

County of  
Kalamazoo,  
Michigan



Year Ended  
December 31,  
2018

Comprehensive  
Annual Financial  
Report and Single  
Audit Act  
Compliance

Prepared by:

County Administrator/Controller  
Tracie L. Moored

Deputy County Administrator, Internal Services  
Amanda Morse

Finance Director  
Timothy Meeker

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## INTRODUCTORY SECTION

# COUNTY OF KALAMAZOO, MICHIGAN

## LIST OF OFFICIALS

For the Year Ended December 31, 2018

### COUNTY BOARD OF COMMISSIONERS

Stephanie Moore - Chairperson  
Dale Shugars - Vice Chairperson  
John Gisler  
Tracy Hall  
Ron Kendall  
Scott McGraw  
Mike Quinn  
Julie Rogers  
Michael Seals  
Roger Tuinier

### 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

Christopher T. Haenicke- Chief Judge

Richard A. Santoni  
Anne E. Blatchford  
Kathleen P. Hemingway  
Julie K. Phillips  
Vincent C. Westra

### PROBATE JUDGES

Curtis J. Bell - Chief Judge

Tiffany A. Ankley - Chief Judge Pro Tempore  
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 21, 2019

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, 2018. The basic financial statements included in this report have been audited by Rehmann, 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, 2018, 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, 2018, 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.

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**OFFICE OF ADMINISTRATION**

201 West Kalamazoo Avenue | Kalamazoo, MI 49007

Phone: 269.384.8111 | [www.kalcounty.com](http://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 on pages 225-228.

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 2018 estimated census population of 264,870, 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, 5 villages, and 4 cities. 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 area has a diversified employment base adding to the strength of the local economy. Major employers in the area are found in the pharmaceutical, banking, health and education sectors.

The County is governed by the County Board of Commissioners (the County Board), which in 2018, consists of 11 members. The County Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator/Controller 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, Law Enforcement Fund, and Senior Millage Fund are found on pages 41-43 as part of the basic financial statements for the governmental funds. For special revenue funds, other than the General Fund, Law Enforcement Fund, and Senior Millage Fund, this comparison is found starting on page 142.

## **Financial Condition Factors**

### **Short Term Factors Affecting Budget**

As the entire state experienced declining shifts in the economy, the County has managed to collectively remain sustainable. The area has a diversified employment base adding to the strength of the local economy. 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 five-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 hold. The Board of Commissioners is committed to ensuring the long-term fiscal stability of the County. The County has operated cautiously over the past several years 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 expenditures to outpace revenues. The County will continue to align expenditure to these indicators. Cautious budgeting decisions and ongoing monitoring of revenues and expenditures must continue, or the County will find it necessary to reduce services in order to balance the budget.

### **Capital Improvement**

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 county-wide 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 Board of Commissioner's 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 2018 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 30.59%.

### **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: deliver consistent high-quality programs and services, strengthen engagement in our community and build a relationship focused culture. In 2018, the following strategic initiatives were prioritized.

- ***Animal Services & Enforcement Facility***

Kalamazoo County Government has long recognized that the current Animal Services & Enforcement facility has many deficiencies which impede upon the County's ability to deliver consistent high-quality programs and services. Funding to support a new facility was identified in 2016 and the Board of Commissioners and Administration began the process of identifying the needs of the facility as well as soliciting input and participation from the Animal Services Advisory Board and potential partners. Design for the facility was completed in 2017 and construction began in the summer of 2018 and is expected to conclude in the fall of 2019.

- ***Justice Facility***

In April of 2017, Kalamazoo County Government entered into an agreement for a real estate transfer which initiated the beginning of the development of a future downtown County building. A project Owner's Representative and Architect were selected during 2017 and programming to discuss the space needs of staff located within the Michigan Avenue Courthouse, Crosstown Complex and Administration Building ensued. Due to cost constraints, it was decided that this facility would house the staff located within the Michigan Avenue Courthouse and Crosstown Complex. Design on the facility has begun and the County is expected to pursue capital improvement bonds in the spring of 2020 to fund a portion of the total construction costs. Construction on this project is scheduled to begin as early as the fall of 2020.

- ***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 Authority. 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 partnering municipalities approved a short-term funding strategy in 2017 and consolidated dispatch services commenced under the new authority in the fall of 2018. The Authority continues to be diligent in planning for a long-term funding solution.

- ***Indigent Defense***

Starting in the fall of 2017, representatives from the Board of Commissioners, District Court, Circuit Court, the Office of the Sheriff, the Office of the Prosecuting Attorney, the Office of the Administrator and Human Resources came together with local defense attorneys who have provided legal counsel to the County's indigent population to outline a model for the future of indigent defense in Kalamazoo County. This collaboration culminated in the submission of a Michigan Indigent Defense Commission Act compliance plan/grant request that provided for a non-profit independent system. In December of 2018, the County entered into a contract with Kalamazoo Defender Inc to provide these services. A transition period from the current contract attorney system to Kalamazoo Defender Inc is expected from December of 2018 through July of 2019 when Kalamazoo Defender Inc will be fully operational.

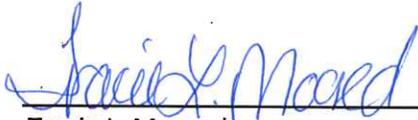
### **Awards and Acknowledgements**

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 December 31, 2017. This was the nineteenth 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.

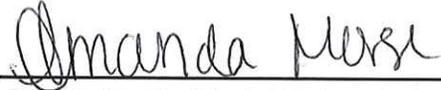
The preparation of this report on a timely basis would not have been accomplished without the cooperation of all involved in the financial accounting process. We want to thank members of the Kalamazoo County Board of Commissioners for your interest and support in planning and conducting the financial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

Respectfully submitted,



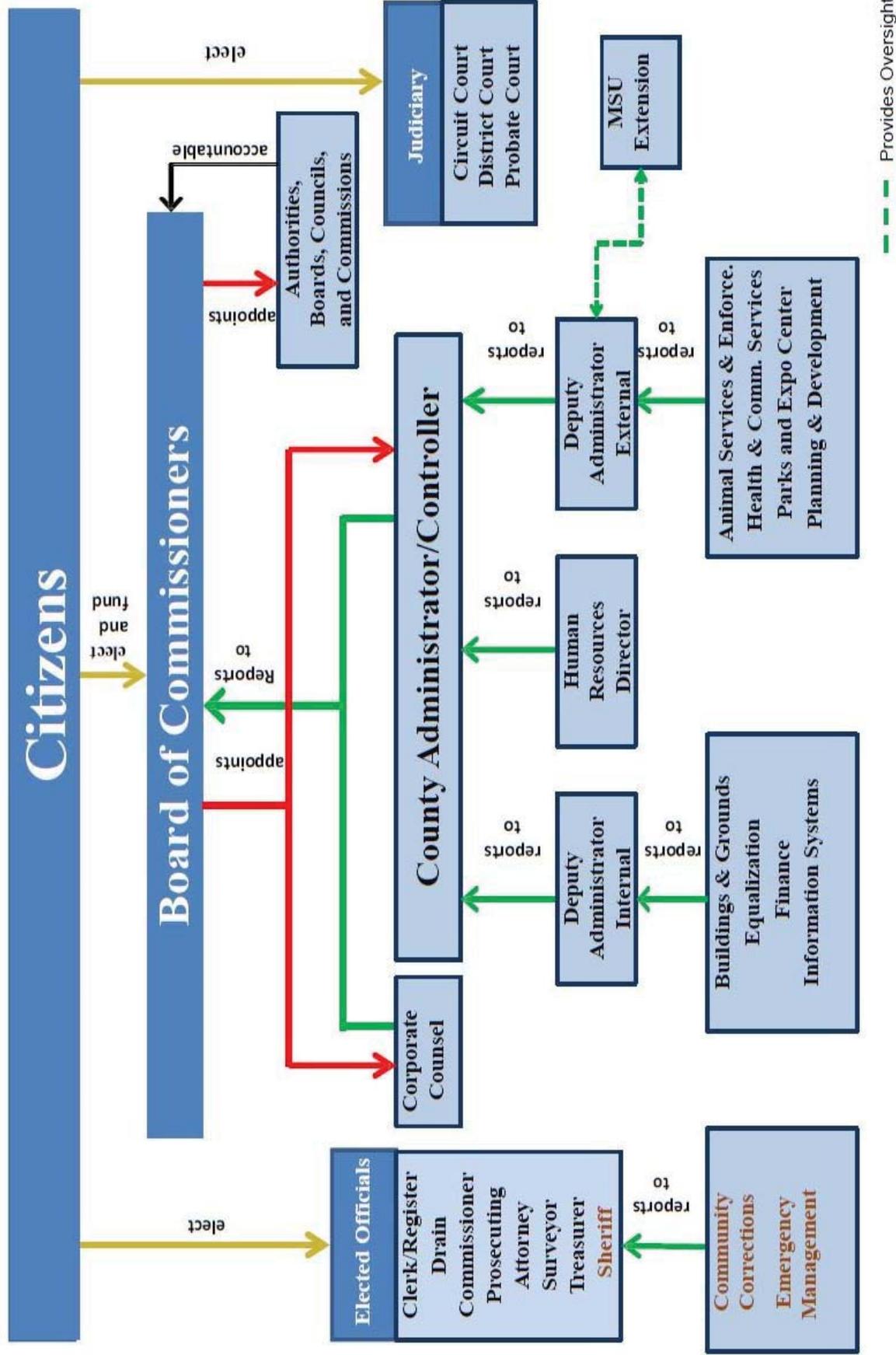
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Tracie L. Moored  
Administrator/Controller



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Deputy County Administrator – Internal Service  
Amanda L. Morse





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, 2017**

*Christopher P. Morrell*

Executive Director/CEO

## FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

June 21, 2019

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, 2018, 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 Community Mental Health and Substance Abuse Services	15.5%	10.4%	57.2%
Kalamazoo County Transportation Authority	0.1%	0.0%	1.7%
Central County Transportation Authority	17.0%	12.4%	12.7%
Kalamazoo County Road Commission	56.9%	66.7%	19.1%
Kalamazoo County Public Housing Commission	0.4%	0.4%	0.7%
Kalamazoo County Consolidated Dispatch Authority	3.7%	3.9%	5.6%

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, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *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 21, 2019, 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.

*Rehmann Robson LLC*

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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, 2018. 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

· Total net position	\$190,853,134
· Change in total net position	44,722
· Fund balances, governmental funds	59,180,718
· Change in fund balances, governmental funds	1,323,138
· Unassigned fund balance, general fund	27,203,921
· Change in fund balance, general fund	625,239
· Installment debt outstanding	29,695,000
· Change in installment debt	(1,935,000)

### 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).

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, 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: Community Mental Health and Substance Abuse Services, Kalamazoo County Transportation Authority, Central County Transportation Authority, Road Commission, Drainage Districts, Land Bank Authority, 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.

# COUNTY OF KALAMAZOO, MICHIGAN

## Management's Discussion and Analysis

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

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.

**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, Alcott facility lease program, central stores activity, personnel pool, local site remediation and insurance. Because these services predominately benefit governmental rather than business-type activities, 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.

# COUNTY OF KALAMAZOO, MICHIGAN

## Management's Discussion and Analysis

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

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

### 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 \$190,853,134 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$111,433,436	\$134,729,165	\$ 29,450,544	\$ 30,018,847	\$140,883,980	\$164,748,012
Capital assets, net	90,244,632	90,334,521	51,030,960	52,629,502	141,275,592	142,964,023
<b>Total assets</b>	<b>201,678,068</b>	<b>225,063,686</b>	<b>80,481,504</b>	<b>82,648,349</b>	<b>282,159,572</b>	<b>307,712,035</b>
Total deferred outflows of resources	21,675,689	1,928,446	660,927	408,500	22,336,616	2,336,946
Long-term debt	26,658,098	27,937,181	9,962,506	10,881,117	36,620,604	38,818,298
Other liabilities	49,558,998	52,568,727	875,560	744,201	50,434,558	53,312,928
<b>Total liabilities</b>	<b>76,217,096</b>	<b>80,505,908</b>	<b>10,838,066</b>	<b>11,625,318</b>	<b>87,055,162</b>	<b>92,131,226</b>
Total deferred inflows of resources	26,380,988	26,819,586	206,904	289,757	26,587,892	27,109,343
<b>Net position</b>						
Net investment in capital assets	67,501,240	66,358,000	47,143,684	48,141,803	114,644,924	114,499,803
Restricted	31,190,162	34,422,473	430,619	432,165	31,620,781	34,854,638
Unrestricted	22,064,271	18,886,165	22,523,158	22,567,806	44,587,429	41,453,971
<b>Total net position</b>	<b>\$120,755,673</b>	<b>\$119,666,638</b>	<b>\$ 70,097,461</b>	<b>\$ 71,141,774</b>	<b>\$190,853,134</b>	<b>\$190,808,412</b>

## COUNTY OF KALAMAZOO, MICHIGAN

### Management's Discussion and Analysis

A substantial portion of the County's net position, \$114,644,924 (60.0%), 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 \$31,620,781 (16.6%) 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 \$44,587,429 (23.4%) 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	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 13,947,909	\$ 13,426,829	\$ 7,284,430	\$ 7,477,718	\$ 21,232,339	\$ 20,904,547
Operating grants and contributions	30,520,038	28,757,713	130,062	131,494	30,650,100	28,889,207
Capital grants and contributions	-	-	1,091,831	3,401,193	1,091,831	3,401,193
General revenues:						
Property taxes	54,047,666	52,375,761	-	-	54,047,666	52,375,761
Other taxes	3,068,301	2,851,544	-	-	3,068,301	2,851,544
State revenue sharing	5,292,086	5,255,201	-	-	5,292,086	5,255,201
Other	2,441,288	2,844,755	-	-	2,441,288	2,844,755
<b>Total revenues</b>	<b>109,317,288</b>	<b>105,511,803</b>	<b>8,506,323</b>	<b>11,010,405</b>	<b>117,823,611</b>	<b>116,522,208</b>
Expenses:						
General						
government	13,146,316	12,005,684	-	-	13,146,316	12,005,684
Public safety	33,251,992	29,226,541	-	-	33,251,992	29,226,541
Public works	440,731	458,479	-	-	440,731	458,479
Health and welfare	32,503,422	28,358,828	-	-	32,503,422	28,358,828
Cultural and recreation	4,566,708	4,294,714	-	-	4,566,708	4,294,714
Judicial	24,545,359	23,306,159	-	-	24,545,359	23,306,159
Community and economic development	868,624	803,110	-	-	868,624	803,110
Interest and fiscal charges	755,701	1,020,546	-	-	755,701	1,020,546
Airport operations	-	-	7,177,992	6,865,096	7,177,992	6,865,096
Local government public works financing	-	-	164,390	182,021	164,390	182,021
Other enterprise	-	-	357,654	1,135,113	357,654	1,135,113
<b>Total expenses</b>	<b>110,078,853</b>	<b>99,474,061</b>	<b>7,700,036</b>	<b>8,182,230</b>	<b>117,778,889</b>	<b>107,656,291</b>
Change in net position, before transfers	(761,565)	6,037,742	806,287	2,828,175	44,722	8,865,917
Transfers	1,850,600	6,892,300	(1,850,600)	(6,892,300)	-	-
Change in net position	1,089,035	12,930,042	(1,044,313)	(4,064,125)	44,722	8,865,917
Net position:						
Beginning of year	119,666,638	106,736,596	71,141,774	75,205,899	190,808,412	181,942,495
End of year	<u>\$120,755,673</u>	<u>\$119,666,638</u>	<u>\$ 70,097,461</u>	<u>\$ 71,141,774</u>	<u>\$190,853,134</u>	<u>\$190,808,412</u>

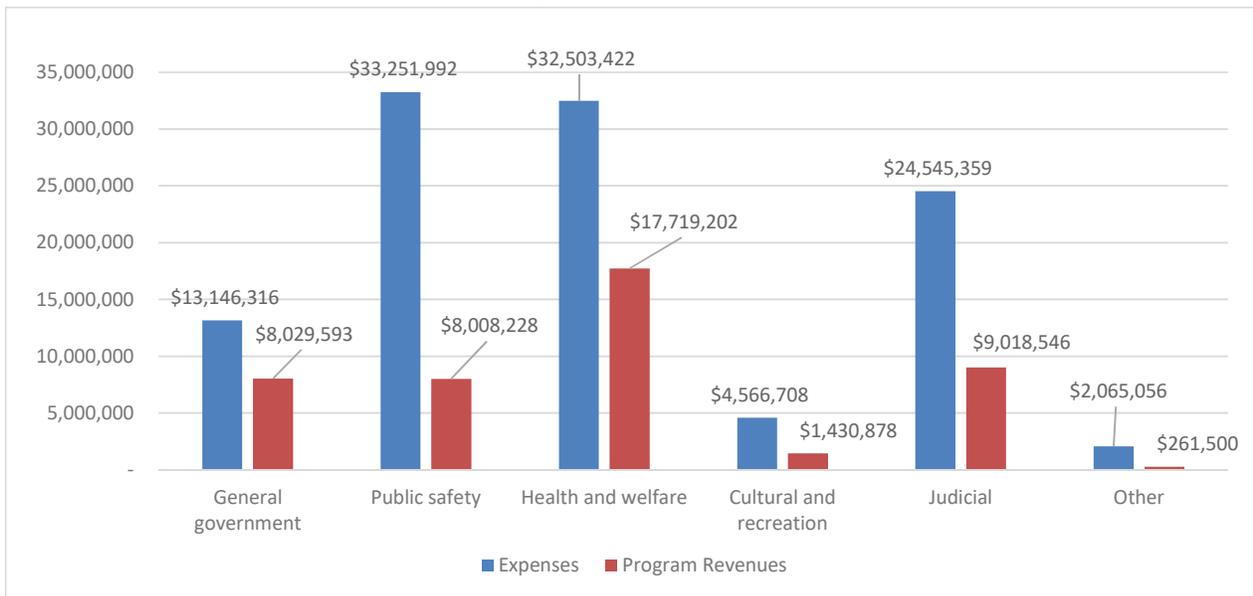
# COUNTY OF KALAMAZOO, MICHIGAN

## Management's Discussion and Analysis

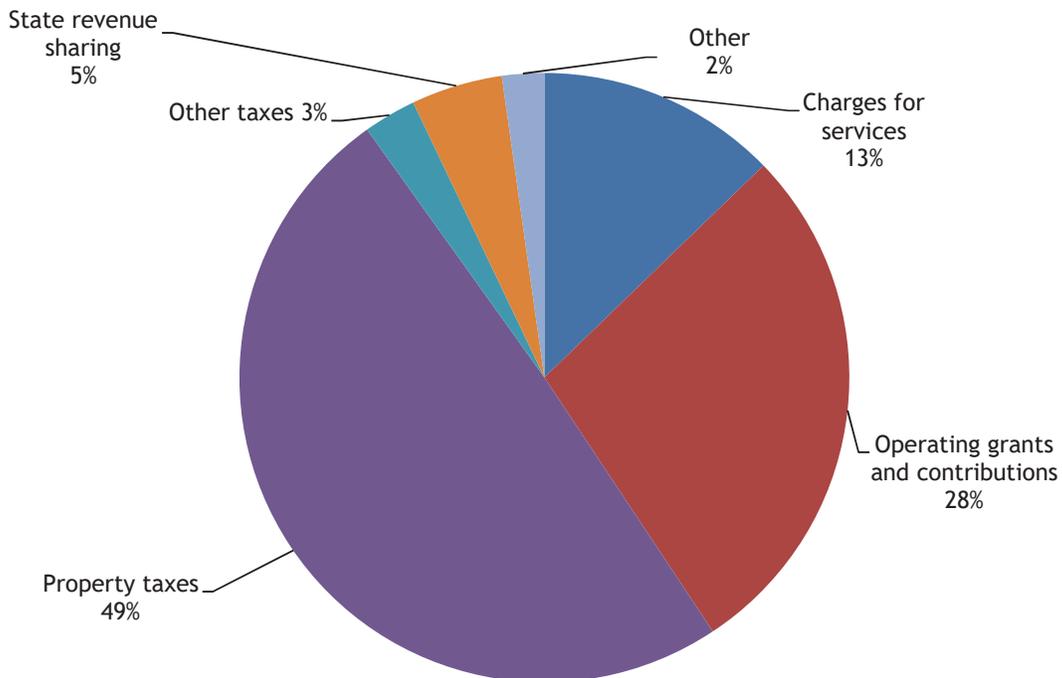
**Governmental Activities.** Governmental activities increased the County's net position by \$1,089,035. Key elements of this increase consisted of the following:

- \$1,500,000 one-time transfer from the delinquent tax revolving fund to the general fund for capital projects; and,
- \$350,600 one-time transfer from the tax reversion fund to the general fund for Land Bank reserve and assistant treasurer position.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



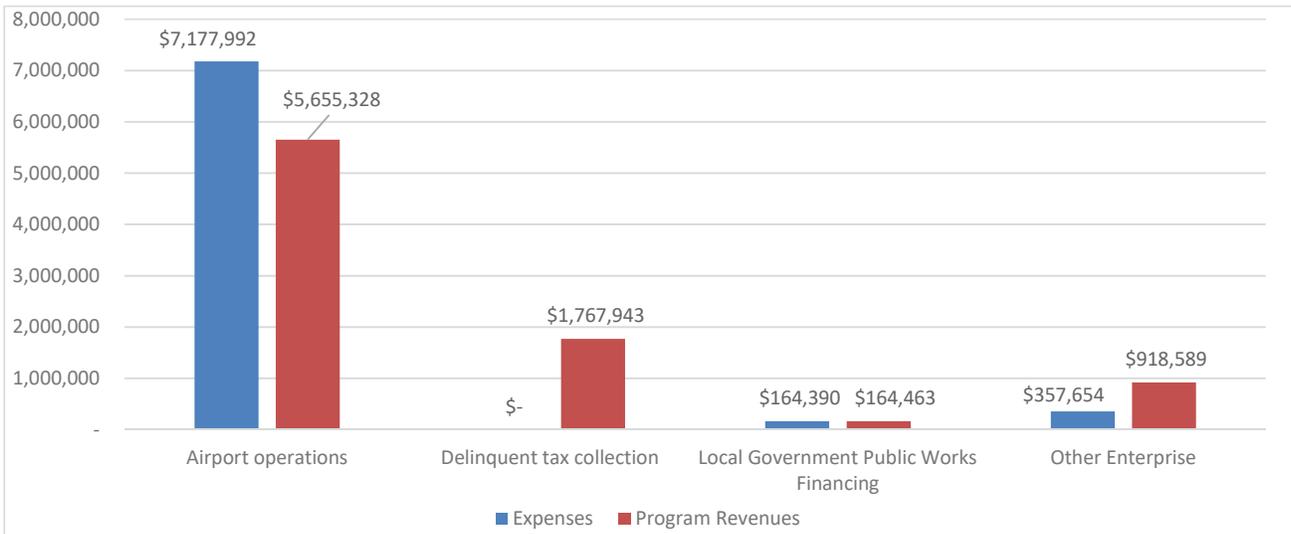
# COUNTY OF KALAMAZOO, MICHIGAN

## Management's Discussion and Analysis

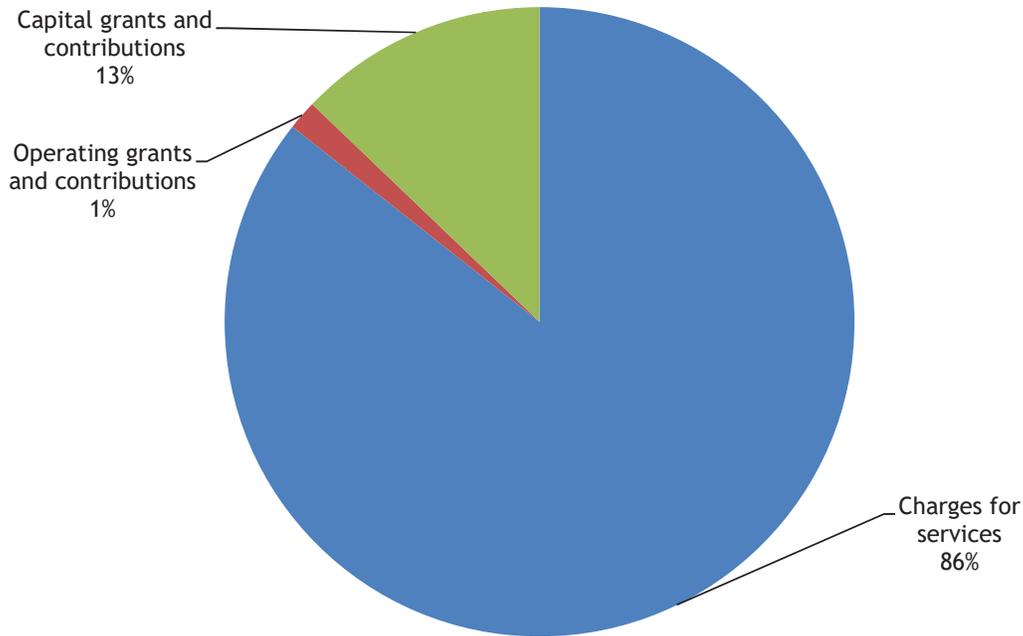
**Business-type Activities.** Business-type activities decreased the County's net position by \$1,044,313. Key elements of this decrease consisted of the following:

- \$1,500,000 one-time transfer from the delinquent tax revolving fund to the general fund for capital projects; and,
- \$350,600 one-time transfer from the tax reversion fund to the general fund for Land Bank reserve and assistant treasurer position.

