Last Ten Fiscal Years

	2016	2015	2014	2013
Expenses				
Governmental activities:				
General government	\$ 18,745,016	\$ 21,807,060	\$ 17,791,407	\$ 18,178,504
Public safety	30,068,549	26,082,119	25,452,319	26,770,373
Public works	223,444	493,776	843,526	118,527
Health and welfare	25,352,602	30,666,561	28,763,908	33,943,631
Cultural and recreation	4,614,096	5,029,523	4,690,557	4,746,386
Legislative	932,316	789,219	1,032,729	915,035
Judicial	20,181,383	19,884,101	20,157,134	19,913,091
Community and economic development	637,206	331,984	178,482	162,897
Interest and fiscal charges	1,082,933	1,329,290	1,268,294	1,334,369
	<u>101,837,545</u>	<u>106,413,633</u>	<u>100,178,356</u>	<u>106,082,813</u>
Business-type activities:				
Airport operations	6,811,127	8,119,278	7,144,340	7,231,919
Delinquent tax collection and administration	-	-	-	-
Local government public works financing	201,631	-	-	-
Other enterprise funds	1,546,620	816,195	630,876	812,633
	<u>8,559,378</u>	<u>8,935,473</u>	<u>7,775,216</u>	<u>8,044,552</u>
Total primary government expenses	<u>110,396,923</u>	<u>115,349,106</u>	<u>107,953,572</u>	<u>114,127,365</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	3,432,129	4,839,529	4,953,679	5,264,150
Public safety	3,597,799	2,556,031	2,029,458	2,189,115
Public works	-	371,576	108,770	112,768
Health and welfare	2,225,346	1,825,814	1,685,714	1,699,642
Cultural and recreation	1,199,359	3,763,599	3,524,463	3,331,511
Judicial	3,826,966	4,121,357	4,066,792	4,523,285
Operating grants and contributions:				
General government	4,966,044	5,638,554	5,019,816	4,210,224
Public safety	3,085,903	1,302,264	1,390,921	1,573,156
Public works	198,805	186,508	79,247	118,350
Health and welfare	12,435,279	13,019,722	17,251,266	21,826,508
Cultural and recreation	106,217	2,640,112	2,562,781	2,551,873
Judicial	5,979,336	8,342,056	7,584,795	7,179,923
Community economic development	-	-	-	80,115
Interest and fiscal charges	-	-	-	-
Other	-	-	-	-
Capital grants and contributions	689,000	-	-	-
	<u>41,742,183</u>	<u>48,607,122</u>	<u>50,257,702</u>	<u>54,660,620</u>

Table 2 - Unaudited

2012	2011	2010	2009	2008	2007
\$ 16,560,972	\$ 14,685,317	\$ 16,454,956	\$ 15,304,080	\$ 18,716,502	\$ 17,195,129
25,317,944	25,723,553	27,429,129	28,190,183	25,185,011	25,519,348
79,790	133,937	478,320	302,635	166,934	299,344
36,491,664	38,749,470	41,958,505	40,947,081	36,838,395	36,180,122
4,241,319	4,013,029	3,950,921	3,345,053	3,268,444	3,232,282
973,686	971,453	954,998	938,582	862,396	897,634
19,273,929	19,540,568	19,851,817	19,477,810	17,665,498	17,774,174
61,191	81,132	59,446	-	-	-
1,396,053	1,461,542	1,599,239	1,615,949	1,797,799	656,948
<u>104,396,548</u>	<u>105,360,001</u>	<u>112,737,331</u>	<u>110,121,373</u>	<u>104,500,979</u>	<u>101,754,981</u>
7,437,568	7,755,405	6,269,714	7,244,951	6,019,869	5,759,066
-	-	1,800	-	800	6,690
-	-	-	-	-	-
666,526	537,829	516,924	266,656	-	-
<u>8,104,094</u>	<u>8,293,234</u>	<u>6,788,438</u>	<u>7,511,607</u>	<u>6,020,669</u>	<u>5,765,756</u>
<u>112,500,642</u>	<u>113,653,235</u>	<u>119,525,769</u>	<u>117,632,980</u>	<u>110,521,648</u>	<u>107,520,737</u>
5,530,702	5,284,450	1,866,708	2,147,274	2,252,045	2,703,273
2,094,447	2,080,437	1,895,004	1,977,075	1,947,155	1,728,469
103,093	98,709	4,618	-	-	-
1,710,269	2,282,647	2,359,508	2,519,035	2,175,576	2,016,657
3,073,186	2,911,332	2,821,377	2,527,150	2,669,459	2,634,950
4,796,952	4,688,164	5,041,762	5,095,013	5,652,775	5,871,196
4,239,285	5,346,046	363,001	207,441	284,284	249,407
1,877,706	2,230,316	2,257,433	1,874,351	1,660,903	2,919,091
79,749	129,378	161,622	75,520	117,541	147,679
24,679,271	27,124,803	29,290,317	28,652,957	24,561,585	23,970,105
2,159,040	1,805,102	1,811,563	1,689,076	1,602,217	1,389,113
7,149,876	7,412,821	7,434,135	7,404,748	7,281,433	7,448,395
60,036	160,623	-	-	-	-
-	-	-	-	-	15,395
-	-	10,789	-	-	-
-	-	-	-	-	352,556
<u>57,553,612</u>	<u>61,554,828</u>	<u>55,317,837</u>	<u>54,169,640</u>	<u>50,204,973</u>	<u>51,446,286</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Changes in Net Position Last Ten Fiscal Years

	2016	2015	2014	2013
Business-type activities:				
Charges for services:				
Airport operations	\$ 4,295,639	\$ 4,336,589	\$ 4,616,801	\$ 4,578,069
Delinquent tax collection and administration	1,772,140	1,832,230	1,987,138	2,586,938
Local government public works financing	201,631	-	-	-
Other enterprise funds	875,502	1,128,377	1,243,266	1,856,636
Operating grants and contributions:				
Airport operations	6,381	-	1,212,558	127,989
Delinquent tax collection and administration	15,098	-	-	-
Local government public works financing	35	-	-	-
Other enterprise funds	-	249,649	-	-
Capital grants and contributions:				
Airport operations	1,881,974	1,440,882	1,538,535	640,768
	<u>9,048,400</u>	<u>8,987,727</u>	<u>10,598,298</u>	<u>9,790,400</u>
Total primary government program revenues	<u>50,790,583</u>	<u>57,594,849</u>	<u>60,856,000</u>	<u>64,451,020</u>
Net (expense) revenue				
Governmental activities	(60,095,362)	(57,806,511)	(49,920,654)	(51,422,193)
Business-type activities	489,022	52,254	2,823,082	1,745,848
Total primary government net expense	<u>(59,606,340)</u>	<u>(57,754,257)</u>	<u>(47,097,572)</u>	<u>(49,676,345)</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes	51,866,549	49,166,240	51,140,600	49,321,723
Lodging excise taxes	2,920,184	-	-	-
State revenue sharing	5,204,061	-	-	-
Local unit contract revenue	-	-	-	-
Unrestricted investment earnings	595,652	503,800	1,784,898	311,871
Other revenues	1,664,583	1,537,244	1,647,760	651,375
Transfers in	1,883,400	1,880,000	7,614,391	1,830,609
Total governmental activities	<u>64,134,429</u>	<u>53,087,284</u>	<u>62,187,649</u>	<u>52,115,578</u>
Business-type activities:				
Unrestricted investment earnings	-	41,636	12,932	22,464
Other	-	37,500	-	-
Transfers - internal activities	(1,883,400)	(1,880,000)	(7,614,391)	(1,830,609)
Total business-type activities	<u>(1,883,400)</u>	<u>(1,800,864)</u>	<u>(7,601,459)</u>	<u>(1,808,145)</u>
Total primary government	<u>62,251,029</u>	<u>51,286,420</u>	<u>54,586,190</u>	<u>50,307,433</u>
Changes in net position				
Governmental activities	4,039,067	(4,719,227)	12,266,995	693,385
Business-type activities	(1,394,378)	(1,748,610)	(4,778,377)	(62,297)
Total primary government changes in net position	<u>\$ 2,644,689</u>	<u>\$ (6,467,837)</u>	<u>\$ 7,488,618</u>	<u>\$ 631,088</u>

Source: County of Kalamazoo, Michigan, Finance Office.

Note: Certain restatements and reclassifications were made in 2016. Prior years were not restated.