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 \$1,186,247 (2%) 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 \$6,979,432 (12%) 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 \$2,532,014 (4%) 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 makes up \$21,279,104 (36%) of the fund balance. These funds are primarily assigned for General County Public Improvement fund capital expenditures. Additionally, \$59,387 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 County. The unassigned amount of \$27,203,921, represents 46% 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 \$27,203,921, while total fund balance amounted to \$33,385,676. 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 41% of total General Fund expenditures and transfers out, while total fund balance represents 51% of that same amount.

The fund balance of the County's General Fund increased by \$625,239 during the current fiscal year. This is largely due to the County experiencing a decrease in the amount of general fund dollars needed to support other County activities by \$789,280. The County also experienced the underutilization of budgeted routine operating expenditures by department heads and elected officials in the amount of \$1,437,728. These amounts offset the budgeted decrease in fund balance of \$2,062,100.

# 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, and 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 \$249,318. The fund balance of the County's Law Enforcement Fund decreased by \$177,801 during the current fiscal year. The key factor in this change is the planned use of fund balance to cover operating expenditures.

The original Law Enforcement Fund budget projected no change in fund balance. The final amended budget planned for a \$87,200 decrease in fund balance. The actual decrease in fund balance was \$177,801. The key factor in this decrease is that actual taxes collected were less than what was budgeted.

The Senior Millage Fund accounts for specific revenue derived from the senior millage. At the end of the current fiscal year, total fund balance of the Senior Millage fund was \$217. Fund balance of this fund increased \$217 during the current fiscal year.

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 by \$1,314,100, bringing the total fund balance to \$21,219,717. The key factor in this change is to build the reserves necessary for technology and facility improvements through planned transfers of Revenue Sharing revenues from the General Fund.

**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 \$5,341,779. The net position for the Delinquent Tax Revolving Fund amounted to \$16,029,048 and the net position for the Local Government Public Works Financing Fund totaled \$96. The Airport Fund had a total decrease in net position of \$1,254,818, the Delinquent Tax Revolving Fund experienced an increase in net position of \$267,943 (primarily as a result of tax collections in excess of transfers out to other funds), and the Local Government Public Works Financing Fund saw an increase in net position in the amount of \$73. 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 budget projected no change in fund balance. The final amended budget planned for a \$2,062,100 decrease in fund balance. The actual increase in fund balance was \$625,239. Significant budgetary variances are as follows:

- General fund support needed by other funds was lower than projected by \$798,280; and,
- Underutilization of budgeted routine operating expenditures by department heads and elected officials in the amount of \$1,437,728.
- The final amended budgeted expenditures were \$2,576,600 larger than the original budgeted expenditures. During the year, a funding agreement with the Consolidated Dispatch Authority was approved. As such, a budget amendment was made to cover the payments for approximately \$2.3 million.

### Revenues

Fines and forfeitures - \$494,245 under budget. This revenue shortfall is primarily the result of a decrease in collections of ordinances fines and costs in the District Court.

# COUNTY OF KALAMAZOO, MICHIGAN

## Management's Discussion and Analysis

Other - \$360,253 over budget. This revenue overage is primarily due to the collection of indirect charges from grants and external entities being approximately \$330,000 higher than projected.

### Expenditures

General Government - \$477,759 under budget. 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.

Public Safety - \$235,332 under budget. This activity was under budget primarily due to overall conservative spending.

Judicial - \$328,481 under budget. This activity was under budget primarily due to overall conservative spending by the Circuit Court and the District Court.

Transfers Out - \$789,280 under budget. This is primarily 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, 2018, amounts to \$141,275,592 (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 \$1,688,431 (a decrease of 0.1% for governmental activities and a decrease of 3.0% for business-type activities).

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,201,921	\$ 4,184,316	\$ 5,323,562	\$ 5,182,935	\$ 9,525,483	\$ 9,367,251
Construction in progress	2,321,136	771,062	3,983,614	2,801,301	6,304,750	3,572,363
Intangible easements	147,493	147,493	-	-	147,493	147,493
Land improvements	6,844,002	7,425,519	13,684,212	15,247,556	20,528,214	22,673,075
Buildings and improvements	70,710,205	72,425,198	26,352,721	27,198,630	97,062,926	99,623,828
Furniture, machinery and equipment	4,396,419	3,668,155	1,425,812	1,863,665	5,822,231	5,531,820
Vehicles	1,618,690	1,712,778	261,039	335,415	1,879,729	2,048,193
Law library books	4,766	-	-	-	4,766	-
<b>Total</b>	<b>\$ 90,244,632</b>	<b>\$ 90,334,521</b>	<b>\$ 51,030,960</b>	<b>\$ 52,629,502</b>	<b>\$ 141,275,592</b>	<b>\$ 142,964,023</b>

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 \$36,620,604, a decrease of \$2,197,694 from the prior year, mainly due to installment payments made during the year.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 20,235,000	\$ 21,280,000	\$ 9,460,000	\$ 10,350,000	\$ 29,695,000	\$ 31,630,000
Bond premium/discount	2,693,913	2,895,956	394,776	433,394	3,088,689	3,329,350
Compensated absences	3,729,185	3,761,225	107,730	97,723	3,836,915	3,858,948
<b>Total</b>	<b>\$ 26,658,098</b>	<b>\$ 27,937,181</b>	<b>\$ 9,962,506</b>	<b>\$ 10,881,117</b>	<b>\$ 36,620,604</b>	<b>\$ 38,818,298</b>

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 \$995,676,634, 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 2019, is 3.1% which is a 0.3% decrease from the rate a year ago. This is slightly lower than the State average of 4.1%.
- Property values increased by 4.08% in 2019.
- Inflationary trends in the region compare favorable to national indices.

These factors were considered in preparing and monitoring the County's budget for the 2019 fiscal year.

At calendar year end, the unassigned fund balance in the General Fund was \$27,203,921. 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 2019 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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 4,920,158	\$ 4,920,158	\$ 28,707,286
Restricted cash	115,009	413	115,422	973,086
Investments	69,808,159	10,277,139	80,085,298	5,062,783
Receivables, net	24,889,236	13,829,430	38,718,666	19,837,837
Restricted receivables	-	86,882	86,882	-
Internal balances	(131,301)	131,301	-	-
Advances to component unit	226,641	-	226,641	-
Other assets	6,892,971	42,088	6,935,059	3,780,965
Capital assets not being depreciated	6,670,550	9,307,176	15,977,726	27,546,607
Capital assets being depreciated, net	83,574,082	41,723,784	125,297,866	159,296,625
Net pension asset	9,632,721	163,133	9,795,854	20,401,783
<b>Total assets</b>	<b>201,678,068</b>	<b>80,481,504</b>	<b>282,159,572</b>	<b>265,606,972</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	185,521	310,673	496,194	-
Deferred pension amounts	16,323,471	298,540	16,622,011	5,633,727
Deferred other postemployment benefit amounts	5,166,697	51,714	5,218,411	4,962,061
<b>Total deferred outflows of resources</b>	<b>21,675,689</b>	<b>660,927</b>	<b>22,336,616</b>	<b>10,595,788</b>
<b>Liabilities</b>				
Negative equity in pooled cash and cash equivalents	863,746	-	863,746	-
Accounts payable and accrued liabilities	8,232,267	628,133	8,860,400	13,132,981
Advances from primary government	-	-	-	226,641
Unearned revenue	2,036,584	14,699	2,051,283	375,102
Long-term debt:				
Due within one year	4,386,069	1,055,230	5,441,299	2,078,155
Due in more than one year	22,272,029	8,907,276	31,179,305	11,950,457
Net other postemployment benefit liability (due in more than one year)	38,426,401	232,728	38,659,129	12,944,083
<b>Total liabilities</b>	<b>76,217,096</b>	<b>10,838,066</b>	<b>87,055,162</b>	<b>40,707,419</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent period	17,554,083	-	17,554,083	431,082
Deferred pension amounts	1,550,283	118,349	1,668,632	6,210,429
Deferred other postemployment benefit amounts	7,276,622	88,555	7,365,177	1,252,511
<b>Total deferred inflows of resources</b>	<b>26,380,988</b>	<b>206,904</b>	<b>26,587,892</b>	<b>7,894,022</b>
<b>Net position</b>				
Net investment in capital assets	67,501,240	47,143,684	114,644,924	178,706,097
Restricted for:				
Public safety	2,170,985	-	2,170,985	-
Public works	242	-	242	-
Health and welfare	217	-	217	-
Cultural and recreation	2,674	-	2,674	-
Community and economic development	217,275	-	217,275	-
Debt service	63,577	-	63,577	694,152
Capital projects	-	87,295	87,295	-
Pension	24,405,909	343,324	24,749,233	9,235,859
Budget stabilization	2,500,000	-	2,500,000	-
Other state mandated programs	1,829,283	-	1,829,283	-
Donor specified purposes	-	-	-	156,778
Replacement and insurance escrow reserves	-	-	-	188,668
Assets held at Community Foundation	-	-	-	149,483
Millage service agreement	-	-	-	510,921
Unrestricted	22,064,271	22,523,158	44,587,429	37,959,361
<b>Total net position</b>	<b>\$ 120,755,673</b>	<b>\$ 70,097,461</b>	<b>\$ 190,853,134</b>	<b>\$ 227,601,319</b>

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, 2018

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	\$ 13,146,316	\$ 3,657,793	\$ 4,371,800	\$ -	\$ (5,116,723)
Public safety	33,251,992	3,335,737	4,672,491	-	(25,243,764)
Public works	440,731	46,450	-	-	(394,281)
Health and welfare	32,503,422	1,822,398	15,896,804	-	(14,784,220)
Cultural and recreation	4,566,708	1,226,658	204,220	-	(3,135,830)
Judicial	24,545,359	3,648,823	5,369,723	-	(15,526,813)
Community and economic development	868,624	210,050	5,000	-	(653,574)
Interest and fiscal charges	755,701	-	-	-	(755,701)
<b>Total governmental activities</b>	<b>110,078,853</b>	<b>13,947,909</b>	<b>30,520,038</b>	<b>-</b>	<b>(65,610,906)</b>
Business-type activities:					
Airport operations	7,177,992	4,523,803	39,694	1,091,831	(1,522,664)
Delinquent tax collection and administration	-	1,677,671	90,272	-	1,767,943
Local government public works financing	164,390	164,367	96	-	73
Other enterprise funds	357,654	918,589	-	-	560,935
<b>Total business-type activities</b>	<b>7,700,036</b>	<b>7,284,430</b>	<b>130,062</b>	<b>1,091,831</b>	<b>806,287</b>
<b>Total primary government</b>	<b>\$ 117,778,889</b>	<b>\$ 21,232,339</b>	<b>\$ 30,650,100</b>	<b>\$ 1,091,831</b>	<b>\$ (64,804,619)</b>
Component units					
CMH & Substance Abuse Services	\$ 84,852,250	\$ 1,708,606	\$ 82,275,266	\$ 5,037,045	\$ 4,168,667
Kalamazoo County Transportation Authority	2,590,993	-	-	-	(2,590,993)
Central County Transportation Authority	19,338,467	2,758,166	10,214,043	2,949,323	(3,416,935)
Road Commission	20,976,853	384,657	29,090,104	-	8,497,908
Drainage Districts	620,797	-	-	-	(620,797)
Land Bank Authority	2,894,590	1,120,955	1,661,181	-	(112,454)
Lake Level	1,900	-	-	-	(1,900)
Public Housing Commission	1,114,771	18,000	961,050	161,675	25,954
Brownfield Redevelopment Authority	1,022,293	2,480	231,365	-	(788,448)
Consolidated Dispatch Authority	1,728,091	1,213,991	4,795,396	2,650,331	6,931,627
<b>Total component units</b>	<b>\$ 135,141,005</b>	<b>\$ 7,206,855</b>	<b>\$ 129,228,405</b>	<b>\$ 10,798,374</b>	<b>\$ 12,092,629</b>

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COUNTY OF KALAMAZOO, MICHIGAN

**Statement of Activities**

For the Year Ended December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (65,610,906)	\$ 806,287	\$ (64,804,619)	\$ 12,092,629
General revenues:				
Property taxes	54,047,666	-	54,047,666	7,522,959
Lodging excise taxes	3,068,301	-	3,068,301	-
State revenue sharing	5,292,086	-	5,292,086	-
Unrestricted investment earnings	852,631	-	852,631	115,648
Gain on sale of capital assets	-	-	-	19,141
Other revenues	1,588,657	-	1,588,657	771,215
Transfers - internal activities	1,850,600	(1,850,600)	-	-
Total general revenues and transfers	66,699,941	(1,850,600)	64,849,341	8,428,963
Change in net position	1,089,035	(1,044,313)	44,722	20,521,592
Net position, beginning of year, as restated	119,666,638	71,141,774	190,808,412	207,079,727
Net position, end of year	\$ 120,755,673	\$ 70,097,461	\$ 190,853,134	\$ 227,601,319

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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, 2018

	General Fund	Law Enforcement	Senior Millage
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 288,642
Restricted cash	-	-	-
Investments	51,295,977	1,805,250	-
Receivables, net:			
Accounts	214,291	17,500	-
Taxes	1,659,505	11,025,079	2,659,293
Due from other governments	711,894	-	-
Accrued interest	163,315	6,142	-
Advances to component units	226,641	-	-
Inventories	16,526	-	-
Prepays	906,574	280	-
<b>Total assets</b>	<b>\$ 55,194,723</b>	<b>\$ 12,854,251</b>	<b>\$ 2,947,935</b>
<b>Liabilities</b>			
Negative equity in pooled cash and cash equivalents	\$ 19,033,504	\$ 65,208	\$ -
Accounts payable	814,813	24,312	-
Accrued liabilities	821,471	297,593	-
Due to other governments	-	-	-
Deposits payable	8,619	-	-
Unearned revenue	41,383	-	-
<b>Total liabilities</b>	<b>20,719,790</b>	<b>387,113</b>	<b>-</b>
<b>Deferred inflows of resources</b>			
Property taxes levied for subsequent period	-	12,188,394	2,947,718
Unavailable revenue - property taxes	1,089,257	29,426	-
<b>Total deferred inflows of resources</b>	<b>1,089,257</b>	<b>12,217,820</b>	<b>2,947,718</b>
<b>Fund balances</b>			
Nonspendable	1,149,741	280	-
Restricted	2,500,000	249,038	217
Committed	2,532,014	-	-
Assigned	-	-	-
Unassigned	27,203,921	-	-
<b>Total fund balances</b>	<b>33,385,676</b>	<b>249,318</b>	<b>217</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 55,194,723</b>	<b>\$ 12,854,251</b>	<b>\$ 2,947,935</b>

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

General County Public Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ 12,168,465	\$ 4,777,302	\$ 17,234,409
115,009	-	115,009
9,265,425	1,621,037	63,987,689
-	830,802	1,062,593
-	2,186,344	17,530,221
-	4,234,771	4,946,665
97,968	1,493	268,918
-	-	226,641
-	1,622	18,148
-	34,604	941,458
<u>\$ 21,646,867</u>	<u>\$ 13,687,975</u>	<u>\$ 106,331,751</u>
\$ -	\$ 2,188,751	\$ 21,287,463
427,150	1,942,205	3,208,480
-	439,594	1,558,658
-	367,856	367,856
-	5,540	14,159
-	1,995,201	2,036,584
<u>427,150</u>	<u>6,939,147</u>	<u>28,473,200</u>
-	2,417,971	17,554,083
-	5,067	1,123,750
-	2,423,038	18,677,833
-	36,226	1,186,247
-	4,230,177	6,979,432
-	-	2,532,014
21,219,717	59,387	21,279,104
-	-	27,203,921
<u>21,219,717</u>	<u>4,325,790</u>	<u>59,180,718</u>
<u>\$ 21,646,867</u>	<u>\$ 13,687,975</u>	<u>\$ 106,331,751</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
December 31, 2018

Fund balances - total governmental funds	\$ 59,180,718
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	6,670,550
Capital assets being depreciated, net	83,574,082
Less: amounts accounted for in internal service funds	(1,597,252)
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	1,123,750
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	14,729,018
Internal service fund net position accounted for in business-type activities	(131,301)
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	(20,235,000)
Bond premiums/discounts, net	(2,693,913)
Deferred charge on bond refunding	185,521
Compensated absences	(3,729,185)
Less: amounts accounted for in internal service funds	42,613
Accrued interest on long-term debt	(233,511)
Certain pension and OPEB-related amounts, such as the net pension asset, net other postemployment benefit liability 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 pension asset	9,632,721
Net other postemployment benefit liability	(38,426,401)
Deferred outflows related to the net pension asset	16,323,471
Deferred outflows related to the net other postemployment benefit liability	5,166,697
Deferred inflows related to the net pension asset	(1,550,283)
Deferred inflows related to the net other postemployment benefit liability	(7,276,622)
Net position of governmental activities	<u>\$ 120,755,673</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 Change in Fund Balances

Governmental Funds

For the Year Ended December 31, 2018

	General Fund	Law Enforcement	Senior Millage
<b>Revenues</b>			
Taxes	\$ 39,445,457	\$ 11,779,925	\$ 217
Licenses and permits	691,989	-	-
Intergovernmental	13,298,341	481,170	-
Charges for services	6,939,352	-	-
Fines and forfeitures	1,116,455	-	-
Investment earnings (loss)	762,612	(51,332)	-
Contributions, grants and reimbursements	62,054	-	-
Other	1,574,153	28	-
<b>Total revenues</b>	<b>63,890,413</b>	<b>12,209,791</b>	<b>217</b>
<b>Expenditures</b>			
Current:			
General government	11,918,541	1,989,973	-
Public safety	18,787,368	7,842,387	-
Public works	365,860	-	-
Health and welfare	5,000,551	-	-
Cultural and recreation	-	-	-
Judicial	13,332,219	2,369,019	-
Community and economic development	557,930	-	-
Other	2,402,022	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	1,173,281	-	-
<b>Total expenditures</b>	<b>53,537,772</b>	<b>12,201,379</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>10,352,641</b>	<b>8,412</b>	<b>217</b>
<b>Other financing sources (uses)</b>			
Transfers in	2,366,530	33,787	-
Transfers out	(12,160,920)	(220,000)	-
Proceeds from sale of capital assets	66,988	-	-
<b>Total other financing sources (uses)</b>	<b>(9,727,402)</b>	<b>(186,213)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>625,239</b>	<b>(177,801)</b>	<b>217</b>
<b>Fund balances, beginning of year</b>	<b>32,760,437</b>	<b>427,119</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 33,385,676</b>	<b>\$ 249,318</b>	<b>\$ 217</b>

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

General County Public Improvement	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 5,655,218	\$ 56,880,817
-	781,628	1,473,617
-	21,201,542	34,981,053
-	4,389,962	11,329,314
-	-	1,116,455
127,651	13,700	852,631
-	769,017	831,071
-	42,999	1,617,180
<u>127,651</u>	<u>32,854,066</u>	<u>109,082,138</u>
-	97,914	14,006,428
-	3,390,971	30,020,726
-	155	366,015
-	24,566,010	29,566,561
-	3,837,456	3,837,456
-	5,591,757	21,292,995
-	307,268	865,198
-	-	2,402,022
-	1,045,000	1,045,000
-	953,907	953,907
<u>2,515,651</u>	<u>235,477</u>	<u>3,924,409</u>
<u>2,515,651</u>	<u>40,025,915</u>	<u>108,280,717</u>
<u>(2,388,000)</u>	<u>(7,171,849)</u>	<u>801,421</u>
3,702,100	8,558,292	14,660,709
-	(1,825,060)	(14,205,980)
-	-	66,988
<u>3,702,100</u>	<u>6,733,232</u>	<u>521,717</u>
1,314,100	(438,617)	1,323,138
<u>19,905,617</u>	<u>4,764,407</u>	<u>57,857,580</u>
<u>\$ 21,219,717</u>	<u>\$ 4,325,790</u>	<u>\$ 59,180,718</u>

## COUNTY OF KALAMAZOO, MICHIGAN

### Reconciliation

Net Change in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 1,323,138

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	3,598,287
Depreciation expense	(4,458,582)
Proceeds from sale of capital assets	(66,988)
Loss on sale of capital assets	(81,746)

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	235,150
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	1,045,000
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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	10,077
Amortization of bond premiums/discounts	202,043
Amortization of deferred charge on refunding	(13,914)
Change in the accrual for compensated absences	31,846
Change in the net pension asset and related deferred amounts	(3,506,729)
Change in the net other postemployment benefit liability and related deferred amounts	2,878,375

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 loss of the internal service funds	(1,531,817)
Operating loss of the internal service funds allocated to business-type activities	11,950
Investment income accounted for in the internal service funds	87,192
Loss on sale of capital assets from internal service funds	(70,118)
Operating transfers accounted for in the internal service funds	<u>1,395,871</u>

Change in net position of governmental activities \$ 1,089,035

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

# COUNTY OF KALAMAZOO, MICHIGAN

## Statement of Revenues, Expenditures and Change in Fund Balances Budget and Actual - General Fund For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 39,445,400	\$ 39,470,400	\$ 39,445,457	\$ (24,943)
Licenses and permits	673,000	673,000	691,989	18,989
Intergovernmental	13,472,500	13,425,000	13,298,341	(126,659)
Charges for services	6,561,000	6,631,300	6,939,352	308,052
Fines and forfeitures	1,410,700	1,610,700	1,116,455	(494,245)
Investment earnings	625,400	666,400	762,612	96,212
Contributions, grants, and reimbursements	6,500	46,500	62,054	15,554
Other	1,242,600	1,213,900	1,574,153	360,253
<b>Total revenues</b>	<b>63,437,100</b>	<b>63,737,200</b>	<b>63,890,413</b>	<b>153,213</b>
<b>Expenditures</b>				
Current:				
General government	11,889,800	12,396,300	11,918,541	(477,759)
Public safety	18,662,100	19,022,700	18,787,368	(235,332)
Public works	408,100	406,500	365,860	(40,640)
Health and welfare	5,320,300	5,037,800	5,000,551	(37,249)
Judicial	13,785,300	13,660,700	13,332,219	(328,481)
Community and economic development	641,400	605,800	557,930	(47,870)
Other	740,900	2,477,600	2,402,022	(75,578)
Capital outlay	951,000	1,368,100	1,173,281	(194,819)
<b>Total expenditures</b>	<b>52,398,900</b>	<b>54,975,500</b>	<b>53,537,772</b>	<b>(1,437,728)</b>
<b>Revenues over expenditures</b>	<b>11,038,200</b>	<b>8,761,700</b>	<b>10,352,641</b>	<b>1,590,941</b>
<b>Other financing sources (uses)</b>				
Transfers in	2,124,900	2,126,400	2,366,530	240,130
Transfers out	(13,163,100)	(12,950,200)	(12,160,920)	(789,280)
Proceeds from sale of capital assets	-	-	66,988	66,988
<b>Total other financing uses</b>	<b>(11,038,200)</b>	<b>(10,823,800)</b>	<b>(9,727,402)</b>	<b>(1,096,398)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(2,062,100)</b>	<b>625,239</b>	<b>2,687,339</b>
<b>Fund balance, beginning of year</b>	<b>32,760,437</b>	<b>32,760,437</b>	<b>32,760,437</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 32,760,437</b>	<b>30,698,337</b>	<b>\$ 33,385,676</b>	<b>\$ 2,687,339</b>

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

# COUNTY OF KALAMAZOO, MICHIGAN

## Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - Law Enforcement Fund  
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 12,266,800	\$ 12,266,800	\$ 11,779,925	\$ (486,875)
Intergovernmental	470,000	470,000	481,170	11,170
Investment earnings (loss)	-	-	(51,332)	51,332
Other	50,000	50,000	28	(49,972)
<b>Total revenues</b>	<b>12,786,800</b>	<b>12,786,800</b>	<b>12,209,791</b>	<b>(577,009)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government - Prosecuting attorney	1,938,800	2,013,200	1,989,973	(23,227)
<b>Public safety:</b>				
Community corrections	11,000	11,000	11,000	-
Sheriff - admin/support	210,300	182,200	182,031	(169)
Sheriff - jail	5,047,100	5,354,400	5,261,639	(92,761)
Sheriff - field operations	2,165,700	1,833,700	1,808,334	(25,366)
Animal services & enforcement	353,200	354,600	348,793	(5,807)
Capital improvements	273,600	273,600	230,590	(43,010)
<b>Total public safety</b>	<b>8,060,900</b>	<b>8,009,500</b>	<b>7,842,387</b>	<b>(167,113)</b>
<b>Judicial:</b>				
Circuit court family division	492,100	504,100	505,038	938
Circuit court trial division	572,300	557,700	534,722	(22,978)
District court	1,420,700	1,337,500	1,329,259	(8,241)
<b>Total judicial</b>	<b>2,485,100</b>	<b>2,399,300</b>	<b>2,369,019</b>	<b>(30,281)</b>
<b>Other:</b>				
Contingencies	50,000	50,000	-	(50,000)
<b>Total expenditures</b>	<b>12,534,800</b>	<b>12,472,000</b>	<b>12,201,379</b>	<b>(270,621)</b>
<b>Revenues over expenditures</b>	<b>252,000</b>	<b>314,800</b>	<b>8,412</b>	<b>(306,388)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	33,787	33,787
Transfers out	(252,000)	(402,000)	(220,000)	(182,000)
<b>Total other financing uses</b>	<b>(252,000)</b>	<b>(402,000)</b>	<b>(186,213)</b>	<b>215,787</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(87,200)</b>	<b>(177,801)</b>	<b>(90,601)</b>
<b>Fund balance, beginning of year</b>	<b>427,119</b>	<b>427,119</b>	<b>427,119</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 427,119</b>	<b>\$ 339,919</b>	<b>\$ 249,318</b>	<b>\$ (90,601)</b>

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

COUNTY OF KALAMAZOO, MICHIGAN

**Statement of Revenues, Expenditures and Change in Fund Balance**  
 Budget and Actual - Senior Millage Fund  
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ 217	\$ 217
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 217</u>

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Net Position  
Proprietary Funds  
December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Delinquent Tax Revolving	Local Government Public Works Financing	Nonmajor Fund - Tax Reversion	Total	Internal Service Funds
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 3,485,213	\$ 689,603	\$ 96	\$ 745,246	\$ 4,920,158	\$ 3,681,156
Investments	2,327,340	7,949,799	-	-	10,277,139	5,820,470
<b>Receivables, net:</b>						
Accounts	396,272	-	-	29,810	426,082	1,009,740
Taxes	-	7,388,635	-	304,095	7,692,730	-
Due from other governments	18,461	-	-	-	18,461	3,328
Leases, current portion	-	-	372,398	-	372,398	-
Accrued interest	6,830	1,011	-	-	7,841	67,771
Inventories	37,192	-	-	-	37,192	105,805
Prepays	4,896	-	-	-	4,896	5,827,560
<b>Total current assets</b>	<b>6,276,204</b>	<b>16,029,048</b>	<b>372,494</b>	<b>1,079,151</b>	<b>23,756,897</b>	<b>16,515,830</b>
<b>Noncurrent assets:</b>						
Restricted cash and cash equivalents	413	-	-	-	413	-
Restricted accounts receivable	86,882	-	-	-	86,882	-
Leases receivable, net of current portion	-	-	5,311,918	-	5,311,918	-
Capital assets not being depreciated	9,307,176	-	-	-	9,307,176	-
Capital assets being depreciated, net	41,723,784	-	-	-	41,723,784	1,597,252
Net pension asset	163,133	-	-	-	163,133	-
<b>Total noncurrent assets</b>	<b>51,281,388</b>	<b>-</b>	<b>5,311,918</b>	<b>-</b>	<b>56,593,306</b>	<b>1,597,252</b>
<b>Total assets</b>	<b>57,557,592</b>	<b>16,029,048</b>	<b>5,684,412</b>	<b>1,079,151</b>	<b>80,350,203</b>	<b>18,113,082</b>
<b>Deferred outflows of resources</b>						
Deferred charge on refunding	310,673	-	-	-	310,673	-
Deferred pension amounts	298,540	-	-	-	298,540	-
Deferred other postemployment benefit amounts	51,714	-	-	-	51,714	-
<b>Total deferred outflows of resources</b>	<b>660,927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>660,927</b>	<b>-</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Negative equity in cash and cash equivalents	-	-	-	-	-	491,848
Accounts payable	387,877	-	-	58,217	446,094	363,207
Accrued liabilities	37,201	-	-	-	37,201	219,007
Due to other governments	81,786	-	-	-	81,786	-
Deposits payable	11,775	-	-	-	11,775	61,825
Accrued interest	23,788	-	27,489	-	51,277	-
Unearned revenue	14,699	-	-	-	14,699	-
Current portion of long-term debt	710,321	-	344,909	-	1,055,230	29,429
<b>Total current liabilities</b>	<b>1,267,447</b>	<b>-</b>	<b>372,398</b>	<b>58,217</b>	<b>1,698,062</b>	<b>1,165,316</b>
<b>Noncurrent liabilities, net of current portion:</b>						
Claims payable	-	-	-	-	-	2,205,564
Long-term debt	3,595,358	-	5,311,918	-	8,907,276	13,184
Net other postemployment benefit liability	232,728	-	-	-	232,728	-
<b>Total noncurrent liabilities</b>	<b>3,828,086</b>	<b>-</b>	<b>5,311,918</b>	<b>-</b>	<b>9,140,004</b>	<b>2,218,748</b>
<b>Total liabilities</b>	<b>5,095,533</b>	<b>-</b>	<b>5,684,316</b>	<b>58,217</b>	<b>10,838,066</b>	<b>3,384,064</b>
<b>Deferred inflows of resources</b>						
Deferred pension amounts	118,349	-	-	-	118,349	-
Deferred other postemployment benefit amounts	88,555	-	-	-	88,555	-
<b>Total deferred inflows of resources</b>	<b>206,904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206,904</b>	<b>-</b>
<b>Net position</b>						
Net investment in capital assets	47,143,684	-	-	-	47,143,684	1,597,252
Restricted for capital projects	87,295	-	-	-	87,295	-
Restricted for pension	343,324	-	-	-	343,324	-
Unrestricted	5,341,779	16,029,048	96	1,020,934	22,391,857	13,131,766
<b>Total net position</b>	<b>\$ 52,916,082</b>	<b>\$ 16,029,048</b>	<b>\$ 96</b>	<b>\$ 1,020,934</b>	<b>\$ 69,966,160</b>	<b>\$ 14,729,018</b>

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, 2018

Net position - total enterprise funds \$ 69,966,160

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

131,301

Net position of business-type activities

\$ 70,097,461

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

COUNTY OF KALAMAZOO, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position  
 Proprietary Funds  
 For the Year Ended December 31, 2018

	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	\$ 4,523,803	\$ -	\$ -	\$ -	\$ 4,523,803	\$ 25,581,389
Collection fees	-	409,113	-	833,748	1,242,861	-
Interest and penalties	-	1,268,558	-	84,841	1,353,399	-
Lease interest revenue	-	-	164,367	-	164,367	-
<b>Total operating revenues</b>	<b>4,523,803</b>	<b>1,677,671</b>	<b>164,367</b>	<b>918,589</b>	<b>7,284,430</b>	<b>25,581,389</b>
Operating expenses						
Salaries and fringes	1,468,738	-	-	-	1,468,738	1,740,411
Supplies and other operating expenses	2,168,129	-	-	613,550	2,781,679	1,926,054
Depreciation	3,093,759	-	-	-	3,093,759	288,431
Insurance benefits and claims	-	-	-	-	-	23,158,310
<b>Total operating expenses</b>	<b>6,730,626</b>	<b>-</b>	<b>-</b>	<b>613,550</b>	<b>7,344,176</b>	<b>27,113,206</b>
Operating income (loss)	(2,206,823)	1,677,671	164,367	305,039	(59,746)	(1,531,817)
Nonoperating revenues (expenses)						
Investment earnings	2,194	90,272	96	-	92,562	87,192
Other contract revenue	37,500	-	-	-	37,500	-
Interest expense	(179,520)	-	(164,390)	-	(343,910)	-
Loss on sale of capital assets	-	-	-	-	-	(70,118)
<b>Total nonoperating revenues (expenses)</b>	<b>(139,826)</b>	<b>90,272</b>	<b>(164,294)</b>	<b>-</b>	<b>(213,848)</b>	<b>17,074</b>
Income (loss) before capital contributions and transfers	(2,346,649)	1,767,943	73	305,039	(273,594)	(1,514,743)
Capital contributions						
Passenger facility charges	612,893	-	-	-	612,893	-
Grants and donations	478,938	-	-	-	478,938	-
<b>Total capital contributions</b>	<b>1,091,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,091,831</b>	<b>-</b>
Income (loss) before transfers	(1,254,818)	1,767,943	73	305,039	818,237	(1,514,743)
Transfers in	-	-	-	-	-	1,662,129
Transfers out	-	(1,500,000)	-	(350,600)	(1,850,600)	(266,258)
<b>Change in net position</b>	<b>(1,254,818)</b>	<b>267,943</b>	<b>73</b>	<b>(45,561)</b>	<b>(1,032,363)</b>	<b>(118,872)</b>
Net position, beginning of year	54,170,900	15,761,105	23	1,066,495	70,998,523	14,847,890
<b>Net position, end of year</b>	<b>\$ 52,916,082</b>	<b>\$ 16,029,048</b>	<b>\$ 96</b>	<b>\$ 1,020,934</b>	<b>\$ 69,966,160</b>	<b>\$ 14,729,018</b>

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

## COUNTY OF KALAMAZOO, MICHIGAN

### Reconciliation

Net Change in Fund Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Year Ended December 31, 2018

Change in net position - total enterprise funds	\$ (1,032,363)
Amounts reported for <i>business-type activities</i> 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 loss of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.	
Net operating loss from business-type activities accounted for in governmental-type internal service funds	<u>(11,950)</u>
Change in net position of business-type activities	<u>\$ (1,044,313)</u>

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, 2018

	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	\$ 4,487,184	\$ 12,922,022	\$ 460,513	\$ 930,643	\$ 18,800,362	\$ 25,564,946
Payments to vendors	(1,813,818)	-	-	(739,459)	(2,553,277)	(1,755,690)
Payments for personnel services	(1,506,007)	-	-	-	(1,506,007)	(1,708,494)
Benefit payments	-	-	-	-	-	(23,054,938)
Delinquent taxes purchased	-	(10,619,083)	-	-	(10,619,083)	-
Net cash provided by (used in) operating activities	1,167,359	2,302,939	460,513	191,184	4,121,995	(954,176)
Cash flows from noncapital financing activities						
Other contract revenue received	37,500	-	-	-	37,500	-
Transfers from other funds	-	-	-	-	-	1,662,129
Transfers to other funds	-	(1,500,000)	-	(350,600)	(1,850,600)	(266,258)
Net cash provided by (used in) noncapital financing activities	37,500	(1,500,000)	-	(350,600)	(1,813,100)	1,395,871
Cash flows from capital and related financing activities						
Passenger facility charges collected	612,893	-	-	-	612,893	-
Other capital contributions received	478,938	-	-	-	478,938	-
Purchase of capital assets	(1,495,217)	-	-	-	(1,495,217)	(1,277,689)
Principal paid on long-term debt	(605,000)	-	(285,000)	-	(890,000)	-
Interest paid on long-term debt	(168,969)	-	(175,536)	-	(344,505)	-
Net cash used in capital and related financing activities	(1,177,355)	-	(460,536)	-	(1,637,891)	(1,277,689)
Cash flows from investing activities						
Purchase of investments	-	(2,113,287)	-	-	(2,113,287)	-
Sale of investments	82,945	-	-	-	82,945	2,573,049
Interest received on investments	2,194	90,272	96	-	92,562	87,192
Net cash provided by (used in) investing activities	85,139	(2,023,015)	96	-	(1,937,780)	2,660,241
Net increase (decrease) in cash and cash equivalents	112,643	(1,220,076)	73	(159,416)	(1,266,776)	1,824,247
Cash and cash equivalents, beginning of year	3,372,983	1,909,679	23	904,662	6,187,347	1,365,061
Cash and cash equivalents, end of year	\$ 3,485,626	\$ 689,603	\$ 96	\$ 745,246	\$ 4,920,571	\$ 3,189,308
Classification on the statement of net position						
Cash and cash equivalents	\$ 3,485,213	\$ 689,603	\$ 96	\$ 745,246	\$ 4,920,158	\$ 3,681,156
Noncurrent restricted cash and cash equivalents	413	-	-	-	413	-
Negative equity in cash and cash equivalents	-	-	-	-	-	(491,848)
	\$ 3,485,626	\$ 689,603	\$ 96	\$ 745,246	\$ 4,920,571	\$ 3,189,308

continued...

COUNTY OF KALAMAZOO, MICHIGAN

**Statement of Cash Flows**  
 Proprietary Funds  
 For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	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)	\$ (2,206,823)	\$ 1,677,671	\$ 164,367	\$ 305,039	\$ (59,746)	\$ (1,531,817)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	3,093,759	-	-	-	3,093,759	288,431
Change in:						
Accounts receivable	(35,773)	-	-	(11,090)	(46,863)	(615,395)
Taxes receivable	-	620,063	-	23,144	643,207	-
Due from other governments	912	-	-	-	912	-
Leases receivable	-	-	296,146	-	296,146	-
Accrued interest receivable	8	5,205	-	-	5,213	(24,916)
Due from other governments	-	-	-	-	-	(3,328)
Inventories	(3,740)	-	-	-	(3,740)	(2,936)
Prepays	16,647	-	-	-	16,647	572,017
Net pension asset	408,397	-	-	-	408,397	-
Deferred outflows of resources - pension amounts	(233,999)	-	-	-	(233,999)	-
Deferred outflows of resources - other postemployment benefit amounts	(51,714)	-	-	-	(51,714)	-
Accounts payable	257,080	-	-	(125,909)	131,171	58,204
Accrued liabilities	4,370	-	-	-	4,370	32,111
Due to other governments	81,786	-	-	-	81,786	-
Deposits payable	1,626	-	-	-	1,626	2,305
Unearned revenue	(854)	-	-	-	(854)	-
Claims payable	-	-	-	-	-	271,342
Compensated absences	-	-	-	-	-	(194)
Net other postemployment benefit liability	(81,470)	-	-	-	(81,470)	-
Deferred inflows of resources - pension amounts	(163,264)	-	-	-	(163,264)	-
Deferred inflows of resources - other postemployment benefit amounts	80,411	-	-	-	80,411	-
Net cash provided by (used in) operating activities	<u>\$ 1,167,359</u>	<u>\$ 2,302,939</u>	<u>\$ 460,513</u>	<u>\$ 191,184</u>	<u>\$ 4,121,995</u>	<u>\$ (954,176)</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, 2018

	Pension and OPEB Trust Funds	Cemetery Trust Fund	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 7,312,683	\$ -	\$ 2,633,209
Investments, at fair value:			
U.S. government securities	29,232,939	-	-
U.S. agency securities	6,950,907	-	-
Corporate obligations	15,805,124	-	-
Foreign corporate obligations	2,578,459	-	-
Mortgage-backed funds	3,000,451	-	-
Domestic equity mutual funds/ collective trust funds	105,110,891	-	-
Emerging market mutual funds	22,653,338	-	-
International equity mutual funds	22,492,411	-	-
Real estate investment trust	5,384,120	-	-
Real estate pooled separate account	6,779,280	-	-
Receivables:			
Sale of investments	324,690	-	-
Interest and dividends	365,865	-	-
Employer contributions	18,655	-	-
Other	128,492	-	-
<b>Total assets</b>	<b>228,138,305</b>	<b>-</b>	<b>\$ 2,633,209</b>
<b>Liabilities</b>			
Accounts payable	296,079	-	\$ -
Benefits payable	1,265,290	-	-
Purchase of investments	3,828,090	-	-
Due to other governments	-	-	39,776
Undistributed collections	-	-	2,593,433
<b>Total liabilities</b>	<b>5,389,459</b>	<b>-</b>	<b>\$ 2,633,209</b>
<b>Net position</b>			
Restricted for:			
Employees' pension benefits	203,716,137	-	-
Other postemployment benefits	19,032,709	-	-
<b>Total net position</b>	<b>\$ 222,748,846</b>	<b>\$ -</b>	

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, 2018

	Pension and OPEB Trust Funds	Cemetery Trust Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 6,877,059	\$ -
Employees	7,991	-
Total contributions	<u>6,885,050</u>	<u>-</u>
Investment earnings (loss):		
Net depreciation in fair value of investments	(23,257,333)	-
Income on mutual funds	5,075,794	-
Interest and dividends	1,658,411	-
Income on real estate pooled separate account	257,035	-
Total investment loss	<u>(16,266,093)</u>	<u>-</u>
Investment expense	(932,452)	-
Net investment earnings (loss)	<u>(17,198,545)</u>	<u>-</u>
Total additions (net of investment losses)	<u>(10,313,495)</u>	<u>-</u>
<b>Deductions</b>		
Benefit payments	12,234,605	-
Administrative expenses	546,247	-
Miscellaneous	-	2,462
Total deductions	<u>12,780,852</u>	<u>2,462</u>
Change in net position	(23,094,347)	(2,462)
Net position, beginning of year	<u>245,843,193</u>	<u>2,462</u>
Net position, end of year	<u>\$ 222,748,846</u>	<u>\$ -</u>

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, 2018			December 31, 2018
	CMH & Substance Abuse Services	Kalamazoo County Transportation Authority	Central County Transportation Authority	Road Commission
<b>Assets</b>				
Cash and cash equivalents	\$ 5,486,169	\$ -	\$ 7,698,090	\$ 8,699,032
Restricted cash	-	-	-	-
Investments	5,062,783	-	-	-
Receivables, net	7,216,975	270,343	2,663,393	4,351,302
Other assets	690,993	-	510,603	1,464,968
Capital assets not being depreciated	785,716	-	2,245,541	23,305,852
Capital assets being depreciated, net	9,110,133	-	20,192,699	116,316,007
Net pension asset	10,036,522	-	9,413,495	951,766
<b>Total assets</b>	<b>38,389,291</b>	<b>270,343</b>	<b>42,723,821</b>	<b>155,088,927</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	3,852,992	-	150,710	1,630,025
Deferred other postemployment benefit amounts	606,947	-	3,960,065	395,049
<b>Total deferred outflows of resources</b>	<b>4,459,939</b>	<b>-</b>	<b>4,110,775</b>	<b>2,025,074</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	7,544,550	270,343	1,363,230	2,598,147
Advances from primary government	-	-	-	-
Unearned revenue	140,455	-	225,252	-
Long-term debt:				
Due within one year	1,335,068	-	291,348	151,040
Due in more than one year	4,898,113	-	4,089,443	-
Net other postemployment benefit liability (due in more than one year)	1,978,090	-	9,758,324	1,207,669
<b>Total liabilities</b>	<b>15,896,276</b>	<b>270,343</b>	<b>15,727,597</b>	<b>3,956,856</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent period	-	-	-	-
Deferred pension amounts	3,053,251	-	2,365,268	791,910
Deferred other postemployment benefit amounts	229,261	-	458,199	565,051
<b>Total deferred inflows of resources</b>	<b>3,282,512</b>	<b>-</b>	<b>2,823,467</b>	<b>1,356,961</b>
<b>Net position</b>				
Net investment in capital assets	4,736,514	-	22,438,240	139,621,859
Restricted for:				
Pension and other postemployment benefits	9,235,859	-	-	-
Debt service	-	-	-	-
Donor specified purposes	-	-	-	-
Replacement and insurance escrow reserves	-	-	-	-
Assets held at Community Foundation	-	-	-	-
Millage service agreement	-	-	-	-
Unrestricted (deficit)	9,698,069	-	5,845,292	12,178,325
<b>Total net position</b>	<b>\$ 23,670,442</b>	<b>\$ -</b>	<b>\$ 28,283,532</b>	<b>\$ 151,800,184</b>

continued...

December 31, 2018

Drainage Districts	Land Bank Authority	Lake Level	Public Housing Commission	Brownfield Redevelopment Authority	Consolidated Dispatch Authority	Total
\$ 506,478	\$ 1,002,313	\$ 33,269	\$ 756,537	\$ 655,956	\$ 3,869,442	\$ 28,707,286
718,331	254,755	-	-	-	-	973,086
-	-	-	-	-	-	5,062,783
3,142,687	242,830	-	61,288	555,124	1,333,895	19,837,837
-	1,047,395	-	1,393	-	65,613	3,780,965
-	-	-	32,335	-	1,177,163	27,546,607
5,482,924	4,431,893	-	127,227	-	3,635,742	159,296,625
-	-	-	-	-	-	20,401,783
<u>9,850,420</u>	<u>6,979,186</u>	<u>33,269</u>	<u>978,780</u>	<u>1,211,080</u>	<u>10,081,855</u>	<u>265,606,972</u>
-	-	-	-	-	-	5,633,727
-	-	-	-	-	-	4,962,061
-	-	-	-	-	-	10,595,788
254,476	138,049	88	91,098	541,418	331,582	13,132,981
226,641	-	-	-	-	-	226,641
-	9,395	-	-	-	-	375,102
253,354	-	-	-	-	47,345	2,078,155
1,764,446	135,800	-	-	150,000	912,655	11,950,457
-	-	-	-	-	-	12,944,083
<u>2,498,917</u>	<u>283,244</u>	<u>88</u>	<u>91,098</u>	<u>691,418</u>	<u>1,291,582</u>	<u>40,707,419</u>
-	-	-	-	431,082	-	431,082
-	-	-	-	-	-	6,210,429
-	-	-	-	-	-	1,252,511
-	-	-	-	431,082	-	7,894,022
3,465,124	4,431,893	-	159,562	-	3,852,905	178,706,097
-	-	-	-	-	-	9,235,859
694,152	-	-	-	-	-	694,152
-	156,778	-	-	-	-	156,778
-	188,668	-	-	-	-	188,668
-	-	-	149,483	-	-	149,483
-	-	-	510,921	-	-	510,921
3,192,227	1,918,603	33,181	67,716	88,580	4,937,368	37,959,361
<u>\$ 7,351,503</u>	<u>\$ 6,695,942</u>	<u>\$ 33,181</u>	<u>\$ 887,682</u>	<u>\$ 88,580</u>	<u>\$ 8,790,273</u>	<u>\$ 227,601,319</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Activities  
Discretely Presented Component Units

	Year Ended September 30, 2018			Year Ended December 31, 2018
	CMH & Substance Abuse Services	Kalamazoo County Transportation Authority	Central County Transportation Authority	Road Commission
Expenses				
CMH & Substance Abuse Services	\$ 84,852,250	\$ -	\$ -	\$ -
Kalamazoo County Transportation Authority	-	2,590,993	-	-
Central County Transportation Authority	-	-	19,338,467	-
Road Commission	-	-	-	20,976,853
Drainage Districts	-	-	-	-
Land Bank Authority	-	-	-	-
Lake Level	-	-	-	-
Public Housing Commission	-	-	-	-
Brownfield Redevelopment Authority	-	-	-	-
Consolidated Dispatch Authority	-	-	-	-
<b>Total expenses</b>	<b>84,852,250</b>	<b>2,590,993</b>	<b>19,338,467</b>	<b>20,976,853</b>
Program revenues				
Charges for services	1,708,606	-	2,758,166	384,657
Operating grants and contributions	82,275,266	-	10,214,043	29,090,104
Capital grants and contributions	5,037,045	-	2,949,323	-
<b>Total program revenues</b>	<b>89,020,917</b>	<b>-</b>	<b>15,921,532</b>	<b>29,474,761</b>
<b>Net revenues (expense)</b>	<b>4,168,667</b>	<b>(2,590,993)</b>	<b>(3,416,935)</b>	<b>8,497,908</b>
General revenues				
Property taxes	-	2,590,993	3,731,608	-
Unrestricted investment earnings	65,945	-	26,011	-
Gain on sale of capital assets	-	-	19,141	-
Other revenues	-	-	-	185,773
<b>Total general revenues</b>	<b>65,945</b>	<b>2,590,993</b>	<b>3,776,760</b>	<b>185,773</b>
<b>Change in net position</b>	<b>4,234,612</b>	<b>-</b>	<b>359,825</b>	<b>8,683,681</b>
<b>Net position, beginning of year, as restated</b>	<b>19,435,830</b>	<b>-</b>	<b>27,923,707</b>	<b>143,116,503</b>
<b>Net position, end of year</b>	<b>\$ 23,670,442</b>	<b>\$ -</b>	<b>\$ 28,283,532</b>	<b>\$ 151,800,184</b>

continued...

Year Ended December 31, 2018						
Drainage Districts	Land Bank Authority	Lake Level	Public Housing Commission	Brownfield Redevelopment Authority	Consolidated Dispatch Authority	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,852,250
-	-	-	-	-	-	2,590,993
-	-	-	-	-	-	19,338,467
-	-	-	-	-	-	20,976,853
620,797	-	-	-	-	-	620,797
-	2,894,590	-	-	-	-	2,894,590
-	-	1,900	-	-	-	1,900
-	-	-	1,114,771	-	-	1,114,771
-	-	-	-	1,022,293	-	1,022,293
-	-	-	-	-	1,728,091	1,728,091
<u>620,797</u>	<u>2,894,590</u>	<u>1,900</u>	<u>1,114,771</u>	<u>1,022,293</u>	<u>1,728,091</u>	<u>135,141,005</u>
-	1,120,955	-	18,000	2,480	1,213,991	7,206,855
-	1,661,181	-	961,050	231,365	4,795,396	129,228,405
-	-	-	161,675	-	2,650,331	10,798,374
-	<u>2,782,136</u>	-	<u>1,140,725</u>	<u>233,845</u>	<u>8,659,718</u>	<u>147,233,634</u>
<u>(620,797)</u>	<u>(112,454)</u>	<u>(1,900)</u>	<u>25,954</u>	<u>(788,448)</u>	<u>6,931,627</u>	<u>12,092,629</u>
205,118	-	-	-	995,240	-	7,522,959
52	11,801	-	2,080	-	9,759	115,648
-	-	-	-	-	-	19,141
<u>504,964</u>	<u>80,236</u>	<u>242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>771,215</u>
<u>710,134</u>	<u>92,037</u>	<u>242</u>	<u>2,080</u>	<u>995,240</u>	<u>9,759</u>	<u>8,428,963</u>
89,337	(20,417)	(1,658)	28,034	206,792	6,941,386	20,521,592
<u>7,262,166</u>	<u>6,716,359</u>	<u>34,839</u>	<u>859,648</u>	<u>(118,212)</u>	<u>1,848,887</u>	<u>207,079,727</u>
<u>\$ 7,351,503</u>	<u>\$ 6,695,942</u>	<u>\$ 33,181</u>	<u>\$ 887,682</u>	<u>\$ 88,580</u>	<u>\$ 8,790,273</u>	<u>\$ 227,601,319</u>

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## 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, 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 Unit*

**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 County is a direct beneficiary of the services provided. 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 an eleven-member board of directors appointed by the County Board. The Transportation 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 Transportation Authority, for transportation purposes, with the approval of the registered electors residing in the jurisdictional limits/boundaries. The County is a direct beneficiary of the services provided. The Transportation 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, 2018 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 County is a direct beneficiary of the services provided. 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

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, 2018 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 Housing 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 financing, 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, 2018 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  
7040 Stadium Drive  
Kalamazoo, Michigan 49009

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 *Senior Millage Fund* accounts for activity related to the collection of the special voter approved millage to support the programs for Kalamazoo County residents age 60 and older.