Table 2 - Unaudited

	2012	2011	2010	2009	2008	2007
\$	4,309,619	\$ 4,554,926	\$ 4,098,683	\$ 3,762,887	\$ 3,902,591	\$ 4,316,214
	2,663,575	3,922,110	3,638,412	2,696,334	2,062,382	1,957,711
	-	-	-	-	-	-
	1,040,019	763,810	1,301,043	550,258	-	-
	528,096	114,992	640,594	159,178	197,926	(28,892)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,066,540	8,364,153	14,672,847	6,350,499	2,879,337	3,471,510
	9,607,849	17,719,991	24,351,579	13,519,156	9,042,236	9,716,543
	67,161,461	79,274,819	79,669,416	67,688,796	59,247,209	61,162,829
	(46,842,936)	(43,805,173)	(57,419,494)	(55,951,733)	(54,296,006)	(50,308,695)
	1,503,755	9,426,757	17,563,141	6,007,549	3,021,567	3,950,787
	(45,339,181)	(34,378,416)	(39,856,353)	(49,944,184)	(51,274,439)	(46,357,908)
	47,231,113	48,405,162	48,288,959	50,691,287	50,142,756	47,291,086
	-	-	-	-	-	-
	-	-	-	-	-	1,108,851
	-	-	-	1,642,012	1,696,138	1,218,268
	1,131,111	2,102,983	1,304,275	1,702,897	3,080,203	3,460,386
	384,078	44,613	1,673,430	2,191,289	2,521,458	1,633,340
	1,625,000	1,275,000	1,000,000	1,000,000	1,000,000	975,000
	50,371,302	51,827,758	52,266,664	57,227,485	58,440,555	55,686,931
	22,247	59,095	139,987	313,064	588,058	1,172,814
	-	-	-	8,170	1,823	3,550
	(1,625,000)	(1,275,000)	(1,000,000)	(1,000,000)	(1,000,000)	(975,000)
	(1,602,753)	(1,215,905)	(860,013)	(678,766)	(410,119)	201,364
	48,768,549	50,611,853	51,406,651	56,548,719	58,030,436	55,888,295
	3,528,366	8,022,585	(5,152,830)	1,275,752	4,144,549	5,378,236
	(98,998)	8,210,852	16,703,128	5,328,783	2,611,448	4,152,151
\$	3,429,368	\$ 16,233,437	\$ 11,550,298	\$ 6,604,535	\$ 6,755,997	\$ 9,530,387

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	2016	2015	2014	2013
General fund				
Nonspendable	\$ 488,478	\$ 303,118	\$ 145,027	\$ 157,879
Restricted	2,500,000	2,500,000	2,500,000	2,500,000
Committed	2,715,700	7,894,020	3,475,421	3,859,384
Assigned	-	290,500	2,600,000	329,500
Unassigned	27,816,125	23,634,426	23,371,325	21,838,815
Reserved:				
Encumbrances	-	-	-	-
Prepaid expenditures/inventories	-	-	-	-
Unreserved				
Designated for future expenditures	-	-	-	-
Reported in General fund	-	-	-	-
Total general fund	33,520,303	34,622,064	32,091,773	28,685,578
All other governmental funds				
Nonspendable	133,368	262,488	46,853	206,773
Restricted	3,885,784	1,023,454	533,873	5,166,830
Committed	-	9,246,358	-	16,496,564
Assigned	12,435,363	-	-	-
Unassigned	-	(58,582)	19,158,599	(169,288)
Reserved:				
Revenue sharing reserve fund	-	-	-	-
Encumbrances	-	-	-	-
Prepaid expenditures/inventories	-	-	-	-
Unreserved:				
Designated for future expenditures	-	-	-	-
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	16,454,515	10,473,718	19,739,325	21,700,879
Total fund balance for governmental funds	\$ 49,974,818	\$ 45,095,782	\$ 51,831,098	\$ 50,386,457

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: GASB No. 54 was implemented in 2011. Fund Balance information for prior years has not been restated.

Certain restatements and reclassifications were made in 2016. Prior years were not restated.

Table 3 - Unaudited

2012	2011	2010	2009	2008	2007
\$ 167,995	\$ 148,715	\$ -	\$ -	\$ -	\$ -
2,500,000	2,500,000	-	-	-	-
4,293,928	4,685,797	-	-	-	-
583,200	500,000	-	-	-	-
20,320,881	24,327,571	-	-	-	-
-	-	136,468	525,197	99,516	320,821
-	-	122,669	61,024	243,393	219,467
-	-	4,439,610	4,727,510	5,917,064	5,764,300
-	-	23,147,791	22,867,133	18,705,734	15,078,874
<u>27,866,004</u>	<u>32,162,083</u>	<u>27,846,538</u>	<u>28,180,864</u>	<u>24,965,707</u>	<u>21,383,462</u>
53,516	110,378	-	-	-	-
5,464,798	5,794,840	-	-	-	-
18,387,782	21,641,559	-	-	-	-
15,246	5,039,590	-	-	-	-
(13,297)	-	-	-	-	-
-	-	3,729,094	8,844,326	13,876,233	18,318,542
-	-	69,139	244,937	63,458	232,968
-	-	-	119	-	-
-	-	56,429	138,433	305,287	411,500
-	-	7,669,467	7,142,805	7,071,644	6,502,765
-	-	-	483,502	475,127	314
-	-	19,214,149	14,289,474	19,893,490	32,081,896
<u>23,908,045</u>	<u>32,586,367</u>	<u>30,738,278</u>	<u>31,143,596</u>	<u>41,685,239</u>	<u>57,547,985</u>
<u>\$ 51,774,049</u>	<u>\$ 64,748,450</u>	<u>\$ 58,584,816</u>	<u>\$ 59,324,460</u>	<u>\$ 66,650,946</u>	<u>\$ 78,931,447</u>

COUNTY OF KALAMAZOO, MICHIGAN

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

	2016	2015	2014	2013
Revenues				
Taxes	\$ 54,891,462	\$ 52,101,773	\$ 50,607,197	\$ 51,733,873
Licenses and permits	1,258,556	1,218,025	1,119,636	1,050,273
Intergovernmental	31,158,359	32,043,570	35,028,706	37,284,230
Charges for service	11,843,020	10,410,652	9,657,487	9,943,390
Fines and forfeitures	1,076,752	1,316,244	1,357,351	1,584,425
Investment earnings	595,652	731,250	1,784,898	311,871
Contributions, grants and reimbursements	817,286	683,063	521,043	921,577
Other	1,767,854	1,939,829	2,268,477	1,321,630
Total revenues	103,408,941	100,444,406	102,344,795	104,151,269
Expenditures				
General government	14,767,659	14,506,746	13,565,337	13,276,576
Public safety	28,274,715	25,199,083	24,427,363	25,342,943
Public works	211,382	493,772	843,528	118,528
Health and welfare	25,191,336	30,710,052	28,877,376	33,470,275
Cultural and recreation	3,959,008	4,189,750	3,783,331	3,930,816
Legislative	935,399	797,279	1,032,729	915,035
Judicial	19,548,291	19,154,467	19,375,297	18,440,279
Community economic development	650,000	331,984	178,482	162,897
Other	945,646	-	923,111	1,399,324
Debt service:				
Principal	1,080,000	1,605,000	1,490,000	1,755,000
Interest and fiscal charges	1,130,518	1,341,322	1,307,725	1,367,857
Bond issuance costs	-	-	-	-
Capital outlay	3,300,479	15,960,665	12,702,849	7,190,933
Total expenditures	99,994,433	114,290,120	108,507,128	107,370,463
Excess of revenues over (under) expenditures	3,414,508	(13,845,714)	(6,162,333)	(3,219,194)
Other financing sources (uses)				
Transfers in	17,511,053	15,695,110	21,998,555	12,952,105
Transfers out	(15,676,367)	(13,890,269)	(14,391,581)	(11,120,503)
Proceeds from sale of capital assets	17,688	-	-	-
Issuance of notes	-	150,000	-	-
Issuance of bonds	-	5,000,000	-	-
Bond discount	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Premium on bond	-	155,557	-	-
Payments to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	1,852,374	7,110,398	7,606,974	1,831,602
Net change in fund balances	\$ 5,266,882	\$ (6,735,316)	\$ 1,444,641	\$ (1,387,592)
Debt service as a percentage of noncapital expenditures	2.3%	3.1%	2.6%	3.1%

Source: County of Kalamazoo, Michigan, Office of Finance.

Note: Effective 2011, bond issuance costs are reported as expenditures. Bond issuance costs in prior years have been restated from other financing sources (uses) to expenditures.