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 fund 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.

*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.

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.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

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.

### *Receivables and Payables*

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

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

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 (terminal facility) related to passenger facility charges.

### *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.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### *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, donated works of art and similar items, and capital assets received in a service concession arrangement 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.

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, 2018.

### *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 of resources 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 and other postemployment benefit plans.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### *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. The County also reports deferred inflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefit plans.

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 2018 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2018, 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, 2018 levies is reported as deferred inflows of resources at year-end.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### *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, 2018, 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.

### *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.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### *Capital Contributions*

Certain expenses 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/liability, 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.

### *Other Postemployment Benefit Plans*

For purposes of measuring the net other postemployment benefit asset/liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefit plans, and other postemployment benefit 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, 2018, 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:			
Current:			
General government -			
Treasurer	\$ 1,218,400	\$ 1,232,903	\$ 14,503
Public safety -			
Emergency management	211,600	212,293	693
Health and welfare -			
Circuit court family division	891,300	897,085	5,785
Judicial:			
Circuit court trial division	452,500	456,306	3,806
Jury board	2,400	3,947	1,547
Probate court	895,900	901,605	5,705
Nonmajor governmental funds:			
Accommodation Tax	2,741,500	2,815,933	74,433
Community Corrections	983,200	1,091,811	108,611
Indigent Defense	391,900	493,698	101,798

# 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, 2018:

	Primary Government	Component Units	Totals
<b>Statement of Net Position</b>			
Cash and cash equivalents	\$ 4,920,158	\$ 28,707,286	\$ 33,627,444
Restricted cash	115,422	973,086	1,088,508
Investments	80,085,298	5,062,783	85,148,081
Negative equity in cash and cash equivalents	(863,746)	-	(863,746)
<b>Statement of Fiduciary Net Position</b>			
Cash and cash equivalents	9,945,892	-	9,945,892
Investments	219,987,920	-	219,987,920
<b>Total deposits and investments</b>	<b>314,190,944</b>	<b>34,743,155</b>	<b>348,934,099</b>
<b>Less component units separately audited and not held by the County Treasurer</b>			
CMH & Substance Abuse Services	-	(10,548,952)	(10,548,952)
Central County Transportation Authority	-	(7,698,090)	(7,698,090)
Road Commission	-	(8,699,032)	(8,699,032)
Land Bank Authority	-	(1,257,068)	(1,257,068)
Public Housing Commission	-	(756,537)	(756,537)
Consolidated Dispatch Authority	-	(3,869,442)	(3,869,442)
<b>Total</b>	<b>\$ 314,190,944</b>	<b>\$ 1,914,034</b>	<b>\$ 316,104,978</b>
<b>Deposits and investments</b>			
<b>Bank deposits:</b>			
Checking and savings accounts			\$ 16,262,786
<b>Certificates of deposit:</b>			
Due within one year			14,008,483
Due in one to five years			10,066,718
Due in six to ten years			2,298,030
Due in more than ten years			1,805,250
<b>Investments:</b>			
County			51,658,432
Retiree Health Care Trust Fund			16,511,235
Pension Trust Fund			203,476,685
Cash on hand			17,359
<b>Total</b>			<b>\$ 316,104,978</b>

*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, \$40,535,843 of the County's bank balance of \$46,185,844 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, 2018, 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	\$ -	\$ 2,194,084	\$ 27,038,855
U.S. agency securities	19,895,775	521,702	6,429,205
Corporate obligations	4,867,608	1,186,256	14,618,868
Foreign corporate obligations	-	193,527	2,384,932
Municipal bonds	3,388,724	-	-
Mortgage-backed funds	-	225,199	2,775,252
Domestic equity mutual funds/collective trust funds	23,506,325	7,889,118	97,221,773
Emerging market mutual funds	-	1,700,251	20,953,087
International equity mutual funds	-	1,688,172	20,804,239
Real estate investment trust	-	404,106	4,980,014
Real estate pooled separate account	-	508,820	6,270,460
<b>Total investments</b>	<b>\$ 51,658,432</b>	<b>\$ 16,511,235</b>	<b>\$ 203,476,685</b>

*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	\$ -	\$ 731,193	\$ 9,010,881
Standard & Poor's AA+	23,014,103	24,416	300,886
Standard & Poor's AA	3,388,724	36,995	455,914
Standard & Poor's AA-	-	166,272	2,049,053
Standard & Poor's A+	-	89,003	1,096,831
Standard & Poor's A	-	185,714	2,288,654
Standard & Poor's A-	-	305,919	3,770,001
Standard & Poor's BBB+	-	298,038	3,672,877
Standard & Poor's BBB	-	243,698	3,003,224
Standard & Poor's BBB-	-	11,726	144,509
Moody's Aaa	-	2,227,794	27,454,282
Moody's AAa	23,506,325	-	-
Moody's Aa1	249,370	-	-
Moody's A1	1,499,910	-	-
Unrated	-	508,820	6,270,460
Not subject to credit risk	-	11,681,647	143,959,113
<b>Total investments</b>	<b>\$ 51,658,432</b>	<b>\$ 16,511,235</b>	<b>\$ 203,476,685</b>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*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. Maturities of the County's investments were as follows:

	County	Retiree Health Care Trust Fund	Pension Trust Fund
Less than 1 year	\$ 5,655,253	\$ 54,568	\$ 672,472
1 - 5 years	20,653,964	2,089,327	25,747,882
6 - 10 years	-	324,567	3,999,813
More than 10 years	1,842,890	1,852,306	22,826,943
No maturity	23,506,325	12,190,467	150,229,575
<b>Total</b>	<b>\$ 51,658,432</b>	<b>\$ 16,511,235</b>	<b>\$ 203,476,685</b>

*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	27.9%	27.9%
Emerging market mutual fund	Dimensional	10.3%	10.3%
International equity mutual funds	Dimensional	10.2%	10.2%
Domestic equity mutual fund - small cap	Dimensional	10.0%	10.0%
Domestic equity mutual fund - micro cap	Dimensional	4.9%	4.9%
Domestic equity mutual fund - large cap	Dimensional	4.9%	4.9%

*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 holdings. It is the County's policy to not purchase foreign investments except those listed in the United States.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

Investment (currency in U.S. dollars)	Retiree Health Care Trust Fund	Pension Trust Fund
Foreign corporate obligations	\$ 193,527	\$ 2,384,932
Emerging market mutual funds	1,700,251	20,953,087
International equity mutual funds	1,688,172	20,804,239
<b>Total</b>	<b>\$ 3,581,950</b>	<b>\$ 44,142,258</b>

*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 investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the County's investment manager, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The investment manager will request the information from the fund manager, if necessary. The County had the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ -	\$ 29,232,939	\$ -	\$ 29,232,939
U.S. agency securities	-	26,846,682	-	26,846,682
Corporate obligations	-	20,672,732	-	20,672,732
Foreign corporate obligations	-	2,578,459	-	2,578,459
Municipal bonds	-	3,388,724	-	3,388,724
Mortgage-backed funds	-	3,000,451	-	3,000,451
Domestic equity mutual funds/ collective trust funds	105,110,891	-	-	105,110,891
Emerging market mutual funds	22,653,338	-	-	22,653,338
International equity mutual funds	22,492,411	-	-	22,492,411
Real estate investment trust	5,384,120	-	-	5,384,120
Real estate pooled separate account	-	6,779,280	-	6,779,280
	<u>\$ 155,640,760</u>	<u>\$ 92,499,267</u>	<u>\$ -</u>	<u>248,140,027</u>
Investments at amortized cost - Michigan CLASS				<u>23,506,325</u>
<b>Total investments</b>				<u><b>\$ 271,646,352</b></u>

The fair value of the County's Level 1 investments is based on quotes from publicly traded securities markets, where available. The fair value of the County's Level 2 investments is determined primarily by a matrix pricing technique, which is used to value securities based on their relationship to benchmark quoted prices. Due to the inherent uncertainty of determining the fair value of investments that are not publicly traded, the fair value reported for these investments may differ significantly from the values that would have been used had a publicly traded market existed for such investments.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### 4. RECEIVABLES

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

	Governmental Activities	Business-type Activities
Accounts	\$ 2,072,333	\$ 491,977
Less: allowance for uncollectibles	-	(65,895)
Taxes (current)	17,422,232	-
Taxes (delinquent)	107,989	7,692,730
Due from other governments	4,949,993	18,461
Leases	-	5,684,316
Accrued interest	336,689	7,841
	<u>336,689</u>	<u>7,841</u>
Total receivables	<u>\$ 24,889,236</u>	<u>\$ 13,829,430</u>

The Airport enterprise fund reported restricted receivables of \$86,882. The Airport Fund's restricted receivable is restricted for capital improvements (terminal facility) related to passenger facility charges.

Of the amounts reported for receivables above, leases receivable of \$5,311,918 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.

### 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 payable	\$ 3,571,687	\$ 446,094
Accrued liabilities	1,777,665	37,201
Claims payable	2,205,564	-
Due to other governments	367,856	81,786
Deposits payable	75,984	11,775
Accrued interest on long-term debt	233,511	51,277
	<u>233,511</u>	<u>51,277</u>
Total	<u>\$ 8,232,267</u>	<u>\$ 628,133</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### 6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

An internal balance existed between governmental activities and business-type activities in the amount of \$131,301. 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	\$ 226,641	\$ -
Drainage Districts	-	226,641
<b>Total</b>	<b>\$ 226,641</b>	<b>\$ 226,641</b>

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, 2018, interfund transfers consisted of the following:

Transfers Out	Transfers in		
	General	Law Enforcement	General County Public Improvement
General	\$ -	\$ -	\$ 3,702,100
Law Enforcement	-	-	-
Nonmajor governmental funds	249,672	33,787	-
Delinquent Tax Revolving	1,500,000	-	-
Nonmajor enterprise fund	350,600	-	-
Internal service funds	266,258	-	-
<b>Total</b>	<b>\$ 2,366,530</b>	<b>\$ 33,787</b>	<b>\$ 3,702,100</b>

Transfers Out	Transfers in		
	Nonmajor Governmental Funds	Internal Service Funds	Totals
General	\$ 7,882,201	\$ 576,619	\$ 12,160,920
Law Enforcement	220,000	-	220,000
Nonmajor governmental funds	456,091	1,085,510	1,825,060
Delinquent Tax Revolving	-	-	1,500,000
Nonmajor enterprise fund	-	-	350,600
Internal service funds	-	-	266,258
<b>Total</b>	<b>\$ 8,558,292</b>	<b>\$ 1,662,129</b>	<b>\$ 16,322,838</b>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

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

### 7. CAPITAL ASSETS

#### Primary government

Capital asset activity for the primary government for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 4,184,316	\$ 17,605	\$ -	\$ -	\$ 4,201,921
Construction in progress	771,062	2,013,454	-	(463,380)	2,321,136
Intangible easements	147,493	-	-	-	147,493
	<u>5,102,871</u>	<u>2,031,059</u>	<u>-</u>	<u>(463,380)</u>	<u>6,670,550</u>
Capital assets, being depreciated:					
Land improvements	14,914,199	98,142	(63,092)	-	14,949,249
Buildings and improvements	109,775,857	770,614	(3,223,215)	88,097	107,411,353
Furniture, machinery, and equipment	12,123,634	1,458,857	(363,200)	375,283	13,594,574
Vehicles	5,605,182	512,008	(304,213)	-	5,812,977
Law library books	405,392	5,296	-	-	410,688
	<u>142,824,264</u>	<u>2,844,917</u>	<u>(3,953,720)</u>	<u>463,380</u>	<u>142,178,841</u>
Less accumulated depreciation for:					
Land improvements	(7,488,680)	(658,068)	41,501	-	(8,105,247)
Buildings and improvements	(37,350,659)	(2,422,845)	3,072,356	-	(36,701,148)
Furniture, machinery, and equipment	(8,455,479)	(1,061,837)	319,161	-	(9,198,155)
Vehicles	(3,892,404)	(603,733)	301,850	-	(4,194,287)
Law library books	(405,392)	(530)	-	-	(405,922)
	<u>(57,592,614)</u>	<u>(4,747,013)</u>	<u>3,734,868</u>	<u>-</u>	<u>(58,604,759)</u>
Total capital assets being depreciated, net	<u>85,231,650</u>	<u>(1,902,096)</u>	<u>(218,852)</u>	<u>463,380</u>	<u>83,574,082</u>
Governmental activities capital assets, net	<u>\$ 90,334,521</u>	<u>\$ 128,963</u>	<u>\$ (218,852)</u>	<u>\$ -</u>	<u>\$ 90,244,632</u>

At December 31, 2018, the County's governmental activities had outstanding commitments through construction contracts of approximately \$6.6 million.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 5,182,935	\$ -	\$ -	\$ 140,627	\$ 5,323,562
Construction in progress	2,801,301	1,495,217	-	(312,904)	3,983,614
	<u>7,984,236</u>	<u>1,495,217</u>	<u>-</u>	<u>(172,277)</u>	<u>9,307,176</u>
Capital assets, being depreciated:					
Land improvements	49,639,362	-	-	84,094	49,723,456
Buildings and improvements	35,020,950	-	-	7,434	35,028,384
Vehicles	3,894,791	-	-	-	3,894,791
Furniture, machinery, and equipment	6,967,944	-	-	80,749	7,048,693
	<u>95,523,047</u>	<u>-</u>	<u>-</u>	<u>172,277</u>	<u>95,695,324</u>
Less accumulated depreciation for:					
Land improvements	(34,391,806)	(1,647,438)	-	-	(36,039,244)
Buildings and improvements	(7,822,320)	(853,343)	-	-	(8,675,663)
Vehicles	(3,559,376)	(74,376)	-	-	(3,633,752)
Furniture, machinery, and equipment	(5,104,279)	(518,602)	-	-	(5,622,881)
	<u>(50,877,781)</u>	<u>(3,093,759)</u>	<u>-</u>	<u>-</u>	<u>(53,971,540)</u>
Total capital assets being depreciated, net	<u>44,645,266</u>	<u>(3,093,759)</u>	<u>-</u>	<u>172,277</u>	<u>41,723,784</u>
Business-type activities capital assets, net	<u>\$ 52,629,502</u>	<u>\$ (1,598,542)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,030,960</u>

At December 31, 2018, the County's business-type activities had outstanding commitments through construction contracts of approximately \$261,000.

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

<b>Depreciation of governmental activities by function</b>	
General government	\$ 339,578
Public safety	1,538,188
Health and welfare	815,670
Cultural and recreation	778,435
Judicial	986,711
Internal service funds	288,431
	<u>4,747,013</u>
<b>Total</b>	<b>\$ 4,747,013</b>
<b>Depreciation of business-type activities by function</b>	
Airport	<u>\$ 3,093,759</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### Discretely presented component units

Capital assets activity for the Drainage District component unit for the year ended December 31, 2018, consists of the following:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - Drainage District					
Capital assets, not being depreciated:					
Construction in progress	\$ 1,122,575	\$ -	\$ -	\$ (1,122,575)	\$ -
Capital assets, being depreciated:					
Infrastructure	6,400,363	144,029	(190,674)	1,122,575	7,476,293
Less accumulated depreciation for:					
Infrastructure	(1,854,602)	(138,767)	-	-	(1,993,369)
Total capital assets					
being depreciated, net	4,545,761	5,262	(190,674)	1,122,575	5,482,924
Drainage District					
capital assets, net	\$ 5,668,336	\$ 5,262	\$ (190,674)	\$ -	\$ 5,482,924

At December 31, 2018, the Drainage Districts component unit had no outstanding commitments.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### 8. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 21,280,000	\$ -	\$ (1,045,000)	\$ 20,235,000	\$ 1,145,000
Net bond premium/discount	2,895,956	-	(202,043)	2,693,913	202,043
Compensated absences	3,761,225	3,009,545	(3,041,585)	3,729,185	3,039,026
<b>Total governmental activities</b>	<b>\$ 27,937,181</b>	<b>\$ 3,009,545</b>	<b>\$ (4,288,628)</b>	<b>\$ 26,658,098</b>	<b>\$ 4,386,069</b>
<b>Business-type activities</b>					
General obligation bonds	\$ 10,350,000	\$ -	\$ (890,000)	\$ 9,460,000	\$ 940,000
Net bond premium/discount	433,394	-	(38,618)	394,776	38,618
Compensated absences	97,723	86,619	(76,612)	107,730	76,612
<b>Total business-type activities</b>	<b>\$ 10,881,117</b>	<b>\$ 86,619</b>	<b>\$ (1,005,230)</b>	<b>\$ 9,962,506</b>	<b>\$ 1,055,230</b>
<b>Discretely presented component units</b>					
<i>Brownfield Redevelopment Authority</i>					
Loan payable	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -
<i>Drainage Districts</i>					
Special assessment bonds	\$ 50,000		\$ (50,000)	\$ -	\$ -
Notes payable	2,072,506	555,000	(609,706)	2,017,800	253,354
<b>Total installment debt</b>	<b>\$ 2,122,506</b>	<b>\$ 555,000</b>	<b>\$ (659,706)</b>	<b>\$ 2,017,800</b>	<b>\$ 253,354</b>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### Governmental activities

\$19,390,000 2017 Juvenile Home Facilities Refunding Bonds, due in annual installments of \$850,000 to \$1,875,000 plus interest ranging from 4.00 to 5.00%, payable semi-annually, through April 1, 2032.	\$ 18,540,000
\$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.	<u>1,695,000</u>
Total governmental activities	<u>\$ 20,235,000</u>

### 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.	\$ 3,930,000
\$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.	20,000
\$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.	305,000
\$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.	405,000
\$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>4,800,000</u>
Total business-type activities	<u>\$ 9,460,000</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 beginning in 2020, through September 14, 2029.	<u>\$ 150,000</u>
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#### *Drainage District*

\$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.	\$ 10,000
\$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.	423,424

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### Discretely presented component units (concluded)

#### *Drainage District (Concluded)*

\$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.	\$ 294,896
\$825,000 2017 Lexington Green Drain note payable, due in annual installments of \$90,520 to \$113,527, plus interest of 2.71%, through July 1, 2025.	734,480
\$60,000 2018 Big Marsh Drain note payable, due in annual installments of \$30,000, plus interest of 2.69%, through July 1, 2020.	60,000
\$115,000 2018 Davis-Olmstead Drain note payable, due in annual installments of \$18,147 to \$49,007, plus interest of 2.38%, through July 1, 2021.	115,000
\$380,000 2018 Townline-Galesburg Drain note payable, due in annual installments of \$33,021 to \$43,319, plus interest of 2.99%, through July 1, 2028.	<u>380,000</u>
<i>Total Drainage Districts component unit</i>	<u><u>\$ 2,017,800</u></u>

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
2019	\$ 1,145,000	\$ 913,667	\$ 940,000	\$ 286,797
2020	1,195,000	868,629	965,000	253,726
2021	1,190,000	822,483	985,000	220,102
2022	1,290,000	769,301	870,000	186,222
2023	1,340,000	707,545	895,000	154,765
2024-2028	7,145,000	2,528,212	2,555,000	532,025
2029-2033	6,930,000	651,625	1,850,000	216,250
2034	-	-	400,000	6,500
Totals	<u>\$ 20,235,000</u>	<u>\$ 7,261,462</u>	<u>\$ 9,460,000</u>	<u>\$ 1,856,387</u>

Year Ended December 31,	Discretely Presented Component Units			
	Brownfield Redevelopment Authority		Drainage Districts	
	Principal	Interest	Principal	Interest
2019	\$ -	\$ -	\$ 253,354	\$ 49,598
2020	14,015	2,250	278,054	44,235
2021	14,225	2,040	254,337	37,144
2022	14,439	1,826	210,543	30,749
2023	14,655	1,610	215,890	25,401
2024-2028	76,641	4,685	805,622	51,400
2029	16,025	240	-	-
Totals	<u>\$ 150,000</u>	<u>\$ 12,651</u>	<u>\$ 2,017,800</u>	<u>\$ 238,527</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

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.

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 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. For certain of the above debt issuances and as described in the individual agreements, 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, 2018, 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, Alcott 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 Office of Finance of the County of Kalamazoo, Michigan. The County of Kalamazoo, Michigan (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 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 County of Kalamazoo Office of Finance. 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 the Office of Finance, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan, 49007.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### 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.

As of December 31, 2018, the System's membership consisted of the following:

	County	Road Commission	CMH	Total
Retirees and beneficiaries currently receiving benefits	341	34	46	421
Terminated employees entitled to but not yet receiving benefits	150	6	61	217
Vested active participants	296	20	86	402
Nonvested participants	341	24	165	530
Total membership	<u>1,128</u>	<u>84</u>	<u>358</u>	<u>1,570</u>

### Benefits Provided

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 2018. 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.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### 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 8.11% for the year ended December 31, 2018 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.

*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 employer no longer contributes for that group. The employers were required to contribute the following percentages of payroll for the year ended December 31, 2018:

Kalamazoo County:	
Airport	0.00%
AS&E/B&G/Parks	0.90%
Head Start I	0.00%
Head Start II	0.00%
Juvenile Court	8.11%
Juvenile Home	2.65%
Non-represented	0.77%
Sheriff Command	0.00%
FOP	0.00%
Road Commission - all eligible employees	0.00%
CMH:	
Managerial	5.13%
Professional	1.82%
TOPS	3.24%

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 \$48,845 for the year ended December 31, 2018.

The employers' actual contributions were as follows for the year ended December 31, 2018:

Employer	Actuarially Determined Contribution	Actual Contribution	Percent Contributed
County	\$ 424,057	\$ 424,057	100.00%
Road Commission	-	-	100.00%
CMH	358,556	358,556	100.00%
Total contributions	<u>\$ 782,613</u>	<u>\$ 782,613</u>	

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

System 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. System 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.

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, 2018 is \$472,469.

*Net Pension Asset.* The components of the net pension asset of the System at December 31, 2018, were as follows:

	County	Road Commission	CMH	Total
Total pension liability	\$ 140,055,699	\$ 13,607,826	\$ 36,735,609	\$ 190,399,134
System fiduciary net position	149,851,553	14,559,592	39,304,992	203,716,137
Net pension asset	<u>\$ (9,795,854)</u>	<u>\$ (951,766)</u>	<u>\$ (2,569,383)</u>	<u>\$ (13,317,003)</u>
System fiduciary net position percentage of total pension liability	106.99%	106.99%	106.99%	106.99%

	Net Pension Asset at December 31, 2018	Timing Difference	As Reported in the Statement of Net Position
Net pension asset by employer:			
County	\$ 9,795,854	\$ -	\$ 9,795,854
Road Commission	951,766	-	951,766
CMH	2,569,383	(7,467,139)	10,036,522
Net pension asset	<u>\$ 13,317,003</u>	<u>\$ (7,467,139)</u>	<u>\$ 20,784,142</u>

The CMH is presented on a September 30 year-end, and as such the amount reported above at December 31, 2018 will be reported by that component unit in the subsequent year audit report.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*Actuarial Assumptions.* The System's net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.50%
Salary increases (includes inflation at 3.5%):	
General County	3.50% to 7.50%
Road Commission	3.50% to 7.23%
Community Mental Health Authority	4.00% to 5.50%
Investment rate of return	7.25%

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, 2017 valuation were based on the results of an actuarial experience study for 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, 2018 (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%	5.34%	0.27%
U.S. Small Cap (Manager 2)	10.00%	5.34%	0.53%
International Developed Equity	10.00%	7.34%	0.73%
U.S. Large Cap (Manager 1)	30.00%	5.04%	1.51%
U.S. Large Cap (Manager 2)	5.00%	5.04%	0.25%
Emerging Markets	10.00%	6.84%	0.68%
Domestic Fixed Income	25.00%	1.34%	0.34%
Real Estate (Manager 1)	2.50%	3.94%	0.10%
Real Estate (Manager 2)	2.50%	3.94%	0.10%
	100.00%		
Inflation			3.50%
Risk factor adjustment			-0.76%
Investment rate of return			7.25%

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. 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.

*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, 2017	\$ 176,366,936	\$ 228,229,905	\$ (51,862,969)
Changes for the year:			
Service cost	3,584,907	-	3,584,907
Interest on the total pension liability	13,019,964	-	13,019,964
Difference between expected and actual experience	1,248,982	-	1,248,982
Assumption changes	5,298,105	-	5,298,105
Benefit payments and refunds	(9,119,760)	(9,119,760)	-
Employer contributions	-	782,613	(782,613)
Employee contributions	-	7,991	(7,991)
Net investment loss	-	(15,868,059)	15,868,059
Administrative expenses	-	(316,553)	316,553
Net changes	14,032,198	(24,513,768)	38,545,966
Balance at December 31, 2018	\$ 190,399,134	\$ 203,716,137	\$ (13,317,003)

*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 7.25%, 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 (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension (asset) liability	\$ 10,451,932	\$ (13,317,003)	\$ (33,198,945)

*Pension Plan Fiduciary Net Position.* Detailed information about the System's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds in Note 11.

# 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, 2018, total pension expense amounted to \$6,567,006 (\$3,941,921 recognized by the County, (\$259,659) recognized by the Road Commission, and \$2,884,744 recognized by the CMH). At December 31, 2018, the employers 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	\$ 1,316,629	\$ 616,114	\$ 700,515
Changes of assumptions	3,334,131	-	3,334,131
Net difference between projected and actual investment earnings on pension plan investments	11,598,158	-	11,598,158
Changes in proportion and differences between employer contributions and share of contributions	373,093	1,052,518	(679,425)
<b>Total</b>	<b>\$ 16,622,011</b>	<b>\$ 1,668,632</b>	<b>\$ 14,953,379</b>

Road Commission	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 127,924	\$ 59,862	\$ 68,062
Changes of assumptions	323,944	-	323,944
Net difference between projected and actual investment earnings on pension plan investments	1,126,878	-	1,126,878
Changes in proportion and differences between employer contributions and share of contributions	51,279	732,048	(680,769)
<b>Total</b>	<b>\$ 1,630,025</b>	<b>\$ 791,910</b>	<b>\$ 838,115</b>

# 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	\$ 345,342	\$ 161,602	\$ 183,740
Changes of assumptions	874,519	-	874,519
Net difference between projected and actual investment earnings on pension plan investments	3,042,114	-	3,042,114
Changes in proportion and differences between employer contributions and share of contributions	1,682,973	322,779	1,360,194
<b>Total</b>	<b>\$ 5,944,948</b>	<b>\$ 484,381</b>	<b>\$ 5,460,567</b>

The CMH is presented on a September 30 year-end, and as such the amounts reported above at December 31, 2018 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	\$ 1,789,895	\$ 837,578	\$ 952,317
Changes of assumptions	4,532,594	-	4,532,594
Net difference between projected and actual investment earnings on pension plan investments	15,767,150	-	15,767,150
Changes in proportion and differences between employer contributions and share of contributions	2,107,345	2,107,345	-
<b>Total</b>	<b>\$ 24,196,984</b>	<b>\$ 2,944,923</b>	<b>\$ 21,252,061</b>

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,	County	Road Commission	CMH	Total
2019	\$ 3,917,829	\$ (127,498)	\$ 2,463,785	\$ 6,254,116
2020	2,033,752	149,525	560,673	2,743,950
2021	3,451,066	299,428	940,554	4,691,048
2022	5,550,732	516,660	1,495,555	7,562,947
	<u>\$ 14,953,379</u>	<u>\$ 838,115</u>	<u>\$ 5,460,567</u>	<u>\$ 21,252,061</u>

*Payable to the Pension Plan.* At December 31, 2018, the County reported a payable of \$57,966 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 plan, plus investment earnings. Employees are eligible to participate from the date of employment. For employees hired before September 17, 2013, the County contributes an amount equal to 16.00% of the employee's salary each pay period. For employees hired after this date, the County contributes an amount equal to 10.00% 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 2018 contribution of \$2,255,638. 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 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 2018 contributions on behalf of the District Court employees in the amount of \$13,004. 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 POSTEMPLOYMENT BENEFITS (OPEB)

*Plan Description.* The County provides postemployment health benefits through a single-employer OPEB plan (the "Plan"). The Plan was established by the County Board of Commissioners and is administered by the Office of Finance of the County of Kalamazoo, Michigan. 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 Care Trust. Stand-alone financial reports are issued that include financial statements and required supplementary information for the Plan, which may be obtained from the Office of Finance, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan, 49007.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*Eligibility.* 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. Retirees eligible for health insurance retiring on or after 1/1/2009 share the premium cost with the County based on an established fee schedule. Employees hired on or after 1/1/2010 participate in the cost sharing until age 65, at which the retiree is responsible for 100% of the premium costs. 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, 2018:

	County	Road Commission	CMH	Total
Inactive employees or beneficiaries				
currently receiving benefit payment	440	39	47	526
Active employees	564	27	93	684
	<u>1,004</u>	<u>66</u>	<u>140</u>	<u>1,210</u>

*Contributions.* The Retiree Health Care Trust currently funds the Plan under the authority defined by the Kalamazoo County Board of Commissioners. Plan employers 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 24 years for the County and CMH, a closed period of 26 years for Road Commission, and a 29 year open period for Sheriff. A shorter amortization period would result in a higher annual required contribution.

The employers' actual contributions were as follows for the year ended December 31, 2018:

Employer	Actuarially Determined Contribution	Actual Contribution	Percent Contributed
County	\$ 3,292,072	\$ 5,707,497	173.37%
Road Commission	125,066	211,297	168.95%
CMH	156,571	175,652	112.19%
Total contributions	<u>\$ 3,573,709</u>	<u>\$ 6,094,446</u>	

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*Net OPEB Liability.* The components of the net OPEB liability at December 31, 2018, were as follows:

	County	Road Commission	CMH	Total
Total OPEB liability	\$ 52,991,346	\$ 3,166,337	\$ 4,469,050	\$ 60,626,733
Plan fiduciary net position	14,332,217	1,958,668	2,741,824	19,032,709
<b>Net OPEB liability</b>	<b>\$ 38,659,129</b>	<b>\$ 1,207,669</b>	<b>\$ 1,727,226</b>	<b>\$ 41,594,024</b>
Plan fiduciary net position as a percentage of total OPEB liability	27.05%	61.86%	61.35%	31.39%

	Net OPEB Liability at December 31, 2018	Timing Difference	As Reported in the Statement of Net Position
Net OPEB liability by employer:			
County	\$ 38,659,129	\$ -	\$ 38,659,129
Road Commission	1,207,669	-	1,207,669
CMH	1,727,226	250,864	1,978,090
<b>Net OPEB liability</b>	<b>\$ 41,594,024</b>	<b>\$ 250,864</b>	<b>\$ 41,844,888</b>

The CMH is presented on a September 30 year-end, and as such the amount reported above at December 31, 2018 will be reported by that component unit in the subsequent year audit report.

*Actuarial Assumptions.* The County's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement:

	County	Road Commission	CMH
Inflation	3.5%	3.5%	3.5%
Salary increases (includes inflation at 3.5%)	3.50% to 7.50%	3.50% to 7.23%	3.50% to 5.50%
Investment rate of return	7.25%	7.25%	7.25%
Healthcare cost trend rates	Initial trend of 9.0% gradually decreasing to 3.5%		

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, 2017 valuation was based on the results of an actuarial experience study for the period January 1, 2009 to December 31, 2013.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*Long-term Expected Rate of Return.* The long-term expected rate of return on OPEB 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 OPEB 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 OPEB Plan's target asset allocation of December 31, 2018 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%	5.34%	0.27%
U.S. Small Cap (Manager 2)	10.00%	5.34%	0.53%
International Developed Equity	10.00%	7.34%	0.73%
U.S. Large Cap (Manager 1)	30.00%	5.04%	1.51%
U.S. Large Cap (Manager 2)	5.00%	5.04%	0.25%
Emerging Markets	10.00%	6.84%	0.68%
Domestic Fixed Income	25.00%	1.34%	0.34%
Real Estate (Manager 1)	2.50%	3.94%	0.10%
Real Estate (Manager 2)	2.50%	3.94%	0.10%
	<u>100.00%</u>		
Inflation			3.50%
Risk factor adjustment			-0.76%
Investment rate of return			<u>7.25%</u>

*Discount Rate.* The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the County will contribute at a rate equal to the greater of the pay-as-you-go cost or 50% of the actuarially determined employer contribution, plus an additional \$300,000 per year. Based on those assumptions, the OPEB Plan'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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*Changes in the Net OPEB Liability.* The components of the change in the net OPEB liability are summarized as follows:

	Total Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2017	\$ 63,630,133	\$ 17,613,288	\$ 46,016,845
Changes for the year:			
Service cost	530,375	-	530,375
Interest on the total OPEB liability	4,675,342	-	4,675,342
Difference between expected and actual experience	(10,978,729)	-	(10,978,729)
Assumption changes	5,884,457	-	5,884,457
Benefit payments and refunds	(3,114,845)	(3,114,845)	-
Employer contributions	-	6,094,446	(6,094,446)
Net investment loss	-	(1,330,486)	1,330,486
Administrative expenses	-	(229,694)	229,694
Net changes	(3,003,400)	1,419,421	(4,422,821)
Balance at December 31, 2018	\$ 60,626,733	\$ 19,032,709	\$ 41,594,024
	County		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2017	\$ 55,006,432	\$ 12,374,383	\$ 42,632,049
Changes for the year:			
Service cost	429,901	-	429,901
Interest on the total OPEB liability	4,045,398	-	4,045,398
Difference between expected and actual experience	(9,073,498)	-	(9,073,498)
Assumption changes	5,148,593	-	5,148,593
Benefit payments and refunds	(2,565,480)	(2,565,480)	-
Employer contributions	-	5,707,497	(5,707,497)
Net investment loss	-	(1,001,897)	1,001,897
Administrative expenses	-	(182,286)	182,286
Net changes	(2,015,086)	1,957,834	(3,972,920)
Balance at December 31, 2018	\$ 52,991,346	\$ 14,332,217	\$ 38,659,129

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

	Road Commission		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2017	\$ 3,404,148	\$ 1,997,442	\$ 1,406,706
Changes for the year:			
Service cost	33,294	-	33,294
Interest on the total OPEB liability	253,077	-	253,077
Difference between expected and actual experience	(723,172)	-	(723,172)
Assumption changes	291,860	-	291,860
Benefit payments and refunds	(92,870)	(92,870)	-
Employer contributions	-	211,297	(211,297)
Net investment loss	-	(136,921)	136,921
Administrative expenses	-	(20,280)	20,280
Net changes	(237,811)	(38,774)	(199,037)
Balance at December 31, 2018	\$ 3,166,337	\$ 1,958,668	\$ 1,207,669
	CMH		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2017	\$ 5,219,553	\$ 3,241,463	\$ 1,978,090
Changes for the year:			
Service cost	67,180	-	67,180
Interest on the total OPEB liability	376,867	-	376,867
Difference between expected and actual experience	(1,182,059)	-	(1,182,059)
Assumption changes	444,004	-	444,004
Benefit payments and refunds	(456,495)	(456,495)	-
Employer contributions	-	175,652	(175,652)
Net investment loss	-	(191,668)	191,668
Administrative expenses	-	(27,128)	27,128
Net changes	(750,503)	(499,639)	(250,864)
Balance at December 31, 2018	\$ 4,469,050	\$ 2,741,824	\$ 1,727,226

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following table presents the net OPEB liability, calculated using a single discount rate of 7.25%, as well as what the net OPEB liability would be if it were calculated using a single discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County	\$ 44,607,101	\$ 38,659,129	\$ 33,647,600
Road Commission	1,526,199	1,207,669	935,252
CMH	2,247,088	1,727,226	1,289,573
County's net OPEB liability	<u>\$ 48,380,388</u>	<u>\$ 41,594,024</u>	<u>\$ 35,872,425</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption.* The following table presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (8.0% decreasing to 2.5%) or 1% higher (10.0% decreasing to 4.5%) than the current healthcare cost trend rates:

	1% Decrease (8.0% Decreasing to 2.5%)	Healthcare Cost Trend Rates (9.0% Decreasing to 3.5%)	1% Increase (10.0% Decreasing to 4.5%)
County	\$ 33,270,776	\$ 38,659,129	\$ 45,009,696
Road Commission	917,541	1,207,669	1,539,494
CMH	1,260,854	1,727,226	2,272,707
County's net OPEB liability	<u>\$ 35,449,171</u>	<u>\$ 41,594,024</u>	<u>\$ 48,821,897</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

*OPEB Plan Fiduciary Net Position.* Detailed information about the OPEB plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds in Note 11.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended December 31, 2018, total OPEB expense amounted to \$3,008,766 (\$2,776,349 recognized by the County, \$62,586 recognized by the Road Commission, and \$169,831 recognized by the CMH). At December 31, 2018, the County reported OPEB-related deferred outflows of resources and deferred inflows of resources from the following sources:

Total Plan	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 218,657	\$ 8,764,849	\$ (8,546,192)
Changes in assumptions	4,440,983	-	4,440,983
Net difference between projected and actual investment earnings on pension plan investments	1,834,097	222,257	1,611,840
<b>Total</b>	<b>\$ 6,493,737</b>	<b>\$ 8,987,106</b>	<b>\$ (2,493,369)</b>

County	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 7,299,874	\$ (7,299,874)
Changes in assumptions	3,889,922	-	3,889,922
Net difference between projected and actual investment earnings on OPEB plan investments	1,263,186	-	1,263,186
Changes in proportion and differences between employer contributions and share of contributions	65,303	65,303	-
<b>Total</b>	<b>\$ 5,218,411</b>	<b>\$ 7,365,177</b>	<b>\$ (2,146,766)</b>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

Road Commission	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 565,051	\$ (565,051)
Changes in assumptions	213,032	-	213,032
Net difference between projected and actual investment earnings on OPEB plan investments	232,328	50,311	182,017
<b>Total</b>	<b>\$ 445,360</b>	<b>\$ 615,362</b>	<b>\$ (170,002)</b>

CMH	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 218,657	\$ 899,924	\$ (681,267)
Changes in assumptions	338,029	-	338,029
Net difference between projected and actual investment earnings on OPEB plan investments	338,583	171,946	166,637
<b>Total</b>	<b>\$ 895,269</b>	<b>\$ 1,071,870</b>	<b>\$ (176,601)</b>

The CMH is presented on a September 30 year-end, and as such the amounts reported above at December 31, 2018 will be reported by that component unit in the subsequent year audit report.

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

Year Ended December 31,	County	Road Commission	CMH	Total
2019	\$ (842,167)	\$ (90,576)	\$ (69,783)	\$ (1,002,526)
2020	(842,167)	(90,576)	(69,783)	(1,002,526)
2021	(783,789)	(46,932)	(88,265)	(918,986)
2022	321,357	58,082	51,230	430,669
	<b>\$ (2,146,766)</b>	<b>\$ (170,002)</b>	<b>\$ (176,601)</b>	<b>\$ (2,493,369)</b>

*Payable to the OPEB Plan.* At December 31, 2018, the County reported no amount payable to the OPEB plan.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### 11. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

Financial statements for the individual pension and other postemployment benefits plans are as follows:

*Combining Statement of Fiduciary Net Position*

	Retiree Health Care Trust Fund	Pension Trust Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,831,808	\$ 4,480,875	\$ 7,312,683
Investments, at fair value:			
U.S. government securities	2,194,084	27,038,855	29,232,939
U.S. agency securities	521,702	6,429,205	6,950,907
Corporate obligations	1,186,256	14,618,868	15,805,124
Foreign corporate obligations	193,527	2,384,932	2,578,459
Mortgage-backed funds	225,199	2,775,252	3,000,451
Domestic equity mutual funds/ collective trust funds	7,889,118	97,221,773	105,110,891
Emerging market mutual funds	1,700,251	20,953,087	22,653,338
International equity mutual funds	1,688,172	20,804,239	22,492,411
Real estate investment trust	404,106	4,980,014	5,384,120
Real estate pooled separate account	508,820	6,270,460	6,779,280
<b>Receivables:</b>			
Sale of investments	24,370	300,320	324,690
Interest and dividends	27,460	338,405	365,865
Employer contributions	-	18,655	18,655
Other	123,523	4,969	128,492
<b>Total assets</b>	<b>19,518,396</b>	<b>208,619,909</b>	<b>228,138,305</b>
<b>Liabilities</b>			
Accounts payable	180,672	115,407	296,079
Benefits payable	17,697	1,247,593	1,265,290
Purchase of investments	287,318	3,540,772	3,828,090
<b>Total liabilities</b>	<b>485,687</b>	<b>4,903,772</b>	<b>5,389,459</b>
<b>Net position</b>			
Restricted for:			
Employees' pension benefits	-	203,716,137	203,716,137
Other postemployment benefits	19,032,709	-	19,032,709
<b>Total net position</b>	<b>\$ 19,032,709</b>	<b>\$ 203,716,137</b>	<b>\$ 222,748,846</b>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### Combining Statement of Changes in Fiduciary Net Position

	Retiree Health Care Trust Fund	Pension Trust Fund	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 6,094,446	\$ 782,613	\$ 6,877,059
Employees	-	7,991	7,991
<b>Total contributions</b>	<b>6,094,446</b>	<b>790,604</b>	<b>6,885,050</b>
Investment earnings (loss):			
Net depreciation in fair value of investments	(1,796,946)	(21,460,387)	(23,257,333)
Income on mutual funds	377,269	4,698,525	5,075,794
Interest and dividends	138,546	1,519,865	1,658,411
Income on real estate pooled separate account	19,105	237,930	257,035
<b>Total investment loss</b>	<b>(1,262,026)</b>	<b>(15,004,067)</b>	<b>(16,266,093)</b>
Investment expense	(68,460)	(863,992)	(932,452)
<b>Net investment loss</b>	<b>(1,330,486)</b>	<b>(15,868,059)</b>	<b>(17,198,545)</b>
<b>Total additions (net of investment losses)</b>	<b>4,763,960</b>	<b>(15,077,455)</b>	<b>(10,313,495)</b>
<b>Deductions</b>			
Benefit payments	3,114,845	9,119,760	12,234,605
Administrative expenses	229,694	316,553	546,247
<b>Total deductions</b>	<b>3,344,539</b>	<b>9,436,313</b>	<b>12,780,852</b>
<b>Change in net position</b>	<b>1,419,421</b>	<b>(24,513,768)</b>	<b>(23,094,347)</b>
<b>Net position, beginning of year</b>	<b>17,613,288</b>	<b>228,229,905</b>	<b>245,843,193</b>
<b>Net position, end of year</b>	<b>\$ 19,032,709</b>	<b>\$ 203,716,137</b>	<b>\$ 222,748,846</b>

## 12. 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 \$150,000 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.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

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 \$200,000 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.

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:				
2017	\$ 666,278	\$ (166,147)	\$ (82,958)	\$ 417,173
2018	417,173	171,096	(95,694)	492,575
Workers' compensation:				
2017	867,237	436,979	(371,012)	933,204
2018	933,204	259,861	(222,563)	970,502
Employee health and medical:				
2017	523,833	7,605,231	(7,577,671)	551,393
2018	551,393	7,565,482	(7,405,893)	710,982
Employee dental:				
2017	28,442	633,379	(629,369)	32,452
2018	32,452	557,538	(558,485)	31,505

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.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### 13. 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
2019	\$ 282,981
2020	275,181
2021	241,900
2022	44,045
2023	27,817
2024-2028	170,612
2029-2033	131,688
2034-2035	50,320
	<u>\$ 1,224,544</u>

#### *Lease Commitments*

The County leases several facilities and equipment under non-cancelable agreements that have been classified as operating leases. Total cost for such leases were \$291,749 in 2018. The future minimum lease payments for these leases consist of the following:

Year Ended December 31,	Amount
2019	\$ 212,725
2020	333,348
2021	328,544
2022	321,341
2023	315,867
2024-2028	1,619,522
2029-2033	1,941,000
2034-2038	1,714,550
	<u>\$ 6,786,897</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

Included with the facility leases is a building at 400 Bryant in Kalamazoo. On August 2, 2017, an amendment was entered into in which the County provided advance funding of \$5 million related to this lease agreement. This advance funding reduced each of the monthly lease payments through the termination of the lease (May 2038). Amounts exceeding the advance funding amount are included in the future minimum lease payments noted above. Additionally, a \$5 million letter of credit exists related to this advance funding.

### 14. 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 2018 as a result of industrial facilities tax exemptions (IFT's) 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 \$423,670 in reduced county tax revenues for 2018.

### 15. 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.

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.

COUNTY OF KALAMAZOO, MICHIGAN

Notes to Financial Statements

16. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Law Enforcement	Senior Millage	General County Public Improvement	Nonmajor Governmental Funds	Total
<b>Nonspendable</b>						
Inventories	\$ 16,526	\$ -	\$ -	\$ -	\$ 1,622	\$ 18,148
Prepays	906,574	280	-	-	34,604	941,458
Long-term advances	226,641	-	-	-	-	226,641
<b>Total nonspendable</b>	<b>1,149,741</b>	<b>280</b>	<b>-</b>	<b>-</b>	<b>36,226</b>	<b>1,186,247</b>
<b>Restricted</b>						
Budget stabilization	2,500,000	-	-	-	-	2,500,000
Law enforcement	-	249,038	-	-	-	249,038
Senior millage	-	-	217	-	-	217
Register of deeds automation	-	-	-	-	761,576	761,576
Community development	-	-	-	-	216,605	216,605
Accommodation tax	-	-	-	-	1,067,707	1,067,707
Grant programs	-	-	-	-	1,679,917	1,679,917
Concealed pistol license	-	-	-	-	211,681	211,681
Debt services	-	-	-	-	292,691	292,691
<b>Total restricted</b>	<b>2,500,000</b>	<b>249,038</b>	<b>217</b>	<b>-</b>	<b>4,230,177</b>	<b>6,979,432</b>
<b>Committed</b>						
Capital projects	2,487,991	-	-	-	-	2,487,991
Social welfare	4,023	-	-	-	-	4,023
Community training disaster recovery	40,000	-	-	-	-	40,000
<b>Total committed</b>	<b>2,532,014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,532,014</b>
<b>Assigned</b>						
Capital projects	-	-	-	21,219,717	-	21,219,717
Grant programs	-	-	-	-	59,387	59,387
<b>Total assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,219,717</b>	<b>59,387</b>	<b>21,279,104</b>
<b>Unassigned</b>						
	27,203,921	-	-	-	-	27,203,921
<b>Total fund balances, governmental funds</b>	<b>\$ 33,385,676</b>	<b>\$ 249,318</b>	<b>\$ 217</b>	<b>\$ 21,219,717</b>	<b>\$ 4,325,790</b>	<b>\$ 59,180,718</b>

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Financial Statements

### 17. NET INVESTMENT IN CAPITAL ASSETS

The composition of the County's net investment in capital assets as of December 31, 2018, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 6,670,550	\$ 9,307,176
Capital assets being depreciated, net	<u>83,574,082</u>	<u>41,723,784</u>
	<u>90,244,632</u>	<u>51,030,960</u>
Related debt:		
Total installment debt	20,235,000	9,460,000
Net bond premium/discount	2,693,913	394,776
Deferred charge on refunding	(185,521)	(310,673)
Bonds payable related to capital leases	-	(5,530,000)
Bond premiums related to capital leases	-	(126,827)
	<u>22,743,392</u>	<u>3,887,276</u>
Net investment in capital assets	<u>\$ 67,501,240</u>	<u>\$ 47,143,684</u>

### 18. RESTATEMENT

The CMH & Substance Abuse Services and Central County Transportation Authority component units adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. As a result of this change, beginning net position of the CMH & Substance Abuse Services and Central County Transportation Authority component units were decreased by \$1,450,517 and \$7,801,309, respectively.



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## 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	2017	2018
Total pension liability					
Service cost	\$ 3,629,274	\$ 3,339,511	\$ 3,449,662	\$ 3,502,608	\$ 3,584,907
Interest on total pension liability	11,540,803	11,895,347	12,251,457	12,514,402	13,019,964
Difference between expected and actual experience	-	(2,986,458)	(949,324)	1,388,645	1,248,982
Assumption changes	-	2,164,854	-	-	5,298,105
Benefit payments	(11,408,049)	(9,187,843)	(10,252,492)	(12,292,215)	(9,119,760)
Net change in total pension liability	3,762,028	5,225,411	4,499,303	5,113,440	14,032,198
Total pension liability, beginning of year	157,766,754	161,528,782	166,754,193	171,253,496	176,366,936
Total pension liability, end of year	161,528,782	166,754,193	171,253,496	176,366,936	190,399,134
Plan fiduciary net position					
Employer contributions	1,985,340	1,320,723	1,464,540	1,212,943	782,613
Employee contributions	-	4,500	-	47,754	7,991
Net investment income (loss)	13,528,275	(3,399,365)	23,448,619	32,317,005	(15,868,059)
Benefit payments	(11,408,049)	(9,187,843)	(10,252,492)	(12,292,215)	(9,119,760)
Administrative expense	(252,272)	(345,891)	(303,990)	(313,277)	(316,553)
Net change in plan fiduciary net position	3,853,294	(11,607,876)	14,356,677	20,972,210	(24,513,768)
Plan fiduciary net position, beginning of year	200,655,600	204,508,894	192,901,018	207,257,695	228,229,905
Plan fiduciary net position, end of year	204,508,894	192,901,018	207,257,695	228,229,905	203,716,137
Net pension asset	\$ (42,980,112)	\$ (26,146,825)	\$ (36,004,199)	\$ (51,862,969)	\$ (13,317,003)
Plan fiduciary net position as a percentage of total pension liability	126.61%	115.68%	121.02%	129.41%	106.99%
Covered payroll <sup>(1)</sup>	\$ 41,180,449	\$ 41,152,336	\$ 43,438,087	\$ 45,624,833	\$ 47,753,851
Net pension asset as a percentage of covered payroll	-104.37%	-63.54%	-82.89%	-113.67%	-27.89%

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

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

<sup>(1)</sup> 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

Total Plan						
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 <sup>(1)</sup> 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%
2017	176,366,936	228,229,905	(51,862,969)	129.41%	45,624,833	-113.67%
2018	190,399,134	203,716,137	(13,317,003)	106.99%	47,753,851	-27.89%

County						
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 <sup>(1)</sup> Payroll	Net Pension Asset as Percentage of Covered Payroll
2014	\$ 105,940,267	\$ 134,129,203	\$ (28,188,936)	126.61%	\$ 28,124,717	-100.23%
2015	125,235,731	144,872,519	(19,636,788)	115.68%	29,100,398	-67.48%
2016	127,779,083	154,643,257	(26,864,174)	121.02%	30,382,053	-88.42%
2017	130,049,452	168,292,168	(38,242,716)	129.41%	31,090,984	-123.00%
2018	140,055,699	149,851,553	(9,795,854)	106.99%	32,319,766	-30.31%

Road Commission						
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 <sup>(1)</sup> Payroll	Net Pension Asset as Percentage of Covered Payroll
2014	\$ -	\$ -	\$ -	0.00%	\$ 2,222,722	0.00%
2015	11,962,951	13,838,725	(1,875,774)	115.68%	2,042,092	-91.86%
2016	12,093,922	14,636,538	(2,542,616)	121.02%	2,403,555	-105.79%
2017	12,186,955	15,770,686	(3,583,731)	129.41%	2,700,098	-132.73%
2018	13,607,826	14,559,592	(951,766)	106.99%	2,897,844	-32.84%

CMH						
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 <sup>(1)</sup> Payroll	Net Pension Asset as Percentage of Covered Payroll
2014	\$ 55,588,515	\$ 70,379,691	\$ (14,791,176)	126.61%	\$ 10,833,010	-136.54%
2015	29,555,511	34,189,774	(4,634,263)	115.68%	10,009,846	-46.30%
2016	31,380,491	37,977,900	(6,597,409)	121.02%	10,652,479	-61.93%
2017	34,130,529	44,167,051	(10,036,522)	129.41%	11,833,751	-84.81%
2018	36,735,609	39,304,992	(2,569,383)	106.99%	12,536,241	-20.50%

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

<sup>(1)</sup> Valuation payroll as of the previous year ended December 31

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information  
Employees' Retirement System

Schedule of Contributions

Total Plan					
Year Ended December 31,	Actuarially <sup>(2)</sup> Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered <sup>(1)</sup> 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%
2017	1,212,943	1,212,943	-	45,624,833	2.66%
2018	782,613	782,613	-	47,753,851	1.64%

County					
Year Ended December 31,	Actuarially <sup>(2)</sup> Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered <sup>(1)</sup> Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ 1,302,099	\$ 1,302,099	\$ -	\$ 28,124,717	4.63%
2015	843,226	843,226	-	29,100,398	2.90%
2016	949,476	949,476	-	30,382,053	3.13%
2017	662,427	662,427	-	31,090,984	2.13%
2018	424,057	424,057	-	32,319,766	1.31%

Road Commission					
Year Ended December 31,	Actuarially <sup>(2)</sup> Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered <sup>(1)</sup> Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ -	\$ -	\$ -	\$ 2,222,722	0.00%
2015	-	-	-	2,042,092	0.00%
2016	-	-	-	2,403,555	0.00%
2017	-	-	-	2,700,098	0.00%
2018	-	-	-	2,897,844	0.00%

CMH					
Year Ended December 31,	Actuarially <sup>(2)</sup> Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered <sup>(1)</sup> Payroll	Actual Contribution as Percentage of Covered Payroll
2014	\$ 683,241	\$ 683,241	\$ -	\$ 10,833,010	6.31%
2015	477,497	477,497	-	10,009,846	4.77%
2016	515,064	515,064	-	10,652,479	4.84%
2017	550,516	550,516	-	11,833,751	4.65%
2018	358,556	358,556	-	12,536,241	2.86%

<sup>(1)</sup> Valuation payroll as of the previous year ended December 31

<sup>(2)</sup> 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.