Table 4 - Unaudited

2012	2011	2010	2009	2008	2007
\$ 51,281,971	\$ 50,467,213	\$ 50,801,324	\$ 52,112,225	\$ 52,127,490	\$ 49,760,689
959,212	932,107	926,176	908,768	903,893	793,611
42,049,516	45,645,465	43,980,599	42,247,256	38,073,037	35,704,794
9,815,816	9,825,820	9,179,624	9,505,860	9,510,775	10,124,910
1,707,874	1,709,679	2,018,339	2,247,219	2,484,283	2,634,069
1,131,111	2,102,983	1,651,105	1,702,897	3,080,203	3,460,386
1,110,360	1,239,054	940,075	810,363	712,053	2,260,309
1,403,064	1,415,236	1,747,905	2,191,289	2,512,099	1,631,441
109,458,924	113,337,557	111,245,147	111,725,877	109,403,833	106,370,209
13,324,605	13,078,145	13,345,721	12,207,828	12,478,693	9,841,143
25,265,647	24,896,389	26,545,756	26,449,376	25,048,512	24,822,423
79,794	1,650,676	478,288	302,625	166,941	299,335
36,712,421	38,782,339	41,800,901	40,150,567	36,636,836	36,130,575
3,422,079	3,345,073	3,323,146	3,031,205	3,026,214	2,926,544
973,686	971,453	954,998	938,582	862,396	897,634
18,446,360	18,598,870	18,667,915	18,204,672	17,424,528	17,432,615
61,191	81,132	59,446	-	-	-
364,963	573,791	1,137,672	1,336,165	3,728,747	8,102,389
2,120,000	1,765,000	2,678,010	2,104,898	2,148,821	1,810,040
1,462,091	1,476,923	1,598,867	1,629,462	1,615,516	517,222
26,039	12,894	67,945	-	16,099	149,183
21,828,949	6,216,232	3,175,109	13,200,679	19,102,990	3,294,285
124,087,825	111,448,917	113,833,774	119,556,059	122,256,293	106,223,388
(14,628,901)	1,888,640	(2,588,627)	(7,830,182)	(12,852,460)	146,821
19,659,931	21,069,304	18,935,879	18,963,217	17,607,669	16,946,211
(18,034,931)	(19,794,304)	(17,414,888)	(18,804,451)	(17,463,255)	(16,808,792)
-	-	-	-	-	-
-	-	-	-	12,545	630,000
-	3,000,000	-	-	415,000	28,321,900
-	-	-	-	-	(189,727)
1,195,000	-	2,160,000	-	-	-
(15,500)	-	167,992	-	-	-
(1,150,000)	-	(2,000,000)	-	-	-
1,654,500	4,275,000	1,848,983	158,766	571,959	28,899,592
\$ (12,974,401)	\$ 6,163,640	\$ (739,644)	\$ (7,671,416)	\$ (12,280,501)	\$ 29,046,413
3.5%	3.1%	3.9%	3.5%	3.7%	2.4%

Assessed and Estimated Actual Value of Taxable Property^(a)

Last Ten Fiscal Years

Fiscal Year	State Equalized Real Property Value (a)						(b) Total Direct Tax Rate
	Agricultural	Commercial	Industrial	Residential	Personal	Total	
2007	\$ 216,698,123	\$1,719,347,867	\$ 505,724,481	\$6,159,696,308	\$ 809,587,546	\$9,411,054,325	6.3400
2008	222,094,495	1,766,531,482	513,496,587	6,310,592,521	876,103,736	9,688,818,821	6.3300
2009	225,488,791	1,792,326,915	503,111,457	6,046,379,311	896,482,771	9,463,789,245	6.3212
2010	234,323,992	1,743,345,742	399,521,368	5,734,285,728	876,276,355	8,987,753,185	6.3400
2011	238,185,110	1,632,908,929	374,444,944	5,676,932,378	906,612,546	8,829,083,907	6.3555
2012	239,120,450	1,553,005,640	360,467,101	5,408,906,981	926,075,139	8,487,575,311	6.3600
2013	246,429,582	1,494,605,525	363,764,345	5,419,836,318	901,028,023	8,425,663,793	6.3695
2014	260,740,862	1,536,258,273	376,652,416	5,583,276,707	874,725,038	8,631,653,296	6.3601
2015	278,782,491	1,569,670,300	381,032,065	5,857,974,999	915,603,263	9,003,063,118	6.4890
2016	298,493,875	1,617,143,141	399,137,804	6,147,579,563	670,976,890	9,133,331,273	6.4663

Fiscal Year	Taxable Real Property Value (a)						(b) Total Direct Tax Rate
	Agricultural	Commercial	Industrial	Residential	Personal	Total	
2007	\$ 108,155,428	\$1,453,605,847	\$ 460,722,871	\$5,119,126,448	\$ 809,063,625	\$7,950,674,219	6.3400
2008	111,795,504	1,503,751,906	471,156,153	5,302,916,879	875,811,806	8,265,432,248	6.3300
2009	116,576,053	1,555,257,662	466,561,443	5,337,644,827	896,254,117	8,372,294,102	6.3212
2010	116,928,129	1,550,931,709	369,289,877	5,197,581,832	874,806,774	8,109,538,321	6.3400
2011	118,444,863	1,479,953,046	350,799,851	5,202,009,663	905,437,868	8,056,645,291	6.3555
2012	121,793,776	1,430,960,912	340,297,980	5,084,110,088	925,131,893	7,902,294,649	6.3600
2013	125,192,900	1,389,983,754	345,318,005	5,108,027,139	899,131,746	7,867,653,544	6.3695
2014	129,398,410	1,403,033,284	356,358,958	5,197,236,563	873,525,166	7,959,552,381	6.3601
2015	131,035,680	1,444,832,170	358,203,022	5,323,405,225	913,393,709	8,170,869,806	6.4890
2016	132,631,977	1,430,404,974	372,677,644	5,420,542,336	670,550,960	8,026,807,891	6.4663

^(a) Property is assessed at the legal market value determined by the local assessor's office.

^(b) Per \$1,000 of value.

Source: *County of Kalamazoo, Michigan, Equalization Department.*

Note: Property is assessed annually. In Michigan, the proportion of real and tangible personal property not exempt by law is assessed at 50% of true cash value.

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COUNTY OF KALAMAZOO, MICHIGAN

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

	Year Taxes Are Payable			
	2016	2015	2014	2013
County direct rates:				
Operating	4.6871	4.6871	4.6871	4.6871
Law enforcement	1.4491	1.4491	1.4491	1.4491
Juvenile home debt	0.2301	0.2528	0.2239	0.2333
Housing assistance fund	0.1000	0.1000	-	-
Total county direct rate	6.4663	6.4890	6.3601	6.3695
Kalamazoo County				
Transportation authority:	0.4000	0.4000	0.4000	0.4000
City rates:				
Galesburg	9.8118	9.8118	9.8118	9.8512
Kalamazoo	21.0705	20.8205	20.8205	20.8205
Parchment	16.7239	16.7239	16.6772	16.6377
Portage	10.9256	10.9256	10.9256	10.7778
Township rates	0.7839-9.4785	0.7860-9.7199	0.7860-8.9691	0.7860-8.9691
Village rates	9.0000-15.9005	9.5000-15.9005	9.5000-15.9005	9.5000-15.9005
Intermediate school rates	2.9783-6.4066	2.9783-6.4066	2.9783-6.2057	2.6837-6.2057
Local school rates	21.9600-27.1000	22.3400-27.5900	22.3400-26.7796	22.1700-27.1000
Library rates	0.4952-3.9583	0.4985-3.9583	0.4985-3.9583	0.5000-3.9583
Community college rates:				
Glen Oaks	2.7249	2.7249	2.7249	2.7249
Kalamazoo Valley	2.8135	2.8135	2.8135	2.8135
Kellogg	3.6136	3.6136	3.6136	3.6136
State education tax rates	6.0000	6.0000	6.0000	6.0000

Source: *County of Kalamazoo, Michigan, Equalization Department.*

Note: Rates are stated in dollars per one thousand of state equalized or taxable valuation.

Table 6 - Unaudited

Year Taxes Are Payable						
2012	2011	2010	2009	2008	2007	
4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871
1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491
0.2234	0.2193	0.2050	0.1850	0.1950	0.2000	
-	-	-	-	-	-	-
6.3596	6.3555	6.3412	6.3212	6.3312	6.3362	
0.4000	0.4000	0.4000	0.4000	-	0.3800	
9.8118	9.7856	9.7856	9.7856	9.7856	9.7856	9.7856
20.8205	19.2705	19.2705	19.2705	19.2705	19.2705	19.2705
16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772
10.7778	10.8916	10.7312	10.6598	10.6598	10.4892	
0.7860-8.9691	0.7860-8.9691	0.6519-8.9691	0.7860-8.9691	0.7860-8.9691	0.7860-8.9691	
9.000-23.3500	9.0000-15.9005	9.0000-15.9005	9.0000-15.9005	8.0000-15.9001	9.0000-16.0000	
2.6837-6.2057	2.6837-6.2057	2.6837-6.2057	2.6837-6.2057	4.1217-6.2057	4.1217-6.2057	
22.1700-27.1000	22.2000-27.1000	22.2000-27.1000	18.000-27.1000	18.0000-27.0500	18.0000-27.0500	
0.5000-3.9583	0.5000-3.9583	0.5000-3.9583	0.5000-3.9583	0.5000-3.9583	0.4291-3.9583	
2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249
2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	2.8135
3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106
6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Pfizer/Pharmacia	\$ 301,747,021	1	3.62%	\$ 426,986,810	1	5.56%
Consumers Energy Company	150,275,214	2	1.80%	101,689,710	2	1.32%
Zoetis	70,587,449	3	0.85%			
Stryker Corporation	66,731,984	4	0.80%	38,319,509	3	0.50%
Edward Rose/Occidental	43,772,467	5	0.53%	21,035,146	8	0.27%
PAH P & U, LLC	41,892,600	6	0.50%			
Graphic Packaging	34,518,370	7	0.41%	25,826,413	7	0.34%
Kaiser Aluminum	27,179,633	8	0.33%			
Target Corporation	25,788,730	9	0.31%	35,283,001	4	0.46%
General Growth	25,268,187	10	0.30%			
Meijer/Goodwill				31,025,136	5	0.40%
Greenleaf				29,126,555	6	0.38%
Bronson Medical				21,013,267	9	0.27%
Connecticut Fin'l Life Ins				20,727,429	10	0.27%

Source: County of Kalamazoo, Michigan, Equalization Department.

Property Taxes, Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes ^(a) Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 50,775,893	\$ 45,113,305	88.85%	\$ 2,214,007	\$ 47,327,312	93.21%
2008	52,632,244	48,201,774	91.58%	1,893,233	50,095,007	95.18%
2009	53,090,391	48,996,211	92.29%	2,109,871	51,106,082	96.26%
2010	51,424,204	45,414,298	88.31%	2,039,887	47,454,185	92.28%
2011	51,197,564	44,775,206	87.46%	1,819,001	46,594,207	91.01%
2012	50,255,433	44,735,502	89.02%	1,532,753	46,268,255	92.07%
2013	50,113,019	44,716,135	89.23%	1,481,275	46,197,410	92.19%
2014	50,623,549	45,259,899	89.40%	1,391,118	46,651,017	92.15%
2015	53,020,774	46,356,761	87.43%	1,152,593	47,509,354	89.61%
2016	51,903,748	45,776,972	88.20%	1,292,095	47,069,067	90.69%

^(a) Taxes levied for the fiscal year included the operating levy, law enforcement levy, juvenile home debt service and housing assistance levy.

Source: *County of Kalamazoo, Michigan, Treasurer's Office, Equalization Reports and Office of Finance.*

Note: The information in this schedule relates to the County's own property levies, and does not include those it collects on behalf of other governments.

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
2007	\$ 39,555,000	\$ 9,100,000	\$ 48,655,000	0.58%	0.52%	\$ 198.88
2008	38,370,000	8,900,000	47,270,000	0.54%	0.49%	192.03
2009	36,645,000	8,650,000	45,295,000	0.53%	0.48%	182.34
2010	34,190,000	8,400,000	42,590,000	0.48%	0.47%	170.13
2011	35,436,486	7,853,096	43,289,582	0.48%	0.49%	171.73
2012	33,318,869	7,908,766	41,227,635	0.42%	0.49%	161.94
2013	31,544,067	7,311,034	38,855,101	0.40%	0.46%	151.35
2014	30,037,657	6,761,387	36,799,044	0.37%	0.43%	142.18
2015	33,713,617	6,095,783	39,809,400	0.37%	0.44%	152.49
2016	25,330,000	12,002,011	37,332,011	0.33%	0.41%	142.68

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: 2016 percentage of Personal Income calculated using 2015 personal income data, which is the most recent available.

Note: In 2016, debt obligations were reclassified between governmental and business-type activities, prior years have not been restated.

Note: This schedule presents the ratio of total outstanding debt and the ratio of (net) bonded debt, as the amounts are equal.

Computation of Direct and Overlapping Debt
December 31, 2016

Governmental Unit	Net General Obligation Debt	Estimated Percentage Applicable to County	Estimated Share of Direct and Overlapping Debt
Libraries			
Otsego	\$ 2,630,000	34.50%	\$ 907,350
Richland	360,000	100.00%	360,000
Total libraries			<u>1,267,350</u>
Townships			
Brady	190,944	100.00%	190,944
Charleston	1,210	100.00%	1,210
Comstock	-	100.00%	-
Cooper	675,000	100.00%	675,000
Kalamazoo	9,750,000	100.00%	9,750,000
Pavilion	69,056	100.00%	69,056
Total townships			<u>10,686,210</u>
Cities			
Galesburg	1,525,000	100.00%	1,525,000
Kalamazoo	139,080,000	100.00%	139,080,000
Portage	61,065,000	100.00%	61,065,000
Total cities			<u>201,670,000</u>
Villages			
Augusta	385,000	100.00%	385,000
Climax	40,000	100.00%	40,000
Schoolcraft	-	100.00%	-
Vicksburg	3,200,000	100.00%	3,200,000
Total villages			<u>3,625,000</u>
School districts			
Athens	615,000	7.36%	45,264
Climax Scotts	2,881,961	87.48%	2,521,139
Colon	10,395,000	1.67%	173,597
Comstock	9,928,000	100.00%	9,928,000
Galesburg Augusta	19,489,053	100.00%	19,489,053
Gull Lake	36,380,000	83.43%	30,351,834
Kalamazoo	177,605,000	100.00%	177,605,000
Lawton	24,153,216	0.66%	159,411
Mattawan	63,875,000	69.25%	44,233,438
Mendon	16,777,844	6.12%	1,026,804
Otsego	57,650,769	43.22%	24,916,662
Parchment	36,607,012	100.00%	36,607,012
Plainwell	23,194,063	35.29%	8,185,185
Portage	156,810,000	100.00%	156,810,000
Schoolcraft	7,883,064	100.00%	7,883,064
Vicksburg	16,194,000	97.44%	15,779,434
Total school districts			<u>535,714,897</u>

continued...

Computation of Direct and Overlapping Debt
December 31, 2016

Governmental Unit	Net General Obligation Debt	Estimated Percentage Applicable to County	Estimated Share of Direct and Overlapping Debt
Community colleges			
Glen Oaks	\$ 7,830,000	0.66%	\$ 51,678
Kalamazoo Valley Community College	9,305,000	94.80%	8,821,140
Kellogg Community College	7,735,000	0.36%	27,846
Total community colleges			<u>8,900,664</u>
Intermediate school districts			
Allegan	2,145,000	12.36%	265,122
Kalamazoo RESA	12,525,000	97.49%	12,210,623
St. Joseph	3,600,000	0.58%	20,880
Total intermediate school districts			<u>12,496,625</u>
Subtotal, overlapping debt			774,360,745
County direct debt, governmental activities			<u>25,330,000</u>
Total direct and overlapping debt			<u>\$ 799,690,745</u>
			concluded

Source: *County of Kalamazoo, Michigan, Office of Finance.*

Note: Percentage of overlap based on assessed property values.

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COUNTY OF KALAMAZOO, MICHIGAN

Computation of Legal Debt Margin for General Obligation Bonds Last Ten Fiscal Years

	2016	2015	2014	2013
Legal debt margin				
Assessed value of property (SEV)*	\$ 9,133,331,273	\$ 9,003,063,118	\$ 8,631,653,296	\$ 8,425,663,793
Debt limit, 10% of assessed value (SEV) (constitutional debt limit)	<u>913,333,127</u>	<u>900,306,312</u>	<u>863,165,330</u>	<u>842,566,379</u>
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building authority	30,805,366	32,830,000	33,805,000	35,200,000
Brownfield redevelopment authority	-	150,000	-	-
Notes payable	-	-	-	-
Debt issues for benefit of local improvements:				
CMH capital improvements	5,139,183	5,000,000	-	-
Water	425,000	475,000	525,000	570,000
Sewage	962,462	1,470,000	2,005,000	2,535,000
Drainage	-	145,000	190,000	235,000
Notes payable	-	-	-	-
Total net debt applicable to limit	<u>37,332,011</u>	<u>40,070,000</u>	<u>36,525,000</u>	<u>38,540,000</u>
Legal debt margin	<u>\$ 876,001,116</u>	<u>\$ 860,236,312</u>	<u>\$ 826,640,330</u>	<u>\$ 804,026,379</u>
Total net debt applicable to limit as a percentage of debt limit	4.09%	4.45%	4.23%	4.57%

Source: *County of Kalamazoo, Michigan, Equalization Department & Office of Finance.*

Note: Prior to Board of Review actions.

* Beginning in 2011, the State Equalized Value is used for the assessed value of property, and the assessed values of property for prior years have been revised accordingly.

Certain restatements and reclassifications were made in 2016. Prior years were not restated.