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## COUNTY OF KALAMAZOO, MICHIGAN

### Required Supplementary Information Employees' Retirement System

#### 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	3.50%
Salary increases (including inflation):	
County	3.50% to 7.50%
Road commission	3.50% to 7.23%
Authority	4.00% to 5.50%
Investment rate of return	7.50% 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 an experience study of the period 2009 - 2013.
Mortality	RP-2000 mortality combined healthy tables, projected 20 years with U.S. Projection Scale BB.

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

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COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information  
Employees' Retirement System

Schedule of Investment Returns

Year Ended December 31,	Annual <sup>(1)</sup> Return
2014	6.87%
2015	-1.71%
2016	13.21%
2017	17.02%
2018	-7.08%

<sup>(1)</sup> 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  
Total Plan

### Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,	
	2017	2018
Total OPEB liability		
Service cost	\$ 560,834	\$ 530,375
Interest on total OPEB liability	4,485,283	4,675,342
Changes in benefits	1,003,146	-
Difference between expected and actual experience	(471,099)	(10,978,729)
Assumptions changes	-	5,884,457
Benefit payments	(2,942,769)	(3,114,845)
Net change in total OPEB liability	<u>2,635,395</u>	<u>(3,003,400)</u>
Total OPEB liability, beginning of year	<u>60,994,738</u>	<u>63,630,133</u>
Total OPEB liability, end of year	<u>63,630,133</u>	<u>60,626,733</u>
Plan fiduciary net position		
Employer contributions	5,769,169	6,094,446
Net investment income (loss)	2,053,018	(1,330,486)
Benefit payments	(2,942,769)	(3,114,845)
Administrative expense	(148,818)	(229,694)
Net change in plan fiduciary net position	<u>4,730,600</u>	<u>1,419,421</u>
Plan fiduciary net position, beginning of year	<u>12,882,688</u>	<u>17,613,288</u>
Plan fiduciary net position, end of year	<u>17,613,288</u>	<u>19,032,709</u>
Net OPEB liability	<u>\$ 46,016,845</u>	<u>\$ 41,594,024</u>
Plan fiduciary net position as a percentage of total OPEB liability	27.68%	31.39%
Covered payroll	<u>\$ 41,683,200</u>	<u>\$ 40,653,266</u>
Net OPEB liability as a percentage of covered payroll	110.40%	102.31%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

# COUNTY OF KALAMAZOO, MICHIGAN

## Required Supplementary Information Retiree Health Care Trust - Kalamazoo County Government County

### Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,	
	2017	2018
Total OPEB liability		
Service cost	\$ 430,095	\$ 429,901
Interest on total OPEB liability	3,883,245	4,045,398
Changes in benefits	1,003,146	-
Difference between expected and actual experience	(779,859)	(9,073,498)
Assumptions changes	-	5,148,593
Benefit payments	(2,183,504)	(2,565,480)
Net change in total OPEB liability	2,353,123	(2,015,086)
Total OPEB liability, beginning of year	52,653,309	55,006,432
Total OPEB liability, end of year	55,006,432	52,991,346
Plan fiduciary net position		
Employer contributions	5,261,320	5,707,497
Net investment income (loss)	1,333,253	(1,001,897)
Benefit payments	(2,183,504)	(2,565,480)
Administrative expense	(122,895)	(182,286)
Net change in plan fiduciary net position	4,288,174	1,957,834
Plan fiduciary net position, beginning of year	8,086,209	12,374,383
Plan fiduciary net position, end of year	12,374,383	14,332,217
Net OPEB liability	\$ 42,632,049	\$ 38,659,129
Plan fiduciary net position as a percentage of total OPEB liability	22.50%	27.05%
Covered payroll	\$ 33,982,319	\$ 33,626,921
Net OPEB liability as a percentage of covered payroll	125.45%	114.96%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

# COUNTY OF KALAMAZOO, MICHIGAN

## Required Supplementary Information

Retiree Health Care Trust - Kalamazoo County Government  
Road Commission

### Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,	
	2017	2018
Total OPEB liability		
Service cost	\$ 48,263	\$ 33,294
Interest on total OPEB liability	245,204	253,077
Difference between expected and actual experience	(67,989)	(723,172)
Assumptions changes	-	291,860
Benefit payments	(133,161)	(92,870)
Net change in total OPEB liability	92,317	(237,811)
Total OPEB liability, beginning of year	3,311,831	3,404,148
Total OPEB liability, end of year	3,404,148	3,166,337
Plan fiduciary net position		
Employer contributions	297,957	211,297
Net investment income (loss)	211,945	(136,921)
Benefit payments	(133,161)	(92,870)
Administrative expense	(9,581)	(20,280)
Net change in plan fiduciary net position	367,160	(38,774)
Plan fiduciary net position, beginning of year	1,630,282	1,997,442
Plan fiduciary net position, end of year	1,997,442	1,958,668
Net OPEB liability	\$ 1,406,706	\$ 1,207,669
Plan fiduciary net position as a percentage of total OPEB liability	58.68%	61.86%
Covered payroll	\$ 1,921,362	\$ 1,663,500
Net OPEB liability as a percentage of covered payroll	73.21%	72.60%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

# COUNTY OF KALAMAZOO, MICHIGAN

## Required Supplementary Information

Retiree Health Care Trust - Kalamazoo County Government  
CMH

### Schedule of Changes in Net OPEB Liability and Related Ratios

	Year Ended December 31,	
	2017	2018
Total OPEB liability		
Service cost	\$ 82,476	\$ 67,180
Interest on total OPEB liability	356,834	376,867
Difference between expected and actual experience	376,749	(1,182,059)
Assumptions changes	-	444,004
Benefit payments	(626,104)	(456,495)
Net change in total OPEB liability	189,955	(750,503)
Total OPEB liability, beginning of year	5,029,598	5,219,553
Total OPEB liability, end of year	5,219,553	4,469,050
Plan fiduciary net position		
Employer contributions	209,892	175,652
Net investment income (loss)	507,820	(191,668)
Benefit payments	(626,104)	(456,495)
Administrative expense	(16,342)	(27,128)
Net change in plan fiduciary net position	75,266	(499,639)
Plan fiduciary net position, beginning of year	3,166,197	3,241,463
Plan fiduciary net position, end of year	3,241,463	2,741,824
Net OPEB liability	\$ 1,978,090	\$ 1,727,226
Plan fiduciary net position as a percentage of total OPEB liability	62.10%	61.35%
Covered payroll	\$ 5,779,519	\$ 5,362,845
Net OPEB liability as a percentage of covered payroll	34.23%	32.21%

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2018 assumption changes resulted from a change in the discount rate from 7.50% to 7.25%.

COUNTY OF KALAMAZOO, MICHIGAN

Required Supplementary Information  
Retiree Health Care Trust - Kalamazoo County Government

Schedule of Net OPEB Liability

Total Plan						
Year Ended December 31,	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 63,630,133	\$ 17,613,288	\$ 46,016,845	27.68%	\$ 41,683,200	110.40%
2018	60,626,733	19,032,709	41,594,024	31.39%	40,653,266	102.31%

County						
Year Ended December 31,	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 55,006,432	\$ 12,374,383	\$ 42,632,049	22.50%	\$ 33,982,319	125.45%
2018	52,991,346	14,332,217	38,659,129	27.05%	33,626,921	114.96%

Road Commission						
Year Ended December 31,	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 3,404,148	\$ 1,997,442	\$ 1,406,706	58.68%	\$ 1,921,362	73.21%
2018	3,166,337	1,958,668	1,207,669	61.86%	1,663,500	72.60%

CMH						
Year Ended December 31,	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 5,219,553	\$ 3,241,463	\$ 1,978,090	62.10%	\$ 5,779,519	34.23%
2018	4,469,050	2,741,824	1,727,226	61.35%	5,362,845	32.21%

Note: GASB 74 was implemented in 2017. 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 Contributions

Total Plan					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2017	\$ 5,131,036	\$ 5,769,169	\$ (638,133)	\$ 41,683,200	13.84%
2018	3,573,709	6,094,446	(2,520,737)	40,653,266	14.99%

County					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2017	\$ 4,722,640	\$ 5,261,320	\$ (538,680)	\$ 33,982,319	15.48%
2018	3,292,072	5,707,497	(2,415,425)	33,626,921	16.97%

Road Commission					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2017	\$ 179,423	\$ 297,957	\$ (118,534)	\$ 1,921,362	15.51%
2018	125,066	211,297	(86,231)	1,663,500	12.70%

CMH					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2017	\$ 228,973	\$ 209,892	\$ 19,081	\$ 5,779,519	3.63%
2018	156,571	175,652	(19,081)	5,362,845	3.28%

continued...

## COUNTY OF KALAMAZOO, MICHIGAN

### Required Supplementary Information

#### Retiree Health Care Trust - Kalamazoo County Government

##### Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end 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	
County	Level dollar for General, closed period; Level percentage for FOP, closed period
Road commission	Level dollar, closed period
Authority	Level dollar, closed period
Remaining amortization period	
County	24 years for General; 29 years for FOP
Road commission	26 years
Authority	24 years
Asset valuation method	Market value assets
Inflation	3.5%
Salary increases (including inflation):	
County	3.50% to 7.50%
Road commission	3.50% to 7.23%
Authority	3.50% to 5.50%
Investment rate of return	7.5% net of OPEB plan expenses
Retirement age	Age-based or service-based table of rates that are specific to the type of eligibility conditions.
Mortality	RP-2000 mortality combined healthy tables, projected 20 years with U.S. Projection Scale BB.
Healthcare cost trend rates	Initial trend of 9.00% gradually decreasing to 3.50%
Excise tax	No load was applied in connection with the "Cadillac" tax
Aging factors	Based on an internal actuary study using several pricing manuals from National Health Care Consultant Groups and incorporating analysis and data from a Society of Actuaries survey regarding aging practices used in health care valuations.

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

concluded

# COUNTY OF KALAMAZOO, MICHIGAN

## Required Supplementary Information Retiree Health Care Trust - Kalamazoo County Government

### Schedule of Investment Returns

Year Ended December 31,	Annual (1) Return
2017	15.58%
2018	-11.91%

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

Note: GASB 74 was implemented in 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

**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 Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
<b>Taxes:</b>				
Property	\$ 39,360,400	\$ 39,360,400	\$39,322,069	\$ (38,331)
Treasurer	85,000	85,000	99,942	14,942
Trailer	-	25,000	23,446	(1,554)
<b>Total taxes</b>	<b>39,445,400</b>	<b>39,470,400</b>	<b>39,445,457</b>	<b>(24,943)</b>
<b>Licenses and permits:</b>				
County clerk / register of deeds	10,000	10,000	8,920	(1,080)
Animal services and enforcement	529,000	529,000	538,825	9,825
Treasurer	14,000	14,000	14,661	661
Soil erosion & sedimentation control	35,000	35,000	43,725	8,725
Medical examiner	85,000	85,000	85,858	858
<b>Total licenses and permits</b>	<b>673,000</b>	<b>673,000</b>	<b>691,989</b>	<b>18,989</b>
<b>Intergovernmental:</b>				
<b>Federal grants:</b>				
Sheriff	11,000	6,500	26,247	19,747
Emergency management	33,500	33,500	29,510	(3,990)
Prosecuting attorney	3,800	3,800	1,069	(2,731)
<b>State grants:</b>				
State revenue sharing	5,239,500	5,239,500	5,292,086	52,586
State stabilization sharing	1,778,000	1,778,000	1,596,391	(181,609)
State court fund distribution	1,200,000	1,200,000	1,310,324	110,324
Convention and tourism	1,307,600	1,307,600	1,304,487	(3,113)
Elections	1,000	1,000	-	(1,000)
Friend of the court	244,000	244,000	133,192	(110,808)
Circuit court trial division	183,000	183,000	182,896	(104)
Circuit court family division	328,000	328,000	358,609	30,609
District court	361,900	361,900	333,836	(28,064)
Prosecuting attorney	463,200	463,200	257,485	(205,715)
Probate court	140,000	140,000	156,526	16,526
Sheriff	15,000	-	-	-
County clerk / register of deeds	2,500	2,500	2,165	(335)
<b>Local unit contributions:</b>				
Sheriff	2,156,400	2,128,400	2,309,073	180,673
Veterans affairs	4,100	4,100	4,445	345
<b>Total intergovernmental</b>	<b>13,472,500</b>	<b>13,425,000</b>	<b>13,298,341</b>	<b>(126,659)</b>

continued...

# COUNTY OF KALAMAZOO, MICHIGAN

## Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (continued)				
Charges for services:				
Circuit court administration	\$ 683,800	\$ 561,600	\$ 587,346	\$ 25,746
District court	1,956,400	1,956,400	1,525,533	(430,867)
Friend of the court	190,000	190,000	176,838	(13,162)
Probate court	69,400	69,400	73,674	4,274
Elections	151,100	151,100	196,280	45,180
Identification program	10,000	10,000	15,188	5,188
Animal services and enforcement	78,000	78,000	80,409	2,409
County clerk / register of deeds	2,412,400	2,412,400	2,663,889	251,489
Equalization	-	-	2,000	2,000
Human resources	100	100	560	460
Prosecuting attorney	29,900	29,900	16,391	(13,509)
Treasurer	61,100	47,100	46,101	(999)
Buildings & grounds	-	-	2,195	2,195
Drain commissioner	1,600	1,600	2,725	1,125
Sheriff	903,000	1,069,300	1,499,286	429,986
HCS administration	2,700	42,900	39,832	(3,068)
MSU extension	9,500	9,500	9,500	-
Planning	2,000	2,000	1,605	(395)
Total charges for services	<u>6,561,000</u>	<u>6,631,300</u>	<u>6,939,352</u>	<u>308,052</u>
Fines and forfeitures:				
Circuit court administration	30,000	30,000	44,048	14,048
District court	1,380,000	1,580,000	1,072,232	(507,768)
Animal control	-	-	35	35
Treasurer	200	200	140	(60)
Soil erosion & sedimentation control	500	500	-	(500)
Total fines and forfeitures	<u>1,410,700</u>	<u>1,610,700</u>	<u>1,116,455</u>	<u>(494,245)</u>
Investment earnings	<u>625,400</u>	<u>666,400</u>	<u>762,612</u>	<u>96,212</u>
Contributions and reimbursements:				
Non department revenue	-	-	12,867	12,867
Identification program	-	-	628	628
Sheriff	-	-	50	50
Animal services and enforcement	1,500	1,500	930	(570)
Soldiers & sailors relief	-	-	1,654	1,654
Resource development	-	-	925	925
Treasurer	-	40,000	40,000	-
MSU extension	5,000	5,000	5,000	-
Total contributions and reimbursements	<u>6,500</u>	<u>46,500</u>	<u>62,054</u>	<u>15,554</u>

continued...

# COUNTY OF KALAMAZOO, MICHIGAN

## Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Other:				
Non department revenue	\$ -	\$ -	\$ 8,719	\$ 8,719
Circuit court administration	-	-	585	585
District court	-	-	(772)	(772)
Probate court	3,000	3,000	50	(2,950)
Family counseling services	26,600	26,600	23,910	(2,690)
County clerk / register of deeds	1,000	1,000	217	(783)
Finance	98,500	98,500	111,841	13,341
Central service cost recovery	864,400	864,400	1,194,071	329,671
Prosecuting attorney	1,500	1,500	(2,177)	(3,677)
Treasurer	2,100	100	98	(2)
Sheriff	245,500	219,200	237,667	18,467
Animal services and enforcement	-	-	129	129
Veteran's affairs	-	-	201	201
Emergency management	-	(400)	(386)	14
Total other	<u>1,242,600</u>	<u>1,213,900</u>	<u>1,574,153</u>	<u>360,253</u>
Total revenues	<u>63,437,100</u>	<u>63,737,200</u>	<u>63,890,413</u>	<u>153,213</u>
Expenditures				
Current:				
General government:				
Board of commissioners	208,400	227,600	222,331	(5,269)
County administration	693,400	726,500	712,695	(13,805)
Communications	72,100	59,200	56,083	(3,117)
Legal services	287,400	228,800	219,378	(9,422)
Elections	446,100	456,700	380,197	(76,503)
County identification program	51,900	50,800	47,127	(3,673)
County clerk / register of deeds	738,000	674,700	652,243	(22,457)
Finance	1,005,800	1,256,500	1,208,518	(47,982)
Equalization	497,100	501,300	490,555	(10,745)
Fringe benefits, temporary	1,023,800	1,101,300	1,083,038	(18,262)
Information systems	981,800	1,101,900	1,087,579	(14,321)
Treasurer	1,116,400	1,218,400	1,232,903	14,503
Buildings & grounds	2,785,500	2,808,600	2,715,340	(93,260)
Utilities	1,375,800	1,375,800	1,236,262	(139,538)
Security	606,300	608,200	574,292	(33,908)
Total general government	<u>11,889,800</u>	<u>12,396,300</u>	<u>11,918,541</u>	<u>(477,759)</u>

continued...

# COUNTY OF KALAMAZOO, MICHIGAN

## Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued)</b>				
<b>Current (continued):</b>				
<b>Public safety:</b>				
Sheriff	\$ 17,703,800	\$ 18,069,300	\$ 17,865,391	\$ (203,909)
Animal services and enforcement	680,200	691,100	670,077	(21,023)
Emergency management	227,400	211,600	212,293	693
Adult probation	50,700	50,700	39,607	(11,093)
<b>Total public safety</b>	<b>18,662,100</b>	<b>19,022,700</b>	<b>18,787,368</b>	<b>(235,332)</b>
<b>Public works:</b>				
Contractual services	321,400	321,900	283,080	(38,820)
Contractual temp employees	86,700	84,600	82,780	(1,820)
<b>Total public works</b>	<b>408,100</b>	<b>406,500</b>	<b>365,860</b>	<b>(40,640)</b>
<b>Health and welfare:</b>				
HCS administration	1,217,600	904,000	890,347	(13,653)
Public housing	125,000	125,000	125,000	-
Circuit court family division	899,100	891,300	897,085	5,785
Veterans affairs	188,200	180,800	170,751	(10,049)
Advertising	568,600	593,600	593,431	(169)
Veterans burial	15,000	16,500	16,200	(300)
Soldiers & sailors relief	35,000	48,000	34,617	(13,383)
<b>Appropriations to:</b>				
Community mental health	2,271,800	2,271,800	2,270,244	(1,556)
Social services	-	6,800	2,876	(3,924)
<b>Total health and welfare</b>	<b>5,320,300</b>	<b>5,037,800</b>	<b>5,000,551</b>	<b>(37,249)</b>
<b>Judicial:</b>				
Circuit court administration	5,561,300	5,393,100	5,312,499	(80,601)
Circuit court trial division	458,100	452,500	456,306	3,806
District court	4,493,500	4,756,000	4,512,072	(243,928)
Prosecuting attorney	2,334,500	2,160,800	2,145,790	(15,010)
Jury board	3,300	2,400	3,947	1,547
Probate court	934,600	895,900	901,605	5,705
<b>Total judicial</b>	<b>13,785,300</b>	<b>13,660,700</b>	<b>13,332,219</b>	<b>(328,481)</b>
<b>Community and economic development:</b>				
Planning	252,900	223,000	184,575	(38,425)
MSU extension	313,500	307,800	298,355	(9,445)
Appropriation to SW Michigan First	75,000	75,000	75,000	-
<b>Total community and economic development</b>	<b>641,400</b>	<b>605,800</b>	<b>557,930</b>	<b>(47,870)</b>

continued...

# COUNTY OF KALAMAZOO, MICHIGAN

## Detailed Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Other:				
Contingency	\$ 100,500	\$ 60,500	\$ -	\$ (60,500)
Restricted reserve	495,400	2,271,100	2,271,038	(62)
At-large drains	53,000	64,000	63,099	(901)
Insurance	20,000	20,000	6,752	(13,248)
Strategic issues	72,000	62,000	61,133	(867)
Total other	<u>740,900</u>	<u>2,477,600</u>	<u>2,402,022</u>	<u>(75,578)</u>
Capital outlay	<u>951,000</u>	<u>1,368,100</u>	<u>1,173,281</u>	<u>(194,819)</u>
Total expenditures	<u>52,398,900</u>	<u>54,975,500</u>	<u>53,537,772</u>	<u>(1,437,728)</u>
Revenues over expenditures	<u>11,038,200</u>	<u>8,761,700</u>	<u>10,352,641</u>	<u>1,590,941</u>
Other financing sources (uses)				
Transfers in	2,124,900	2,126,400	2,366,530	240,130
Transfers out	(13,163,100)	(12,950,200)	(12,160,920)	(789,280)
Proceeds from sale of capital assets	-	-	66,988	66,988
Total other financing uses	<u>(11,038,200)</u>	<u>(10,823,800)</u>	<u>(9,727,402)</u>	<u>(1,096,398)</u>
Net change in fund balance	-	(2,062,100)	625,239	2,687,339
Fund balance, beginning of year	<u>32,760,437</u>	<u>32,760,437</u>	<u>32,760,437</u>	-
Fund balance, end of year	<u>\$ 32,760,437</u>	<u>\$ 30,698,337</u>	<u>\$ 33,385,676</u>	<u>\$ 2,687,339</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.

*Indigent Defense Fund* - accounts for state grant revenue and local share contributions to provide indigent defendants in criminal cases with effective assistance of counsel.