Table 11 - Unaudited

2012	2011	2010	2009	2008	2007
\$ 8,487,575,311	\$ 8,829,083,907	\$ 8,987,753,185	\$ 9,463,789,245	\$ 9,688,818,821	\$ 9,411,054,325
<u>848,757,531</u>	<u>882,908,391</u>	<u>898,775,319</u>	<u>946,378,925</u>	<u>968,881,882</u>	<u>941,105,433</u>
36,535,000	37,625,000	35,700,000	36,350,000	36,950,000	37,420,000
-	-	-	-	-	-
-	1,716	4,960	7,971	386,918	741,244
-	-	-	-	-	-
620,000	670,000	720,000	770,000	820,000	875,000
3,440,000	4,715,000	5,815,000	7,565,000	9,070,000	9,730,000
275,000	315,000	355,000	610,000	430,000	630,000
-	-	180,000	240,000	240,950	422,900
<u>40,870,000</u>	<u>43,326,716</u>	<u>42,774,960</u>	<u>45,542,971</u>	<u>47,897,868</u>	<u>49,819,144</u>
<u>\$ 807,887,531</u>	<u>\$ 839,581,675</u>	<u>\$ 856,000,359</u>	<u>\$ 900,835,954</u>	<u>\$ 920,984,014</u>	<u>\$ 891,286,289</u>
4.82%	4.91%	4.76%	4.81%	4.94%	5.29%

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Percentage Rate
2007	244,651	\$ 8,346,001,000	\$ 34,114	5.2%
2008	246,157	8,717,202,000	35,413	6.2%
2009	248,407	8,570,563,000	34,502	9.8%
2010	250,331	8,793,849,000	35,129	10.2%
2011	252,074	9,057,879,000	35,933	8.2%
2012	254,580	9,731,382,000	38,225	7.0%
2013	256,725	10,055,548,000	39,169	7.1%
2014	258,818	10,658,638,000	41,182	5.6%
2015	260,263	11,207,427,000	43,062	3.2%
2016	261,654	N/A	N/A	3.4%

Source: Michigan Department of Technology, Management and Budget, U.S. Census Bureau, and U.S. Department of Commerce - Bureau of Economic Analysis.

N/A Data is Not Available

Principal Employers

Current and Nine Years Ago

Industry	2016			2007		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
Health care and social assistance	20,304	1	13.46%	20,376	1	13.47%
Manufacturing	19,121	2	12.68%	19,613	2	12.97%
Retail trade	15,733	3	10.43%	16,205	3	10.71%
Accommodation and food services	12,298	4	8.15%	12,637	4	8.35%
Administrative and waste management services	10,303	5	6.83%	10,290	5	6.80%
Other services, except public administration	8,346	6	5.53%	8,329	7	5.51%
Local government	8,091	7	5.37%	9,166	6	6.06%
Finance and insurance	8,009	8	5.31%	6,701	9	4.43%
Real estate and rental leasing	7,132	9	4.73%	6,075	10	4.02%
Construction	6,947	10	4.61%	7,913	8	5.23%
Total	116,284			117,305		
Total full-time and part-time County employment	150,809			151,259		

⁽¹⁾ Source: U.S. Department of Commerce, Bureau of Economic Analysis, CA25N - Total full-time and part-time employment by NAICS industry for Kalamazoo

COUNTY OF KALAMAZOO, MICHIGAN

Full-Time Equivalent Government Employees by Function/Program Last Ten Fiscal Years

	2016	2015	2014	2013
Function/program				
General government	140.7	143.9	143.2	138.8
Public safety	248.6	244.3	241.8	241.8
Health and welfare	223.8	217.0	208.1	203.8
Cultural and recreation	17.5	17.6	17.6	18.4
Legislative	6.8	6.3	6.3	6.3
Judicial	224.5	224.3	226.5	224.0
Other	15.6	15.0	16.0	16.0
Airport	21.5	21.5	21.0	22.0
Total	<u>899.0</u>	<u>889.9</u>	<u>880.5</u>	<u>871.1</u>

Source: County of Kalamazoo, Michigan, Office of Finance.

Table 14 - Unaudited

2012	2011	2010	2009	2008	2007
138.8	140.3	139.8	129.2	128.2	128.2
215.8	224.3	220.8	226.5	226.5	226.5
286.3	292.1	285.3	295.6	278.0	299.3
18.6	18.2	18.2	19.0	19.0	17.3
6.3	6.3	6.3	6.3	6.3	6.0
223.5	227.8	226.8	226.0	225.1	222.1
16.0	21.0	21.0	31.6	29.6	29.6
22.0	23.5	23.5	23.5	23.5	23.5
<u>927.3</u>	<u>953.5</u>	<u>941.7</u>	<u>957.7</u>	<u>936.2</u>	<u>952.5</u>

COUNTY OF KALAMAZOO, MICHIGAN

Operating Indicators by Function/Program Last Ten Fiscal Years

	2016	2015	2014	2013
Function/program				
General government:				
Revenue from sale of maps, aerial directories	\$ 2,442	\$ 1,848	\$ 4,146	\$ 5,056
Revenue from soil erosion and permits issued	\$ 32,340	\$ 34,158	\$ 24,107	\$ 30,285
Public safety:				
Jail bookings	11,957	12,024	12,171	12,973
Average daily population	371	391	400	404
Judicial:				
8th district court caseloads	43,999	49,214	50,640	54,898
Airport:				
Based aircraft	111	110	110	109
Enplanements	160,131	124,355	134,175	127,559

Source: *County of Kalamazoo, Michigan, Office of Finance and individual County departments.*

Table 15 - Unaudited

2012	2011	2010	2009	2008	2007
\$ 9,166	\$ 7,625	\$ 5,594	\$ 865	\$ 1,490	\$ 12,117
\$ 28,029	\$ 21,754	\$ 21,880	\$ 22,715	\$ 30,173	\$ 36,180
13,380	12,591	12,372	11,849	11,539	11,499
409	387	374	388	391	366
59,858	55,636	64,034	67,143	73,210	80,700
111	143	143	143	143	148
130,163	152,593	141,083	139,712	166,986	206,659

COUNTY OF KALAMAZOO, MICHIGAN

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2016	2015	2014	2013
Function/program				
Public safety:				
Correction facility capacity	482	482	327	327
Juvenile home capacity	64	64	64	64
Cultural and recreation:				
Parks	6	6	6	6
County fairgrounds	1	1	1	1
Judicial:				
Courthouse buildings	3	3	3	3
Airport operations:				
Number of runways	3	3	3	3
Number of hangars	84	84	84	84

Source: County of Kalamazoo, Michigan, Office of Finance and individual County departments

Table 16 - Unaudited

2012	2011	2010	2009	2008	2007
327 64	327 64	327 64	327 64	327 64	327 40
6 1	6 1	6 1	6 1	6 1	6 1
3	3	3	3	3	3
3 84	3 95	3 95	3 95	3 95	3 95

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SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

June 28, 2017

Honorable Members of the
Board of Commissioners
of the County of Kalamazoo, Michigan
Kalamazoo, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Kalamazoo, Michigan* (the "County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Additionally, the supplemental schedule of expenditures by service has also been presented for additional analysis. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplemental schedule of expenditures by service are fairly stated in all material respects in relation to the basic financial statements as a whole.



COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster:					
Breakfast Program	10.553	MDOE	161970	\$ -	\$ 30,925
Breakfast Program	10.553	MDOE	171970	-	11,695
				<u>-</u>	<u>42,620</u>
National School Lunch Program:					
Section 11 - Free and Reduced	10.555	MDOE	161960	-	50,255
Section 11 - Free and Reduced	10.555	MDOE	171960	-	18,960
				<u>-</u>	<u>69,215</u>
Total Child Nutrition Cluster					
				<u>-</u>	<u>111,835</u>
Special Support Food Program for Women, Infants, and Children	10.557	MDHHS	20161689	-	350,683
Special Support Food Program for Women, Infants, and Children	10.557	MDHHS	20170293	-	109,219
				<u>-</u>	<u>459,902</u>
Total U.S. Department of Agriculture					
				<u>-</u>	<u>571,737</u>
U.S. Department of Justice					
DCE/SP (HEMP) Overtime Reimbursement	16.000	MSP	HIDTA#271	-	935
Crime Victim Assistance:					
Victims of Violence - Assistance Program	16.575	MDHHS	2016078-00	-	51,488
Victims of Violence - Assistance Program	16.575	MDHHS	E20172255-00	-	31,057
				<u>-</u>	<u>82,545</u>
Direct Program - State Criminal Alien Assistance Program	16.606	Direct	2016-H1466-MI-AP	-	5,079
Edward Byrne Memorial Justice Assistance Grant Program:					
SWET 70888-16	16.738	MSP	2014-MU-BX-1022	-	27,529
SWET 70888-17	16.738	MSP	2015-MU-BX-0964	-	22,070
Byrne JAG State FY 2016 S.W.E.T. 708888-S.W.E.T.-2016	16.738	MSP	2015-MU-BX-0964	-	9,000
Byrne JAG State FY 2016 S.W.E.T. 708888-S.W.E.T.-2017	16.738	MSP	2015-MU-BX-0964	-	3,000
Adult Men's Drug Treatment Court 2015/2016	16.738	MSP	2015-MU-BX-0964	-	87,985
Adult Men's Drug Treatment Court 2016/2017	16.738	MSP	2015-MU-BX-0964	-	47,638
Adult Women's Drug Treatment Court 2015	16.738	MSP	2015-MU-BX-0964	-	89,180
Adult Women's Drug Treatment Court 2016	16.738	MSP	2015-MU-BX-0965	-	29,943
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2014	16.738	COK	2014-DJ-BX-0550	-	750
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2015	16.738	COK	2015-H2743-MI-DJ	-	2,500
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2016	16.738	COK	2016-H3208-MI-DJ	-	6,689
				<u>-</u>	<u>326,284</u>
Total U.S. Department of Justice					
				<u>-</u>	<u>414,843</u>
U.S. Department of Transportation					
State and Community Highway Safety:					
Strategic Traffic Enforcement Program - Police Traffic Services	20.600	MSP	PT-15-15	-	52,251
Strategic Traffic Enforcement Program - Police Traffic Services	20.600	MSP	PT-16-28	-	4,480
				<u>-</u>	<u>56,731</u>
Interagency Hazardous Materials Public Sector Training & Planning Grants:					
Hazardous Materials Emergency Preparedness Planning Program	20.703	MSP	HM-HMP-0439-14-01-00	-	3,808
Total U.S. Department of Transportation					
				<u>-</u>	<u>60,539</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Environmental Protection Agency					
Capitalization Grants for Drinking Water State Revolving Funds:					
Nontransient NCW System	66.468	MDEQ	FS97548712	\$ -	\$ 875
Brownfield Assessment Grants:					
Hazardous Substance Assessment Funds and Petroleum Assessment Funds	66.818	Direct	EPA-OSWER-OBLR-15-04	-	7,768
Total U.S. Environmental Protection Agency				-	8,643
U.S. Department of Energy					
Weatherization Assistance for Low-Income Persons:					
LIHEAP - Low Income Energy Assistance Program	81.042	MDHHS	LIHEAP13-39015-2	-	95,946
LIHEAP - Low Income Energy Assistance Program	81.042	MDHHS	LIHEAP13-39015-3	-	22,118
Weatherization Assistance Program	81.042	MDHHS	DOE-12-39016	-	294
Weatherization Assistance Program	81.042	MDHHS	DOE-13-39015	-	(696)
Weatherization Assistance Program	81.042	MDHHS	DOE-13-39015-2	-	177,598
Weatherization Assistance Program	81.042	MDHHS	WAP-16-39015-3	-	121,743
Total U.S. Department of Energy				-	417,003
U.S. Department of Health and Human Services					
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation:					
Title VII EAP Services	93.041	AASA	20161848	-	8,386
Title VII EAP Services	93.041	AASA	20170917	-	536
				-	8,922
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals:					
Title VII/A LTC Ombudsman	93.042	AASA	20161848	-	18,869
Title VII/A LTC Ombudsman	93.042	AASA	20170917	-	263
				-	19,132
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:					
Title III D Services	93.043	AASA	20161848	-	7,929
Title III D Services	93.043	AASA	20161848	-	3,415
Title III D Services	93.043	AASA	20170917	-	200
				-	11,544
Aging Cluster:					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers:					
Title III B - Administration	93.044	AASA	20161848	-	18,848
Title III B - Services (Program Development)	93.044	AASA	20161848	-	34,601
Title III B - Services	93.044	AASA	20161848	25,084	25,084
Title III B - Services	93.044	AASA	20161848	-	1,895
Title III B - Services	93.044	AAA3B	R3b2016-5111	-	1,828
Title III B - Services	93.044	AAA3C	2017-0004	-	1,500
Title III B - Services	93.044	AASA	20161848	-	14,115
Title III B - Administration	93.044	AASA	20170917	-	1,196
Title III B - Services (Program Development)	93.044	AASA	20170917	-	712

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Aging Cluster (Concluded):					
Special Programs for the Aging - Title III,					
Part B - Grants for Supportive Services and Senior Centers (Concluded):					
Title III B - Services	93.044	AASA	20170917	\$ 6,149	\$ 6,149
Title III B - Services	93.044	AASA	20170917	-	114
Title III B - Services	93.044	AAA3B	R3b2017-5111	-	609
Title III B - Services	93.044	AAA3C	2017-0004	-	500
Title III B - Services	93.044	AASA	20170917	-	316
Title III B - Services	93.044	AASA	20161848	-	97,066
Title III B - Services	93.044	AASA	20161848	-	1,893
Title III B - Services	93.044	AASA	20170917	-	5,817
Title III B - Services	93.044	AASA	20170917	-	261
				<u>31,233</u>	<u>212,504</u>
Special Programs for the Aging - Title III,					
Part C - Nutrition Services:					
Title III Administration	93.045	AASA	20161848	-	35,811
Title III C1/C2 Services	93.045	AASA	20161848	282,648	282,701
Title III Administration	93.045	AASA	20170917	-	2,272
Title III C1/C2 Services	93.045	AASA	20170917	88,522	88,522
				<u>371,170</u>	<u>409,306</u>
Nutrition Services Incentive Program:					
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	20161848	94,857	94,857
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	20170917	25,063	25,063
				<u>119,920</u>	<u>119,920</u>
Total Aging Cluster				<u>522,323</u>	<u>741,730</u>
Special Programs for the Aging - Title IV and					
Title II - Discretionary Projects:					
Senior Medicare Patrol	93.048	MMAP	90MP0218-02-00	-	162
Senior Medicare Patrol	93.048	MMAP	90MP0218-01-01	-	327
Senior Medicare Patrol	93.048	MMAP	90MP0218-01-01	2,946	2,946
Senior Medicare Patrol	93.048	MMAP	90MP0218-02-00	1,454	1,454
Senior Medicare Patrol - Mileage	93.048	MMAP	90MP0218-02-00	183	183
Senior Medicare Patrol	93.048	MMAP	90MP0218-02-00	-	107
Senior Medicare Patrol	93.048	MMAP	90MP0218-02-00	963	963
Senior Medicare Patrol - Mileage	93.048	MMAP	90MP0218-02-00	79	79
				<u>5,625</u>	<u>6,221</u>
National Family Caregiver Support -					
Title III, Part E:					
Title III E - Administration	93.052	AASA	20161848	-	8,167
Title III E - NFCSP	93.052	AASA	20161848	11,044	11,044
Title III E - Information and Assistance	93.052	AASA	20161848	-	31,905
Title III E - Administration	93.052	AASA	20170917	-	518
Title III E - NFCSP	93.052	AASA	20170917	3,114	3,114
Title III E - Information and Assistance	93.052	AASA	20170917	-	944
Title III E - Care Management	93.052	AASA	20161848	-	30,976
Title III E - Care Management	93.052	AASA	20170917	-	1,870
				<u>14,158</u>	<u>88,538</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Public Health Emergency Preparedness:					
Laboratory Services Bio	93.069	MDHHS	20161689	\$ -	\$ 22,500
Laboratory Services Bio	93.069	MDHHS	20170293	-	4,998
Public Health Emergency Preparedness (PHEP) 10/1/2015 - 6/30/2016	93.069	MDHHS	20161689	-	78,527
PHEP Regional EPI Support	93.069	MDHHS	20161689	-	2,142
PHEP EBOLA Virus Disease (EVD) Phase II	93.069	MDHHS	20161689	-	6,933
Public Health Emergency Preparedness (PHEP) - 7/1/2016 - 9/30/2016	93.069	MDHHS	20161689	-	34,381
Public Health Emergency Preparedness (PHEP) - 10/1/2016 - 6/30/2017	93.069	MDHHS	20170293	-	22,288
PHEP Regional EPI Support	93.069	MDHHS	20170293	-	703
PHEP EBOLA Virus Disease (EVD) Phase II	93.069	MDHHS	20170293	-	1,335
				-	<u>173,807</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:					
TB Control	93.116	MDHHS	20161689	-	76
TB Control	93.116	MDHHS	20170293	-	24
				-	<u>100</u>
Immunization Cooperative Agreements:					
Vaccine Provided (non-cash assistance)	93.268	MDHHS	20161689	-	186,386
Immunization MCIR Regions	93.268	MDHHS	20161689	-	6,843
Immunization MCIR Regions	93.268	MDHHS	20170293	-	2,350
Infant and Vaccine Program	93.268	MDHHS	20161689	-	20,883
Infant and Vaccine Program	93.268	MDHHS	20170293	-	8,712
Immunizations Fixed Fees	93.268	MDHHS	20170293	-	400
Immunizations Fixed Fees	93.268	MDHHS	20170293	-	600
				-	<u>226,174</u>
State Health Insurance Assistance Program:					
State Health Insurance Assistance Program	93.324	MMAP	90SA0027-01-00	-	65
State Health Insurance Assistance Program	93.324	MMAP	90SA0073-01-00	-	721
State Health Insurance Assistance Program	93.324	MMAP	90SA0027-02-00	-	656
State Health Insurance Assistance Program	93.324	MMAP	90SA0073-01-00	6,491	6,491
State Health Insurance Assistance Program	93.324	MMAP	90SA0027-01-00	588	588
State Health Insurance Assistance Program	93.324	MMAP	90SA0027-02-00	5,903	5,903
State Health Insurance Assistance Program - Mileage	93.324	MMAP	90SA0027-02-00	79	79
State Health Insurance Assistance Program - Mileage	93.324	MMAP	90SA0073-01-00	143	143
State Health Insurance Assistance Program	93.324	MMAP	90SO0008-01-00	409	409
State Health Insurance Assistance Program	93.324	MMAP	90SA0027-02-00	-	419
State Health Insurance Assistance Program	93.324	MMAP	90SA0027-02-00	3,771	3,771
				<u>17,384</u>	<u>19,245</u>
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program:					
MIECHVP Healthy Families America Expansion	93.505	MDHHS	20161689	-	179,004
Nurse Family Partnership Services	93.505	MDHHS	20161689	-	750
				-	<u>179,754</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance:					
Immunization and Vaccine Program	93.539	MDHHS	20161689	-	72,733
Immunization and Vaccine Program	93.539	MDHHS	20170293	-	14,834
				-	<u>87,567</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
Child Support Enforcement (CSE):					
Child Support Enforcement (Year 5)	93.563	MDHHS	CS/FOC-13-39001-A2	\$ -	\$ 1,376,502
Child Support Enforcement (Year 1)	93.563	MDHHS	CS/FOC-17-39001	-	480,573
Federal Performance Incentive Payment (2015)	93.563	MDHHS	CS/FOC-13-39001	-	348,584
Medical Incentive	93.563	MDHHS	n/a	-	120,082
Child Support Enforcement (Year 4)	93.563	MDHHS	CSPA-13-39002-A1	-	345,281
Child Support Enforcement (Year 1)	93.563	MDHHS	CSPA-17-39002	-	118,572
				<u>-</u>	<u>2,789,594</u>
Michigan Energy Assistance Program	93.568	MDHHS	PSC-16-07	-	73,979
Michigan Energy Assistance Program	93.568	MDHHS	MAE-17-06	-	24,410
				<u>-</u>	<u>98,389</u>
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-2	-	106,674
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-2	2,202	412,107
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-2	621	135,099
				<u>2,823</u>	<u>653,880</u>
Grants to States for Access and Visitation Programs:					
Access and Visitation Grant	93.597	SCAO	SCAO-2015-021	-	9,700
Access and Visitation Grant	93.597	SCAO	SCAO-2017-019	-	3,510
				<u>-</u>	<u>13,210</u>
Affordable Care Act Implementation Support for State Demonstrations to Integrate for Medicare - Medicaid Enrollees:					
Michigan's Application for Implementation Support for State Demonstrators to Integrate Care for Individuals Who are Eligible for Medicare and Medicaid	93.628	MMAF	1L1CMS331357-02-00	4,012	4,012
Michigan Application for Affordable Care Act Ship and ARDC Options Counseling for Medicare and Medicaid Individuals in States With Approved Financial Alignment Models	93.628	MMAF	1N1CMS331416	7,914	7,914
Michigan's Application for Implementation Support for State Demonstrators to Integrate Care for Individuals Who are Eligible for Medicare and Medicaid	93.628	MMAF	1L1CMS331357-02-00	-	158
Michigan Application for Affordable Care Act Ship and ARDC Options Counseling for Medicare and Medicaid Individuals in States With Approved Financial Alignment Models	93.628	MMAF	1N1CMS331416	-	187
Michigan's Application for Implementation Support for State Demonstrators to Integrate Care for Individuals Who are Eligible for Medicare and Medicaid	93.628	MMAF	1L1CMS331357-02-00	1,419	1,419
Michigan's Application for Implementation Support for State Demonstrators to Integrate Care for Individuals Who are Eligible for Medicare and Medicaid	93.628	MMAF	1N1CMS331416	1,680	1,680
				<u>15,025</u>	<u>15,370</u>
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance:					
Immunization Infor Systems - ISS	93.733	MDHHS	20161689	-	30,953
Cancer Prevention and Control Programs for State Territorial and Tribal Organizations Financed in Part by Prevention and Public Health Funds:					
MI Cancer Prevention Control Program	93.752	MDHHS	20161689	-	89,005