#### 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.

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COUNTY OF KALAMAZOO, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 December 31, 2018

	Special Revenue Funds				
	Parks	Health	Capital Outlay Special Grants	Friend of the Court	Justice Special Grants
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 127,071	\$ 730	\$ -	\$ -
Investments	-	-	750,000	-	-
Receivables, net:					
Accounts	103,856	85,889	14,545	-	94,572
Taxes	-	-	-	-	-
Due from other governments	-	213,901	130	622,240	393,419
Accrued interest	-	-	1,493	-	-
Inventories	1,167	-	-	455	-
Prepays	1,507	80	-	-	133
<b>Total assets</b>	<b>\$ 106,530</b>	<b>\$ 426,941</b>	<b>\$ 766,898</b>	<b>\$ 622,695</b>	<b>\$ 488,124</b>
<b>Liabilities</b>					
Negative equity in pooled cash and cash equivalents	\$ 62,131	\$ -	\$ -	\$ 538,183	\$ 310,225
Accounts payable	16,942	77,087	4,180	15,802	73,756
Accrued liabilities	19,314	81,995	1,142	68,255	31,170
Due to other governments	-	216,670	-	-	125
Deposits payable	5,469	-	-	-	-
Unearned revenue	-	51,109	-	-	55,980
<b>Total liabilities</b>	<b>103,856</b>	<b>426,861</b>	<b>5,322</b>	<b>622,240</b>	<b>471,256</b>
<b>Deferred inflows of resources</b>					
Property taxes levied for subsequent period	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>					
Nonspendable	2,674	80	-	455	133
Restricted	-	-	761,576	-	-
Assigned	-	-	-	-	16,735
<b>Total fund balances</b>	<b>2,674</b>	<b>80</b>	<b>761,576</b>	<b>455</b>	<b>16,868</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 106,530</b>	<b>\$ 426,941</b>	<b>\$ 766,898</b>	<b>\$ 622,695</b>	<b>\$ 488,124</b>

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
\$ 31,815	\$ -	\$ 298,809	\$ 1,169,839	\$ 1,160,584	\$ 212,357	\$ -
-	-	-	-	-	-	-
-	29,318	-	164,412	298,634	-	-
-	-	758,987	-	-	-	-
58,727	472,247	-	-	235,529	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	885	-	-
<u>\$ 90,542</u>	<u>\$ 501,565</u>	<u>\$ 1,057,796</u>	<u>\$ 1,334,251</u>	<u>\$ 1,695,632</u>	<u>\$ 212,357</u>	<u>\$ -</u>
\$ -	\$ 185,841	\$ -	\$ -	\$ -	\$ -	\$ -
90,300	119,637	-	266,544	367,669	-	-
-	64,720	-	-	4,363	676	-
-	59,899	-	-	21,176	-	-
-	71	-	-	-	-	-
-	71,397	-	-	121,889	-	-
<u>90,300</u>	<u>501,565</u>	<u>-</u>	<u>266,544</u>	<u>515,097</u>	<u>676</u>	<u>-</u>
-	-	840,521	-	-	-	-
-	-	670	-	-	-	-
-	-	841,191	-	-	-	-
-	-	-	-	885	-	-
242	-	216,605	1,067,707	1,179,650	211,681	-
-	-	-	-	-	-	-
<u>242</u>	<u>-</u>	<u>216,605</u>	<u>1,067,707</u>	<u>1,180,535</u>	<u>211,681</u>	<u>-</u>
<u>\$ 90,542</u>	<u>\$ 501,565</u>	<u>\$ 1,057,796</u>	<u>\$ 1,334,251</u>	<u>\$ 1,695,632</u>	<u>\$ 212,357</u>	<u>\$ -</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 December 31, 2018

	Special Revenue Funds				
	Area Agency on Aging	Child Care	Community Healthy Start Grant	HIV/AIDS Consortium	Community Corrections
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 383,357
Investments	-	-	-	-	-
Receivables, net:					
Accounts	6,210	3,322	30,044	-	-
Taxes	-	-	-	-	-
Due from other governments	433,280	1,540,689	94,271	-	170,338
Accrued interest	-	-	-	-	-
Inventories	-	-	-	-	-
Prepays	-	-	-	-	-
<b>Total assets</b>	<u>\$ 439,490</u>	<u>\$ 1,544,011</u>	<u>\$ 124,315</u>	<u>\$ -</u>	<u>\$ 553,695</u>
<b>Liabilities</b>					
Negative equity in pooled cash and cash equivalents	\$ 239,761	\$ 751,657	\$ 100,953	\$ -	\$ -
Accounts payable	186,320	551,949	6,530	-	19,306
Accrued liabilities	5,246	127,767	14,314	-	20,632
Due to other governments	-	69,986	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenue	8,163	-	2,518	-	13,732
<b>Total liabilities</b>	<u>439,490</u>	<u>1,501,359</u>	<u>124,315</u>	<u>-</u>	<u>53,670</u>
<b>Deferred inflows of resources</b>					
Property taxes levied for subsequent period	-	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	500,025
Assigned	-	42,652	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>42,652</u>	<u>-</u>	<u>-</u>	<u>500,025</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 439,490</u>	<u>\$ 1,544,011</u>	<u>\$ 124,315</u>	<u>\$ -</u>	<u>\$ 553,695</u>

Special Revenue Fund	Debt Service Funds		
Indigent Defense	2007 Juvenile Home Bond	2011 Expo Center Improvements	Total
\$ 1,237,278	\$ 155,462	\$ -	\$ 4,777,302
579,318	291,719	-	1,621,037
-	-	-	830,802
-	1,427,357	-	2,186,344
-	-	-	4,234,771
-	-	-	1,493
-	-	-	1,622
31,999	-	-	34,604
<u>\$ 1,848,595</u>	<u>\$ 1,874,538</u>	<u>\$ -</u>	<u>\$ 13,687,975</u>

\$ -	\$ -	\$ -	\$ 2,188,751
146,183	-	-	1,942,205
-	-	-	439,594
-	-	-	367,856
-	-	-	5,540
1,670,413	-	-	1,995,201
<u>1,816,596</u>	<u>-</u>	<u>-</u>	<u>6,939,147</u>

-	1,577,450	-	2,417,971
-	4,397	-	5,067
<u>-</u>	<u>1,581,847</u>	<u>-</u>	<u>2,423,038</u>

31,999	-	-	36,226
-	292,691	-	4,230,177
-	-	-	59,387
<u>31,999</u>	<u>292,691</u>	<u>-</u>	<u>4,325,790</u>

<u>\$ 1,848,595</u>	<u>\$ 1,874,538</u>	<u>\$ -</u>	<u>\$ 13,687,975</u>
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concluded

COUNTY OF KALAMAZOO, MICHIGAN

**Combining Statement of Revenues, Expenditures  
and Change in Fund Balances - Nonmajor Governmental Funds  
For the Year Ended December 31, 2018**

	Special Revenue Funds				
	Parks	Health	Capital Outlay Special Grants	Friend of the Court	Justice Special Grants
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	698,452	-	-	-
Intergovernmental	-	1,983,329	130	2,228,428	1,867,352
Charges for services	1,226,658	847,236	198,945	78,964	67,297
Investment earnings	-	-	3,679	-	-
Contributions, grants and reimbursements	128,232	33,848	75,988	-	138,939
Other	12,428	1,000	-	12	-
<b>Total revenues</b>	<b>1,367,318</b>	<b>3,563,865</b>	<b>278,742</b>	<b>2,307,404</b>	<b>2,073,588</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	5,040,397	-	-	-
Cultural and recreation	1,547,671	-	-	-	-
Judicial	-	-	-	3,276,544	2,243,952
Community and economic development	-	-	307,268	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	117,811	-	-
<b>Total expenditures</b>	<b>1,547,671</b>	<b>5,040,397</b>	<b>425,079</b>	<b>3,276,544</b>	<b>2,243,952</b>
<b>Revenues over (under) expenditures</b>	<b>(180,353)</b>	<b>(1,476,532)</b>	<b>(146,337)</b>	<b>(969,140)</b>	<b>(170,364)</b>
<b>Other financing sources (uses)</b>					
Transfers in	180,352	1,415,355	10,089	929,929	184,403
Transfers out	(3,121)	-	-	-	(24,246)
<b>Total other financing sources (uses)</b>	<b>177,231</b>	<b>1,415,355</b>	<b>10,089</b>	<b>929,929</b>	<b>160,157</b>
<b>Net change in fund balances</b>	<b>(3,122)</b>	<b>(61,177)</b>	<b>(136,248)</b>	<b>(39,211)</b>	<b>(10,207)</b>
<b>Fund balances, beginning of year</b>	<b>5,796</b>	<b>61,257</b>	<b>897,824</b>	<b>39,666</b>	<b>27,075</b>
<b>Fund balances, end of year</b>	<b>\$ 2,674</b>	<b>\$ 80</b>	<b>\$ 761,576</b>	<b>\$ 455</b>	<b>\$ 16,868</b>

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
\$ -	\$ -	\$ 819,435	\$ 3,068,301	\$ -	\$ -	\$ -
-	-	-	-	-	83,176	-
97,914	5,523,901	-	-	1,006,660	-	-
-	67,585	-	-	1,175,084	-	-
-	-	-	-	-	-	-
-	156,924	-	-	31,879	-	-
-	-	-	-	22,035	1,010	6,500
97,914	5,748,410	819,435	3,068,301	2,235,658	84,186	6,500
97,914	-	-	-	-	-	-
-	-	-	-	1,771,481	33,981	-
155	-	-	-	-	-	-
-	6,074,929	811,062	-	28,659	-	-
-	-	-	2,289,785	-	-	-
-	-	-	-	2,446	-	68,815
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	117,666	-	-
98,069	6,074,929	811,062	2,289,785	1,920,252	33,981	68,815
(155)	(326,519)	8,373	778,516	315,406	50,205	(62,315)
-	326,522	-	-	69,022	-	62,315
-	(1,030,835)	-	(526,148)	(176,787)	-	-
-	(704,313)	-	(526,148)	(107,765)	-	62,315
(155)	(1,030,832)	8,373	252,368	207,641	50,205	-
397	1,030,832	208,232	815,339	972,894	161,476	-
\$ 242	\$ -	\$ 216,605	\$ 1,067,707	\$ 1,180,535	\$ 211,681	\$ -

continued...

COUNTY OF KALAMAZOO, MICHIGAN

**Combining Statement of Revenues, Expenditures  
and Change in Fund Balances - Nonmajor Governmental Funds  
For the Year Ended December 31, 2018**

	Special Revenue Funds				
	Area Agency on Aging	Child Care	Community Healthy Start Grant	HIV/AIDS Consortium	Community Corrections
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	1,465,372	5,407,493	764,121	-	670,563
Charges for services	20,350	148,943	-	-	524,910
Investment earnings	-	-	-	-	-
Contributions, grants and reimbursements	10,075	14,119	179,013	-	-
Other	-	14	-	-	-
<b>Total revenues</b>	<b>1,495,797</b>	<b>5,570,569</b>	<b>943,134</b>	<b>-</b>	<b>1,195,473</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	1,091,811
Public works	-	-	-	-	-
Health and welfare	1,694,044	9,973,784	943,135	-	-
Cultural and recreation	-	-	-	-	-
Judicial	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>1,694,044</b>	<b>9,973,784</b>	<b>943,135</b>	<b>-</b>	<b>1,091,811</b>
<b>Revenues over (under) expenditures</b>	<b>(198,247)</b>	<b>(4,403,215)</b>	<b>(1)</b>	<b>-</b>	<b>103,662</b>
<b>Other financing sources (uses)</b>					
Transfers in	201,795	4,433,926	-	-	-
Transfers out	(7,748)	-	(19,104)	(37,071)	-
<b>Total other financing sources (uses)</b>	<b>194,047</b>	<b>4,433,926</b>	<b>(19,104)</b>	<b>(37,071)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,200)</b>	<b>30,711</b>	<b>(19,105)</b>	<b>(37,071)</b>	<b>103,662</b>
<b>Fund balances, beginning of year</b>	<b>4,200</b>	<b>11,941</b>	<b>19,105</b>	<b>37,071</b>	<b>396,363</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 42,652</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,025</b>

Special Revenue Fund	Debt Service Funds		
Indigent Defense	2007 Juvenile Home Bond	2011 Expo Center Improvements	Total
\$ -	\$ 1,767,482	\$ -	\$ 5,655,218
-	-	-	781,628
-	186,279	-	21,201,542
33,990	-	-	4,389,962
1,830	8,191	-	13,700
-	-	-	769,017
-	-	-	42,999
<u>35,820</u>	<u>1,961,952</u>	<u>-</u>	<u>32,854,066</u>
-	-	-	97,914
493,698	-	-	3,390,971
-	-	-	155
-	-	-	24,566,010
-	-	-	3,837,456
-	-	-	5,591,757
-	-	-	307,268
-	850,000	195,000	1,045,000
-	894,200	59,707	953,907
-	-	-	235,477
<u>493,698</u>	<u>1,744,200</u>	<u>254,707</u>	<u>40,025,915</u>
<u>(457,878)</u>	<u>217,752</u>	<u>(254,707)</u>	<u>(7,171,849)</u>
489,877	-	254,707	8,558,292
-	-	-	(1,825,060)
<u>489,877</u>	<u>-</u>	<u>254,707</u>	<u>6,733,232</u>
31,999	217,752	-	(438,617)
-	74,939	-	4,764,407
<u>\$ 31,999</u>	<u>\$ 292,691</u>	<u>\$ -</u>	<u>\$ 4,325,790</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2018

	Parks			Health		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	664,300	698,452	34,152
Intergovernmental	-	-	-	1,915,300	1,983,329	68,029
Charges for services	1,174,100	1,226,658	52,558	822,700	847,236	24,536
Investment earnings	11,800	-	(11,800)	-	-	-
Contributions, grants and reimbursements	167,600	128,232	(39,368)	38,800	33,848	(4,952)
Other	24,300	12,428	(11,872)	1,000	1,000	-
<b>Total revenues</b>	<b>1,377,800</b>	<b>1,367,318</b>	<b>(10,482)</b>	<b>3,442,100</b>	<b>3,563,865</b>	<b>121,765</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	5,325,200	5,040,397	(284,803)
Cultural and recreation	1,740,300	1,547,671	(192,629)	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,740,300</b>	<b>1,547,671</b>	<b>(192,629)</b>	<b>5,325,200</b>	<b>5,040,397</b>	<b>(284,803)</b>
Revenues over (under) expenditures	(362,500)	(180,353)	182,147	(1,883,100)	(1,476,532)	406,568
<b>Other financing sources (uses)</b>						
Transfers in	362,500	180,352	(182,148)	1,883,100	1,415,355	(467,745)
Transfers out	-	(3,121)	3,121	-	-	-
<b>Total other financing sources (uses)</b>	<b>362,500</b>	<b>177,231</b>	<b>(185,269)</b>	<b>1,883,100</b>	<b>1,415,355</b>	<b>(467,745)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(3,122)</b>	<b>(3,122)</b>	<b>-</b>	<b>(61,177)</b>	<b>(61,177)</b>
Fund balances, beginning of year	5,796	5,796	-	61,257	61,257	-
<b>Fund balances, end of year</b>	<b>\$ 5,796</b>	<b>\$ 2,674</b>	<b>\$ (3,122)</b>	<b>\$ 61,257</b>	<b>\$ 80</b>	<b>\$ (61,177)</b>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	130	130	2,220,000	2,228,428	8,428	1,925,400	1,867,352	(58,048)
225,000	198,945	(26,055)	79,600	78,964	(636)	50,900	67,297	16,397
-	3,679	3,679	-	-	-	-	-	-
157,100	75,988	(81,112)	-	-	-	145,600	138,939	(6,661)
-	-	-	-	12	12	488,800	-	(488,800)
<u>382,100</u>	<u>278,742</u>	<u>(103,358)</u>	<u>2,299,600</u>	<u>2,307,404</u>	<u>7,804</u>	<u>2,610,700</u>	<u>2,073,588</u>	<u>(537,112)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3,411,900	3,276,544	(135,356)	2,830,800	2,243,952	(586,848)
422,000	307,268	(114,732)	-	-	-	-	-	-
352,300	117,811	(234,489)	-	-	-	-	-	-
<u>774,300</u>	<u>425,079</u>	<u>(349,221)</u>	<u>3,411,900</u>	<u>3,276,544</u>	<u>(135,356)</u>	<u>2,830,800</u>	<u>2,243,952</u>	<u>(586,848)</u>
<u>(392,200)</u>	<u>(146,337)</u>	<u>245,863</u>	<u>(1,112,300)</u>	<u>(969,140)</u>	<u>143,160</u>	<u>(220,100)</u>	<u>(170,364)</u>	<u>49,736</u>
20,200	10,089	(10,111)	1,112,300	929,929	(182,371)	220,100	184,403	(35,697)
-	-	-	-	-	-	-	(24,246)	24,246
<u>20,200</u>	<u>10,089</u>	<u>(10,111)</u>	<u>1,112,300</u>	<u>929,929</u>	<u>(182,371)</u>	<u>220,100</u>	<u>160,157</u>	<u>(59,943)</u>
<u>(372,000)</u>	<u>(136,248)</u>	<u>235,752</u>	<u>-</u>	<u>(39,211)</u>	<u>(39,211)</u>	<u>-</u>	<u>(10,207)</u>	<u>(10,207)</u>
<u>897,824</u>	<u>897,824</u>	<u>-</u>	<u>39,666</u>	<u>39,666</u>	<u>-</u>	<u>27,075</u>	<u>27,075</u>	<u>-</u>
<u>\$ 525,824</u>	<u>\$ 761,576</u>	<u>\$ 235,752</u>	<u>\$ 39,666</u>	<u>\$ 455</u>	<u>\$ (39,211)</u>	<u>\$ 27,075</u>	<u>\$ 16,868</u>	<u>\$ (10,207)</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2018

	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
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	98,100	97,914	(186)	5,884,747	5,523,901	(360,846)
Charges for services	-	-	-	81,150	67,585	(13,565)
Investment earnings	-	-	-	-	-	-
Contributions, grants and reimbursements	-	-	-	132,700	156,924	24,224
Other	-	-	-	1,162,107	-	(1,162,107)
<b>Total revenues</b>	<b>98,100</b>	<b>97,914</b>	<b>(186)</b>	<b>7,260,704</b>	<b>5,748,410</b>	<b>(1,512,294)</b>
<b>Expenditures</b>						
Current:						
General government	98,100	97,914	(186)	-	-	-
Public safety	-	-	-	-	-	-
Public works	397	155	(242)	-	-	-
Health and welfare	-	-	-	7,222,700	6,074,929	(1,147,771)
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>98,497</b>	<b>98,069</b>	<b>(428)</b>	<b>7,222,700</b>	<b>6,074,929</b>	<b>(1,147,771)</b>
Revenues over (under) expenditures	(397)	(155)	242	38,004	(326,519)	(364,523)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	327,896	326,522	(1,374)
Transfers out	-	-	-	(365,900)	(1,030,835)	664,935
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,004)</b>	<b>(704,313)</b>	<b>(666,309)</b>
<b>Net change in fund balances</b>	<b>(397)</b>	<b>(155)</b>	<b>242</b>	<b>-</b>	<b>(1,030,832)</b>	<b>(1,030,832)</b>
Fund balances, beginning of year	397	397	-	1,030,832	1,030,832	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 242</b>	<b>\$ 242</b>	<b>\$ 1,030,832</b>	<b>\$ -</b>	<b>\$(1,030,832)</b>

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
\$ 817,100	\$ 819,435	\$ 2,335	\$ 2,741,500	\$ 3,068,301	\$ 326,801	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	708,600	1,006,660	298,060
-	-	-	-	-	-	1,182,900	1,175,084	(7,816)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	20,000	31,879	11,879
-	-	-	-	-	-	414,800	22,035	(392,765)
<u>817,100</u>	<u>819,435</u>	<u>2,335</u>	<u>2,741,500</u>	<u>3,068,301</u>	<u>326,801</u>	<u>2,326,300</u>	<u>2,235,658</u>	<u>(90,642)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,037,000	1,771,481	(265,519)
-	-	-	-	-	-	-	-	-
817,100	811,062	(6,038)	-	-	-	-	28,659	28,659
-	-	-	2,033,100	2,289,785	256,685	-	-	-
-	-	-	-	-	-	2,500	2,446	(54)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	168,600	117,666	(50,934)
<u>817,100</u>	<u>811,062</u>	<u>(6,038)</u>	<u>2,033,100</u>	<u>2,289,785</u>	<u>256,685</u>	<u>2,208,100</u>	<u>1,920,252</u>	<u>(287,848)</u>
-	8,373	8,373	708,400	778,516	70,116	118,200	315,406	197,206
-	-	-	-	-	-	-	69,022	69,022
-	-	-	(708,400)	(526,148)	(182,252)	(143,000)	(176,787)	33,787
-	-	-	(708,400)	(526,148)	(182,252)	(143,000)	(107,765)	35,235
-	8,373	8,373	-	252,368	252,368	(24,800)	207,641	232,441
208,232	208,232	-	815,339	815,339	-	972,894	972,894	-
<u>\$ 208,232</u>	<u>\$ 216,605</u>	<u>\$ 8,373</u>	<u>\$ 815,339</u>	<u>\$ 1,067,707</u>	<u>\$ 252,368</u>	<u>\$ 948,094</u>	<u>\$ 1,180,535</u>	<u>\$ 232,441</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2018

	Concealed Pistol Licensing			Law Library		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	65,000	83,176	18,176	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Contributions, grants and reimbursements	-	-	-	-	-	-
Other	-	1,010	1,010	6,500	6,500	-
<b>Total revenues</b>	<b>65,000</b>	<b>84,186</b>	<b>19,186</b>	<b>6,500</b>	<b>6,500</b>	<b>-</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	65,000	33,981	(31,019)	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	68,900	68,815	(85)
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>65,000</b>	<b>33,981</b>	<b>(31,019)</b>	<b>68,900</b>	<b>68,815</b>	<b>(85)</b>
Revenues over (under) expenditures	-	50,205	50,205	(62,400)	(62,315)	85
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	62,400	62,315	(85)
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,400</b>	<b>62,315</b>	<b>(85)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>50,205</b>	<b>50,205</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	161,476	161,476	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 161,476</b>	<b>\$ 211,681</b>	<b>\$ 50,205</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Area Agency on Aging			Child Care			Community Healthy Start Grant		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
1,525,082	1,465,372	(59,710)	5,493,600	5,407,493	(86,107)	859,999	764,121	(95,878)
22,729	20,350	(2,379)	130,500	148,943	18,443	-	-	-
-	-	-	-	-	-	-	-	-
21,195	10,075	(11,120)	10,000	14,119	4,119	215,034	179,013	(36,021)
-	-	-	500	14	(486)	-	-	-
<u>1,569,006</u>	<u>1,495,797</u>	<u>(73,209)</u>	<u>5,634,600</u>	<u>5,570,569</u>	<u>(64,031)</u>	<u>1,075,033</u>	<u>943,134</u>	<u>(131,899)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,764,700	1,694,044	(70,656)	10,052,800	9,973,784	(79,016)	1,075,033	943,135	(131,898)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,764,700</u>	<u>1,694,044</u>	<u>(70,656)</u>	<u>10,052,800</u>	<u>9,973,784</u>	<u>(79,016)</u>	<u>1,075,033</u>	<u>943,135</u>	<u>(131,898)</u>
<u>(195,694)</u>	<u>(198,247)</u>	<u>(2,553)</u>	<u>(4,418,200)</u>	<u>(4,403,215)</u>	<u>14,985</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
197,979	201,795	3,816	4,418,200	4,433,926	15,726	-	-	-
(2,285)	(7,748)	5,463	-	-	-	-	(19,104)	19,104
<u>195,694</u>	<u>194,047</u>	<u>(1,647)</u>	<u>4,418,200</u>	<u>4,433,926</u>	<u>15,726</u>	<u>-</u>	<u>(19,104)</u>	<u>(19,104)</u>
-	(4,200)	(4,200)	-	30,711	30,711	-	(19,105)	(19,105)
4,200	4,200	-	11,941	11,941	-	19,105	19,105	-
<u>\$ 4,200</u>	<u>\$ -</u>	<u>\$ (4,200)</u>	<u>\$ 11,941</u>	<u>\$ 42,652</u>	<u>\$ 30,711</u>	<u>\$ 19,105</u>	<u>\$ -</u>	<u>\$ (19,105)</u>

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COUNTY OF KALAMAZOO, MICHIGAN

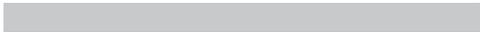
Schedule of Revenues, Expenditures and Change in Fund Balances

Budget and Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2018

	HIV / AIDS Consortium			Community Corrections		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	504,700	670,563	165,863
Charges for services	-	-	-	431,700	524,910	93,210
Investment earnings	-	-	-	-	-	-
Contributions, grants and reimbursements	-	-	-	-	-	-
Other	37,100	-	(37,100)	46,800	-	(46,800)
<b>Total revenues</b>	<b>37,100</b>	<b>-</b>	<b>(37,100)</b>	<b>983,200</b>	<b>1,195,473</b>	<b>212,273</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	983,200	1,091,811	108,611
Public works	-	-	-	-	-	-
Health and welfare	37,100	-	(37,100)	-	-	-
Cultural and recreation	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>37,100</b>	<b>-</b>	<b>(37,100)</b>	<b>983,200</b>	<b>1,091,811</b>	<b>108,611</b>
Revenues over (under) expenditures	-	-	-	-	103,662	103,662
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(37,071)	37,071	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(37,071)</b>	<b>(37,071)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(37,071)</b>	<b>(37,071)</b>	<b>-</b>	<b>103,662</b>	<b>103,662</b>
Fund balances, beginning of year	37,071	37,071	-	396,363	396,363	-
<b>Fund balances, end of year</b>	<b>\$ 37,071</b>	<b>\$ -</b>	<b>\$ (37,071)</b>	<b>\$ 396,363</b>	<b>\$ 500,025</b>	<b>\$ 103,662</b>



Indigent Defense		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
27,500	33,990	6,490
-	1,830	1,830
-	-	-
-	-	-
<u>27,500</u>	<u>35,820</u>	<u>8,320</u>
-	-	-
391,900	493,698	101,798
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>391,900</u>	<u>493,698</u>	<u>101,798</u>
<u>(364,400)</u>	<u>(457,878)</u>	<u>(93,478)</u>
364,400	489,877	125,477
-	-	-
<u>364,400</u>	<u>489,877</u>	<u>125,477</u>
-	31,999	31,999
-	-	-
<u>\$ -</u>	<u>\$ 31,999</u>	<u>\$ 31,999</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.