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COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Concluded)					
Preventative Health and Health Services Block Grant Funded Soley With Prevention and Public Health Funds (PPHF):					
STD Control	93.758	MDHHS	20161689	\$ -	\$ 37,449
STD Control	93.758	MDHHS	20170293	-	12,558
				<u>-</u>	<u>50,007</u>
Medical Assistance Program:					
Medicaid Outreach - CHAP	93.778	MDHHS	20161689	4,572	4,572
Medicaid Outreach - CHAP	93.778	MDHHS	20170293	3,045	3,045
Medicaid Outreach - AAA	93.778	MDHHS	20161689	-	4,359
Medicaid Outreach - AAA	93.778	MDHHS	20170293	-	1,125
Targeted Case Management	93.778	AASA	20161848	-	16,999
Targeted Case Management	93.778	AASA	20170917	-	2,820
Nurse Family Partnership	93.778	MDHHS	20161689	-	177,575
Nurse Family Partnership	93.778	MDHHS	20170293	-	63,583
Medicaid Outreach - NFP	93.778	MDHHS	20161689	-	43,994
Case Management Services - CSHCS	93.778	MDHHS	20161689	-	62,378
Medicaid Outreach - CSHCS	93.778	MDHHS	20161689	-	3,843
Case Management Services - CSHCS	93.778	MDHHS	20170293	-	21,697
Adolescent Health	93.778	MPCA	CAHC15-16KC	-	25,199
Medicaid Outreach - BCCCNP	93.778	MDHHS	20161689	-	7,791
Medicaid Outreach - BCCCNP	93.778	MDHHS	20170293	-	1,953
				<u>7,617</u>	<u>440,933</u>
Maternal, Infant and Early Childhood Home Visiting Program:					
MIETCHVP Health Start Families America Expansion	93.870	MDHHS	20170293	-	59,800
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs:					
MI Cancer Prevention Control Program	93.919	MDHHS	20161689	-	32,752
MI Cancer Prevention Control Program	93.919	MDHHS	20170293	-	37,763
				<u>-</u>	<u>70,515</u>
Healthy Start Initiative:					
Healthy Start	93.926	Direct	H49MC00047-15-01	-	89,470
Healthy Start	93.926	Direct	H49MC00047-15-01	-	121,933
Healthy Start	93.926	Direct	H49MC00047-16-03	-	192,727
Healthy Start	93.926	Direct	H49MC00047-16-03	-	264,248
				<u>-</u>	<u>668,378</u>
HIV Prevention Activities - Health Department Based:					
Aids/HIV Prevention	93.940	MDHHS	20161689	-	21,000
Maternal and Child Health Services Block Grant to the States:					
MCH Block Grant - FIMR	93.994	MDHHS	20161689	-	4,320
MCH Block Grant - FIMR	93.994	MDHHS	20170293	-	540
MCH Block Grant - Immunizations	93.994	MDHHS	20161689	-	70,803
MCH Block Grant - Immunizations	93.994	MDHHS	20170293	-	9,428
MCH Block Grant - CSHCS	93.994	MDHHS	20161689	-	27,234
MCH Block Grant - CSHCS	93.994	MDHHS	20170293	-	12,750
MCH Block Grant - IAP	93.994	MDHHS	20161689	-	11,250
MCH Block Grant - IAP	93.994	MDHHS	20170293	-	3,000
MCH Block Grant - Lead Outreach	93.994	MDHHS	20161689	-	939
MCH Block Grant - CLPP	93.994	MDHHS	20170293	-	3,487
MCH Block Grant - Lead Outreach	93.994	MDHHS	20170293	-	1,171
				<u>-</u>	<u>144,922</u>
Total U.S. Department of Health and Human Services				<u>584,955</u>	<u>6,708,690</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
Executive Office of the President High Intensity Drug Trafficking Areas Program	95.001	SWET	SWE-123-16	\$ -	\$ 4,715
U.S. Department of Homeland Security Boating Safety Financial Assistance: Marine Safety Program	97.012	MDNR	MS-16-024	-	25,000
Emergency Management Performance Grants: Emergency Management Performance Grant (PY2016)	97.042	MSP	EMW-2016-EP-00029-S01	-	15,567
Emergency Management Performance Grant (PY2017)	97.042	MSP	EMW-2016-EP-00029-S01	-	6,769
				-	22,336
Homeland Security Grant Program	97.067	VAN	n/a	-	(13,903)
Homeland Security Grant Program	97.067	VAN	n/a	-	(1,163)
Homeland Security Grant Program	97.067	VAN	2007-GS-H7-0043	-	6,966
Homeland Security Grant Program	97.067	VAN	n/a	-	(4,647)
Homeland Security Grant Program	97.067	VAN	2009-SS-T9-0060	-	565
Homeland Security Grant Program	97.067	VAN	2010-SS-T9-0060	-	(15,072)
Homeland Security Grant Program	97.067	VAN	EMW-2014-SS-0059	-	17,734
Homeland Security Grant Program	97.067	VAN	EMW-2013-SS-00049	-	2,577
Homeland Security Grant Program	97.067	VAN	EMW-2015-SS-00033	-	3,849
				-	(3,094)
Total U.S. Department of Homeland Security				-	44,242
Total Expenditures of Federal Awards				\$ 584,955	\$ 8,230,412

concluded

See notes to schedule of expenditures of federal awards.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Kalamazoo, Michigan (the "County") under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's Financial Statements. The County's financial statements include the operations of the Kalamazoo County Road Commission and the Kalamazoo Community Mental Health and Substance Abuse Services discretely presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2016, as the entities were separately audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

4. OTHER FEDERAL REVENUE

The County is an indirect beneficiary of federal funds that are expended directly by the Michigan Department of Transportation. These expenditures (which totaled \$1,268,602 for the year ended December 31, 2016) are not presented on the Schedule, as they will be included in the single audit for the State of Michigan.

4. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
AAA3B	Area Agency on Aging Region 3B
AAA3C	Area Agency on Aging Region 3C
AASA	Aging & Adult Services Agency
COK	City of Kalamazoo

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

Pass-through Agency Abbreviation	Pass-through Agency Name
MDHHS	Michigan Department of Health and Human Services
MDEQ	Michigan Department of Environmental Quality
MDNR	Michigan Department of Natural Resources
MDOE	Michigan Department of Education
MMAP	Michigan Medicare/Medicaid Assistance Program
MPCA	Michigan Primary Care Association
MSP	Michigan State Police
SCAO	Michigan State Court Administrative Office
SWET	Southwest Enforcement Team
VAN	Van Buren County



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COUNTY OF KALAMAZOO, MICHIGAN

Supplemental Schedule of Expenditures by Service
September 30, 2016

Service Category	Federal Admin	Title IIIB	Title IIIC-1	Title IIIC-2	Title IIID	NFCSP IIIE	Title VII/EAP	Title VIIA
Care management	\$ -	\$ 91,803	\$ -	\$ -	\$ -	\$ 34,935	\$ -	\$ -
Case coord/support	-	2,043	-	-	-	-	-	-
Information and assistance	-	16,535	-	-	-	37,337	-	-
Transportation	-	14,044	-	-	-	-	-	-
Home injury control	-	-	-	-	-	3,000	-	-
Homemaker	-	17,299	-	-	-	-	-	-
Home delivered meals	-	-	-	200,126	-	-	-	-
Medication management	-	-	-	-	-	-	-	-
Personal care	-	-	-	-	-	-	-	-
PERS/assist tech and devices	-	-	-	-	-	-	-	-
Respite care	-	3,290	-	-	-	-	-	-
Congregate meals	-	-	169,337	-	-	-	-	-
Legal assistance	-	13,200	-	-	-	-	-	-
Adult day care	-	-	-	-	-	-	-	-
Disease prevent	-	-	-	-	9,529	-	-	-
Creating confident caregivers	-	-	-	-	4,115	93	-	-
LTC ombudsman	-	2,351	-	-	-	-	-	19,045
Senior center staffing	-	7,093	-	-	-	-	-	-
Elder abuse prevention	-	-	-	-	-	-	8,623	-
Counseling	-	380	-	-	-	5,768	-	-
Caregiver E,S,T	-	-	-	-	-	4,291	-	-
Program development	-	39,425	-	-	-	-	-	-
Gap services	-	3,302	-	-	-	-	-	-
Nutrition education	-	-	113	-	-	-	-	-
	-	210,765	169,450	200,126	13,644	85,424	8,623	19,045
Administration	75,382	-	-	-	-	-	-	-
Total	\$ 75,382	\$ 210,765	\$ 169,450	\$ 200,126	\$ 13,644	\$ 85,424	\$ 8,623	\$ 19,045

NSIP	State Access	State In-Home	State Cong.	St. Home Del Meals	State NHO	St. Alt. Care	State CMP	State Care Mgmt	Merit Award Trust Fund
\$ -	\$ 14,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,109	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	109,332	-	-	-	8,669	-	-	-
96,485	-	-	-	217,629	-	-	-	-	-
-	-	6,262	-	-	-	-	-	-	-
-	-	416	-	-	-	16,930	-	-	-
-	-	-	-	-	-	16,211	-	-	-
-	-	-	-	-	-	16,505	-	-	25,607
35,387	-	-	4,963	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	36,348
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	30,216	-	13,269	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
131,872	14,813	116,010	4,963	217,629	30,216	58,315	13,269	137,109	61,955
-	-	-	-	-	-	-	-	-	6,127
<u>\$ 131,872</u>	<u>\$ 14,813</u>	<u>\$ 116,010</u>	<u>\$ 4,963</u>	<u>\$ 217,629</u>	<u>\$ 30,216</u>	<u>\$ 58,315</u>	<u>\$ 13,269</u>	<u>\$ 137,109</u>	<u>\$ 68,082</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Supplemental Schedule of Expenditures by Service
September 30, 2016

	St. CG Support	St. Respite (Escheat)	State ANS	State Admin	Program Income	Cash Match	In-Kind Match	Totals
Care management	\$ -	\$ -	\$ 23,100	\$ -	\$ -	\$ 63,976	\$ -	\$ 365,736
Case coord/support	-	-	-	-	-	227	-	2,270
Information and assistance	-	-	-	-	21,340	28,834	-	104,046
Transportation	-	-	-	-	-	2,463	-	16,507
Home injury control	-	-	-	-	-	334	-	3,334
Homemaker	-	-	-	-	-	18,524	594	154,418
Home delivered meals	-	-	-	-	64,101	47,496	-	625,837
Medication management	-	-	-	-	-	696	-	6,958
Personal care	-	-	-	-	-	2,511	-	19,857
PERS/assist tech and devices	-	-	-	-	-	2,248	-	18,459
Respite care	3,444	21,599	-	-	-	3,866	-	74,311
Congregate meals	-	-	-	-	52,014	30,347	-	292,048
Legal assistance	-	-	-	-	-	44,193	2,062	59,455
Adult day care	4,200	34,941	-	-	1,965	467	-	77,921
Disease prevent	-	-	-	-	116,758	1,056	3	127,346
Creating confident caregivers	-	-	-	-	379	484	-	5,071
LTC ombudsman	-	-	-	-	-	3,507	1,588	69,976
Senior center staffing	-	-	-	-	-	7,881	-	14,974
Elder abuse prevention	-	-	-	-	-	-	-	8,623
Counseling	-	-	-	-	-	684	-	6,832
Caregiver E,S,T	-	-	-	-	-	477	-	4,768
Program development	-	-	-	-	2,953	4,381	-	46,759
Gap services	-	-	-	-	-	367	-	3,669
Nutrition education	-	-	-	-	-	13	-	126
	<u>7,644</u>	<u>56,540</u>	<u>23,100</u>	<u>-</u>	<u>259,510</u>	<u>265,032</u>	<u>4,247</u>	<u>2,109,301</u>
Administration	756	-	-	12,978	5,647	50,975	-	151,865
Total	<u>\$ 8,400</u>	<u>\$ 56,540</u>	<u>\$ 23,100</u>	<u>\$ 12,978</u>	<u>\$ 265,157</u>	<u>\$ 316,007</u>	<u>\$ 4,247</u>	<u>\$ 2,261,166</u>

concluded

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

June 28, 2017

Honorable Members of the
Board of Commissioners
of the County of Kalamazoo, Michigan
Kalamazoo, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Kalamazoo, Michigan* (the "County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2017. Our report includes a reference to other auditors who audited the financial statements of the Kalamazoo County Transportation Authority, the Central County Transportation Authority, the Kalamazoo County Road Commission, the Kalamazoo County Public Housing Commission, and the Kalamazoo County Consolidated Dispatch Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Kalamazoo County Road Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Lobarr LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 28, 2017

Honorable Members of the
Board of Commissioners
of the County of Kalamazoo, Michigan
Kalamazoo, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the *County of Kalamazoo, Michigan* (the "County") with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the County's major federal program for the year ended December 31, 2016. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Kalamazoo County Road Commission and the Kalamazoo Community Mental Health and Substance Abuse Services, which expended certain federal awards that are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2016. Our audit, described below, did not include the operations of the Kalamazoo County Road Commission or the Kalamazoo Community Mental Health and Substance Abuse Services, because they arranged for separate financial statement audits. The Kalamazoo County Road Commission did not meet the criteria for a single audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on The Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ 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

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.563

Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2016

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

COUNTY OF KALAMAZOO, MICHIGAN

■ Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2016

None reported.

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