*Alcott 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, 2018

	Employee Benefits	Technology	Alcott Facility	Central Stores
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 3,047,404	\$ 427,750	\$ 30,910	\$ 66,308
Investments	5,820,470	-	-	-
Receivables, net:				
Accounts	385,484	-	-	111
Due from other governments	-	277	3,051	-
Accrued interest	67,771	-	-	-
Inventories	-	1,433	607	103,765
Prepays	416,182	96,933	4,854,167	-
Total current assets	<u>9,737,311</u>	<u>526,393</u>	<u>4,888,735</u>	<u>170,184</u>
Noncurrent assets -				
Capital assets being depreciated, net	<u>12,476</u>	<u>582,412</u>	<u>974,386</u>	<u>27,978</u>
Total assets	<u>9,749,787</u>	<u>1,108,805</u>	<u>5,863,121</u>	<u>198,162</u>
<b>Liabilities</b>				
Current liabilities:				
Negative equity in cash and cash equivalents	-	-	-	-
Accounts payable	178,046	17,914	18,513	48,734
Accrued liabilities	179,030	4,842	6,495	2,634
Deposits payable	52,611	-	-	9,214
Current portion of long-term debt	1,107	10,600	11,995	5,727
Total current liabilities	<u>410,794</u>	<u>33,356</u>	<u>37,003</u>	<u>66,309</u>
Noncurrent liabilities, net of current portion:				
Claims payable	1,712,989	-	-	-
Long-term debt	-	693	12,491	-
Total noncurrent liabilities	<u>1,712,989</u>	<u>693</u>	<u>12,491</u>	<u>-</u>
Total liabilities	<u>2,123,783</u>	<u>34,049</u>	<u>49,494</u>	<u>66,309</u>
<b>Net position</b>				
Investment in capital assets	12,476	582,412	974,386	27,978
Unrestricted	<u>7,613,528</u>	<u>492,344</u>	<u>4,839,241</u>	<u>103,875</u>
Total net position	<u>\$ 7,626,004</u>	<u>\$ 1,074,756</u>	<u>\$ 5,813,627</u>	<u>\$ 131,853</u>

HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 26,006	\$ 82,778	\$ -	\$ 3,681,156
-	-	-	5,820,470
-	-	624,145	1,009,740
-	-	-	3,328
-	-	-	67,771
-	-	-	105,805
-	-	460,278	5,827,560
<u>26,006</u>	<u>82,778</u>	<u>1,084,423</u>	<u>16,515,830</u>
-	-	-	1,597,252
<u>26,006</u>	<u>82,778</u>	<u>1,084,423</u>	<u>18,113,082</u>
-	-	491,848	491,848
-	-	100,000	363,207
26,006	-	-	219,007
-	-	-	61,825
-	-	-	29,429
<u>26,006</u>	<u>-</u>	<u>591,848</u>	<u>1,165,316</u>
-	-	492,575	2,205,564
-	-	-	13,184
-	-	<u>492,575</u>	<u>2,218,748</u>
<u>26,006</u>	<u>-</u>	<u>1,084,423</u>	<u>3,384,064</u>
-	-	-	1,597,252
-	<u>82,778</u>	-	<u>13,131,766</u>
<u>\$ -</u>	<u>\$ 82,778</u>	<u>\$ -</u>	<u>\$ 14,729,018</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Combining Statement of Revenues, Expenditures and Change in Fund Net Position Internal Service Funds For the Year Ended December 31, 2018

	Employee Benefits	Technology	Alcott Facility	Central Stores
Operating revenues				
Charges for services	\$ 22,223,344	\$ 719,747	\$ 697,538	\$ 822,138
Operating expenses				
Salaries and fringes	65,416	208,197	345,277	108,566
Supplies and other operating expenses	134,597	427,234	560,370	742,809
Depreciation	24,951	197,602	60,561	5,317
Insurance benefits and claims	22,567,311	-	-	-
Total operating expenses	22,792,275	833,033	966,208	856,692
Operating income (loss)	(568,931)	(113,286)	(268,670)	(34,554)
Nonoperating revenues (expenses)				
Investment earnings	72,812	-	-	-
Loss on sale of capital assets	-	-	(70,118)	-
Total nonoperating revenues (expenses)	72,812	-	(70,118)	-
Income (loss) before transfers	(496,119)	(113,286)	(338,788)	(34,554)
Transfers in	-	-	1,085,510	-
Transfers out	-	-	(266,258)	-
Change in net position	(496,119)	(113,286)	480,464	(34,554)
Net position, beginning of year	8,122,123	1,188,042	5,333,163	166,407
Net position, end of year	\$ 7,626,004	\$ 1,074,756	\$ 5,813,627	\$ 131,853



HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 1,073,999	\$ 44,623	\$ -	\$ 25,581,389
1,012,955	-	-	1,740,411
61,044	-	-	1,926,054
-	-	-	288,431
-	-	590,999	23,158,310
1,073,999	-	590,999	27,113,206
-	44,623	(590,999)	(1,531,817)
-	-	14,380	87,192
-	-	-	(70,118)
-	-	14,380	17,074
-	44,623	(576,619)	(1,514,743)
-	-	576,619	1,662,129
-	-	-	(266,258)
-	44,623	-	(118,872)
-	38,155	-	14,847,890
\$ -	\$ 82,778	\$ -	\$ 14,729,018

# COUNTY OF KALAMAZOO, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2018

	Employee Benefits	Technology	Alcott Facility	Central Stores
Cash flows from operating activities				
Receipts from customers and users	\$ 22,204,966	\$ 719,470	\$ 699,530	\$ 822,358
Payments to vendors	(134,597)	(414,820)	(415,740)	(729,489)
Payments for personnel services	(41,072)	(206,066)	(348,953)	(107,998)
Benefit payments	(22,502,840)	-	-	-
Net cash provided by (used in) operating activities	(473,543)	98,584	(65,163)	(15,129)
Cash flows from noncapital financing activities				
Transfers from other funds	-	-	1,085,510	-
Transfers to other funds	-	-	(266,258)	-
Net cash flows provided by noncapital financing activities	-	-	819,252	-
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(246,394)	(1,000,208)	(31,087)
Cash flows from investing activities				
Sale of investments	2,573,049	-	-	-
Interest received on investments	72,812	-	-	-
Net cash provided by investing activities	2,645,861	-	-	-
Net increase (decrease) in cash and cash equivalents	2,172,318	(147,810)	(246,119)	(46,216)
Cash and cash equivalents, beginning of year	875,086	575,560	277,029	112,524
Cash and cash equivalents, end of year	\$ 3,047,404	\$ 427,750	\$ 30,910	\$ 66,308
Classification on the combining statement of net position				
Cash and cash equivalents	\$ 3,047,404	\$ 427,750	\$ 30,910	\$ 66,308
Negative equity in cash and cash equivalents	-	-	-	-
	\$ 3,047,404	\$ 427,750	\$ 30,910	\$ 66,308



HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ 1,073,999	\$ 44,623	\$ -	\$ 25,564,946
(61,044)	-	-	(1,755,690)
(1,004,405)	-	-	(1,708,494)
-	-	(552,098)	(23,054,938)
<u>8,550</u>	<u>44,623</u>	<u>(552,098)</u>	<u>(954,176)</u>
-	-	576,619	1,662,129
-	-	-	(266,258)
-	-	576,619	1,395,871
-	-	-	(1,277,689)
-	-	-	2,573,049
-	-	14,380	87,192
-	-	14,380	2,660,241
8,550	44,623	38,901	1,824,247
<u>17,456</u>	<u>38,155</u>	<u>(530,749)</u>	<u>1,365,061</u>
<u>\$ 26,006</u>	<u>\$ 82,778</u>	<u>\$ (491,848)</u>	<u>\$ 3,189,308</u>
\$ 26,006	\$ 82,778	\$ -	\$ 3,681,156
-	-	(491,848)	(491,848)
<u>\$ 26,006</u>	<u>\$ 82,778</u>	<u>\$ (491,848)</u>	<u>\$ 3,189,308</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Cash Flows  
 Internal Service Funds  
 For the Year Ended December 31, 2018

	Employee Benefits	Technology	Alcott Facility	Central Stores
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (568,931)	\$ (113,286)	\$ (268,670)	\$ (34,554)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	24,951	197,602	60,561	5,317
Change in:				
Accounts receivable	8,530	-	-	220
Accrued interest receivable	(26,908)	-	1,992	-
Due from other governments	-	(277)	(3,051)	-
Inventories	-	2,663	555	(6,154)
Prepays	(73,021)	1,144	156,250	-
Accounts payable	(59,734)	8,607	(9,124)	18,455
Accrued liabilities	23,237	941	(1,303)	686
Deposits payable	1,286	-	-	1,019
Claims payable	195,940	-	-	-
Compensated absences	1,107	1,190	(2,373)	(118)
Net cash provided by (used in) operating activities	<u>\$ (473,543)</u>	<u>\$ 98,584</u>	<u>\$ (65,163)</u>	<u>\$ (15,129)</u>



HSD Personnel Pool	Local Site Remediation Revolving Fund	Insurance	Total
\$ -	\$ 44,623	\$ (590,999)	\$ (1,531,817)
-	-	-	288,431
-	-	(624,145)	(615,395)
-	-	-	(24,916)
-	-	-	(3,328)
-	-	-	(2,936)
-	-	487,644	572,017
-	-	100,000	58,204
8,550	-	-	32,111
-	-	-	2,305
-	-	75,402	271,342
-	-	-	(194)
<u>\$ 8,550</u>	<u>\$ 44,623</u>	<u>\$ (552,098)</u>	<u>\$ (954,176)</u>

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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, 2018

	Trust and Agency	Library Trust	Inmate's Trust	Drain Performance Bond	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 2,351,412	\$ 169,849	\$ 72,687	\$ 39,261	\$ 2,633,209
<b>Liabilities</b>					
Due to other governments	\$ 39,776	\$ -	\$ -	\$ -	\$ 39,776
Undistributed collections	2,311,636	169,849	72,687	39,261	2,593,433
<b>Total liabilities</b>	\$ 2,351,412	\$ 169,849	\$ 72,687	\$ 39,261	\$ 2,633,209

COUNTY OF KALAMAZOO, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<i>Trust and Agency Fund</i>				
Assets				
Cash and cash equivalents	\$ 3,585,228	\$ 195,818,082	\$ (197,051,898)	\$ 2,351,412
Liabilities				
Due to other governments	\$ 77,859	\$ 11,790,883	\$ (11,828,966)	\$ 39,776
Undistributed collections	3,507,369	184,027,199	(185,222,932)	2,311,636
Total liabilities	\$ 3,585,228	\$ 195,818,082	\$ (197,051,898)	\$ 2,351,412
<i>Library Trust</i>				
Assets				
Cash and cash equivalents	\$ 149,198	\$ 619,522	\$ (598,871)	\$ 169,849
Liabilities				
Undistributed collections	\$ 149,198	\$ 619,522	\$ (598,871)	\$ 169,849
<i>Inmate's Trust</i>				
Assets				
Cash and cash equivalents	\$ 105,520	\$ 1,993,559	\$ (2,026,392)	\$ 72,687
Liabilities				
Undistributed collections	\$ 105,520	\$ 1,993,559	\$ (2,026,392)	\$ 72,687
<i>Drain Performance Bond</i>				
Assets				
Cash and cash equivalents	\$ 39,503	\$ 9,958	\$ (10,200)	\$ 39,261
Liabilities				
Undistributed collections	\$ 39,503	\$ 9,958	\$ (10,200)	\$ 39,261
<i>Total All Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ 3,879,449	\$ 198,441,121	\$ (199,687,361)	\$ 2,633,209
Liabilities				
Due to other governments	\$ 77,859	\$ 11,790,883	\$ (11,828,966)	\$ 39,776
Undistributed collections	3,801,590	186,650,238	(187,858,395)	2,593,433
Total liabilities	\$ 3,879,449	\$ 198,441,121	\$ (199,687,361)	\$ 2,633,209

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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, 2018

### Assets

Cash and cash equivalents	\$ 506,478
Restricted cash	718,331
Accounts receivable	456,135
Special assessments receivable	<u>2,686,552</u>

### Total assets

\$ 4,367,496

### Liabilities

Accounts payable	\$ 230,297
Advance from primary government	<u>226,641</u>

### Total liabilities

456,938

### Deferred inflows of resources

Unavailable revenue - special assessment receivable	<u>2,574,629</u>
---	------------------

### Fund balance

Restricted for debt service	718,331
Unassigned	<u>617,598</u>

### Total fund balance

1,335,929

### Total liabilities, deferred inflows of resources and fund balance

\$ 4,367,496

# COUNTY OF KALAMAZOO, MICHIGAN

## Reconciliation

Fund Balance of Governmental Fund  
to Net Position of Component Unit  
Drainage Districts Component Unit  
December 31, 2018

Fund balance - governmental fund	\$ 1,335,929
Amounts reported for <i>component unit</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 being depreciated, net	5,482,924
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	2,574,629
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 Accrued interest on long-term debt	(2,017,800) <u>(24,179)</u>
Net position of component unit	<u>\$ 7,351,503</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Statement of Revenues, Expenditures

and Change in Fund Balance

Drainage Districts Component Unit

For the Year Ended December 31, 2018

Revenues	
Other	\$ 504,964
Interest	52
	<hr/>
Total revenues	505,016
	<hr/>
Expenditures	
Current:	
Public works	436,052
Debt service:	
Principal	659,706
Interest expense	1,138
	<hr/>
Total expenditures	1,096,896
	<hr/>
Revenues under expenditures	(591,880)
Other financing sources	
Issuance of long-term debt	555,000
	<hr/>
Change in fund balance	(36,880)
Fund balance, beginning of year	1,372,809
	<hr/>
Fund balance, end of year	\$ 1,335,929
	<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, 2018

Net change in fund balance - governmental fund \$ (36,880)

Amounts reported for *component unit* 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	144,029
Depreciation expense	(138,767)
Loss on sale of capital assets	(190,674)

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	205,118
---	---------

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	659,706
Issuance of long-term debt	(555,000)

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	1,805
--	-------

Change in net position of governmental activities	<u>\$ 89,337</u>
---	------------------

# COUNTY OF KALAMAZOO, MICHIGAN

## Balance Sheet

Lake Level Component Unit

December 31, 2018

	Lake Level Fund
Assets	
Cash and cash equivalents	\$ 33,269
Liabilities	
Accounts payable	88
Fund balance	
Unassigned	33,181
Total liabilities and fund balance	\$ 33,269

# COUNTY OF KALAMAZOO, MICHIGAN

## Statement of Revenues, Expenditures and Change in Fund Balance Lake Level Component Unit For the Year Ended December 31, 2018

	Lake Level Fund
Revenues	
Other	\$ 242
Expenditures	
Capital outlay	<u>1,900</u>
Change in fund balance	(1,658)
Fund balance, beginning of year	<u>34,839</u>
Fund balance, end of year	<u><u>\$ 33,181</u></u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Balance Sheet

Brownfield Redevelopment Authority Component Unit

December 31, 2018

Assets	
Cash and cash equivalents	\$ 655,956
Accounts receivable	482,887
Due from other governments	<u>72,237</u>
Total assets	<u>\$ 1,211,080</u>
Liabilities	
Accounts payable	\$ 541,418
Deferred inflows of resources	
Property taxes levied for subsequent period	431,082
Fund balance	
Unassigned	<u>238,580</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,211,080</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Reconciliation

Fund Balance of Governmental Fund  
to Net Position of Component Unit  
Brownfield Redevelopment Authority Component Unit  
December 31, 2018

Fund balance - governmental fund	\$	238,580
----------------------------------	----	---------

Amounts reported for *component unit* 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>88,580</u></u>
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# COUNTY OF KALAMAZOO, MICHIGAN

## Statement of Revenues, Expenditures and Change in Fund Balance Brownfield Redevelopment Authority Component Unit For the Year Ended December 31, 2018

Revenues	
Taxes	\$ 995,240
Charges for services	2,480
Intergovernmental	<u>231,365</u>
Total revenues	1,229,085
Expenditures	
Current -	
Community and economic development	<u>1,022,293</u>
Change in fund balance	206,792
Fund balance, beginning of year	<u>31,788</u>
Fund balance, end of year	<u><u>\$ 238,580</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, 2018

Net change in fund balance - governmental fund	<u>\$ 206,792</u>
Change in net position of governmental activities	<u><u>\$ 206,792</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.	180
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.	190
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.	196
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.	202
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.	206

# COUNTY OF KALAMAZOO, MICHIGAN

## Net Position By Component Last Ten Fiscal Years

	2018	2017	2016	2015
<b>Governmental activities</b>				
Net investment in capital assets	\$ 67,501,240	\$ 66,358,000	\$ 67,512,686	\$ 60,182,534
Restricted	31,190,162	34,422,473	32,393,370	22,862,531
Unrestricted	22,064,271	18,886,165	34,649,904	41,640,330
<b>Total governmental activities</b>	<b>\$ 120,755,673</b>	<b>\$ 119,666,638</b>	<b>\$ 134,555,960</b>	<b>\$ 124,685,395</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 47,143,684	\$ 48,141,803	\$ 47,755,499	\$ 48,993,268
Restricted	430,619	432,165	366,757	459,843
Unrestricted	22,523,158	22,567,806	27,412,103	27,650,978
<b>Total business-type activities</b>	<b>\$ 70,097,461</b>	<b>\$ 71,141,774</b>	<b>\$ 75,534,359</b>	<b>\$ 77,104,089</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 114,644,924	\$ 114,499,803	\$ 115,268,185	\$ 109,175,802
Restricted	31,620,781	34,854,638	32,760,127	23,322,374
Unrestricted	44,587,429	41,453,971	62,062,007	69,291,308
<b>Total primary government</b>	<b>\$ 190,853,134</b>	<b>\$ 190,808,412</b>	<b>\$ 210,090,319</b>	<b>\$ 201,789,484</b>

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 pension liability on the statement of net position. Prior years were not restated.

GASB Statement No. 75 was implemented for the year ended December 31, 2017. This resulted in presentation of the County's net OPEB 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.

2014	2013	2012	2011	2010	2009
\$ 54,014,762	\$ 43,130,177	\$ 39,987,637	\$ 20,075,223	\$ 19,173,432	\$ 14,661,496
36,523,766	7,707,379	8,005,017	7,953,715	11,398,561	15,968,510
38,866,094	51,652,911	53,804,428	70,239,778	59,674,138	59,211,457
<u>\$ 129,404,622</u>	<u>\$ 102,490,467</u>	<u>\$ 101,797,082</u>	<u>\$ 98,268,716</u>	<u>\$ 90,246,131</u>	<u>\$ 89,841,463</u>
\$ 49,480,694	\$ 50,504,667	\$ 52,076,706	\$ 53,833,191	\$ 43,917,137	\$ 27,521,531
247,565	-	-	-	-	-
28,891,477	32,634,972	31,125,230	29,467,743	31,172,945	30,865,423
<u>\$ 78,619,736</u>	<u>\$ 83,139,639</u>	<u>\$ 83,201,936</u>	<u>\$ 83,300,934</u>	<u>\$ 75,090,082</u>	<u>\$ 58,386,954</u>
\$ 103,495,456	\$ 93,634,844	\$ 92,064,343	\$ 73,908,414	\$ 63,090,569	\$ 42,183,027
36,771,331	7,707,379	8,005,017	7,953,715	11,398,561	15,968,510
67,757,571	84,287,883	84,929,658	99,707,521	90,847,083	90,076,880
<u>\$ 208,024,358</u>	<u>\$ 185,630,106</u>	<u>\$ 184,999,018</u>	<u>\$ 181,569,650</u>	<u>\$ 165,336,213</u>	<u>\$ 148,228,417</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Change in Net Position Last Ten Fiscal Years

	2018	2017	2016	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 13,146,316	\$ 12,005,684	\$ 18,745,016	\$ 21,807,060
Public safety	33,251,992	29,226,541	30,068,549	26,082,119
Public works	440,731	458,479	223,444	493,776
Health and welfare	32,503,422	28,358,828	25,352,602	30,666,561
Cultural and recreation	4,566,708	4,294,714	4,614,096	5,029,523
Legislative	-	-	932,316	789,219
Judicial	24,545,359	23,306,159	20,181,383	19,884,101
Community and economic development	868,624	803,110	637,206	331,984
Interest and fiscal charges	755,701	1,020,546	1,082,933	1,329,290
	<u>110,078,853</u>	<u>99,474,061</u>	<u>101,837,545</u>	<u>106,413,633</u>
Business-type activities:				
Airport operations	7,177,992	6,865,096	6,811,127	8,119,278
Delinquent tax collection and administration	-	-	-	-
Local government public works financing	164,390	182,021	201,631	-
Other enterprise funds	357,654	1,135,113	1,546,620	816,195
	<u>7,700,036</u>	<u>8,182,230</u>	<u>8,559,378</u>	<u>8,935,473</u>
<b>Total primary government expenses</b>	<u>117,778,889</u>	<u>107,656,291</u>	<u>110,396,923</u>	<u>115,349,106</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	3,657,793	3,480,241	3,432,129	4,839,529
Public safety	3,335,737	3,034,532	3,597,799	2,556,031
Public works	46,450	50,545	-	371,576
Health and welfare	1,822,398	1,851,619	2,225,346	1,825,814
Cultural and recreation	1,226,658	1,231,210	1,199,359	3,763,599
Judicial	3,648,823	3,548,605	3,826,966	4,121,357
Community and economic development	210,050	230,077	-	-
Operating grants and contributions:				
General government	4,371,800	5,145,180	4,966,044	5,638,554
Public safety	4,672,491	4,243,117	3,085,903	1,302,264
Public works	-	84,124	198,805	186,508
Health and welfare	15,896,804	13,669,745	12,435,279	13,019,722
Cultural and recreation	204,220	168,242	106,217	2,640,112
Judicial	5,369,723	5,442,305	5,979,336	8,342,056
Community economic development	5,000	5,000	-	-
Other	-	-	-	-
Capital grants and contributions	-	-	689,000	-
	<u>44,467,947</u>	<u>42,184,542</u>	<u>41,742,183</u>	<u>48,607,122</u>

Table 2 - Unaudited

2014	2013	2012	2011	2010	2009
\$ 17,791,407	\$ 18,178,504	\$ 16,560,972	\$ 14,685,317	\$ 16,454,956	\$ 15,304,080
25,452,319	26,770,373	25,317,944	25,723,553	27,429,129	28,190,183
843,526	118,527	79,790	133,937	478,320	302,635
28,763,908	33,943,631	36,491,664	38,749,470	41,958,505	40,947,081
4,690,557	4,746,386	4,241,319	4,013,029	3,950,921	3,345,053
1,032,729	915,035	973,686	971,453	954,998	938,582
20,157,134	19,913,091	19,273,929	19,540,568	19,851,817	19,477,810
178,482	162,897	61,191	81,132	59,446	-
1,268,294	1,334,369	1,396,053	1,461,542	1,599,239	1,615,949
<u>100,178,356</u>	<u>106,082,813</u>	<u>104,396,548</u>	<u>105,360,001</u>	<u>112,737,331</u>	<u>110,121,373</u>
7,144,340	7,231,919	7,437,568	7,755,405	6,269,714	7,244,951
-	-	-	-	1,800	-
-	-	-	-	-	-
630,876	812,633	666,526	537,829	516,924	266,656
<u>7,775,216</u>	<u>8,044,552</u>	<u>8,104,094</u>	<u>8,293,234</u>	<u>6,788,438</u>	<u>7,511,607</u>
<u>107,953,572</u>	<u>114,127,365</u>	<u>112,500,642</u>	<u>113,653,235</u>	<u>119,525,769</u>	<u>117,632,980</u>
4,953,679	5,264,150	5,530,702	5,284,450	1,866,708	2,147,274
2,029,458	2,189,115	2,094,447	2,080,437	1,895,004	1,977,075
108,770	112,768	103,093	98,709	4,618	-
1,685,714	1,699,642	1,710,269	2,282,647	2,359,508	2,519,035
3,524,463	3,331,511	3,073,186	2,911,332	2,821,377	2,527,150
4,066,792	4,523,285	4,796,952	4,688,164	5,041,762	5,095,013
-	-	-	-	-	-
5,019,816	4,210,224	4,239,285	5,346,046	363,001	207,441
1,390,921	1,573,156	1,877,706	2,230,316	2,257,433	1,874,351
79,247	118,350	79,749	129,378	161,622	75,520
17,251,266	21,826,508	24,679,271	27,124,803	29,290,317	28,652,957
2,562,781	2,551,873	2,159,040	1,805,102	1,811,563	1,689,076
7,584,795	7,179,923	7,149,876	7,412,821	7,434,135	7,404,748
-	80,115	60,036	160,623	-	-
-	-	-	-	10,789	-
-	-	-	-	-	-
<u>50,257,702</u>	<u>54,660,620</u>	<u>57,553,612</u>	<u>61,554,828</u>	<u>55,317,837</u>	<u>54,169,640</u>

continued...

# COUNTY OF KALAMAZOO, MICHIGAN

## Change in Net Position Last Ten Fiscal Years

	2018	2017	2016	2015
Business-type activities:				
Charges for services:				
Airport operations	\$ 4,523,803	\$ 4,393,811	\$ 4,295,639	\$ 4,336,589
Delinquent tax collection and administration	1,677,671	1,866,637	1,772,140	1,832,230
Local government public works financing	164,367	117,267	201,631	-
Other enterprise funds	918,589	1,100,003	875,502	1,128,377
Operating grants and contributions:				
Airport operations	39,694	75,057	6,381	-
Delinquent tax collection and administration	90,272	56,302	15,098	-
Local government public works financing	96	135	35	-
Other enterprise funds	-	-	-	249,649
Capital grants and contributions:				
Airport operations	1,091,831	3,401,193	1,881,974	1,440,882
	<u>8,506,323</u>	<u>11,010,405</u>	<u>9,048,400</u>	<u>8,987,727</u>
Total primary government program revenues	<u>52,974,270</u>	<u>53,194,947</u>	<u>50,790,583</u>	<u>57,594,849</u>
Net (expense) revenue				
Governmental activities	(65,610,906)	(57,289,519)	(60,095,362)	(57,806,511)
Business-type activities	806,287	2,828,175	489,022	52,254
Total primary government net expense	<u>(64,804,619)</u>	<u>(54,461,344)</u>	<u>(59,606,340)</u>	<u>(57,754,257)</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes	54,047,666	52,375,761	51,866,549	49,166,240
Lodging excise taxes	3,068,301	2,851,544	2,920,184	-
State revenue sharing	5,292,086	5,255,201	5,204,061	-
Local unit contract revenue	-	-	-	-
Unrestricted investment earnings	852,631	876,523	595,652	503,800
Gain on sale of capital assets	-	270,213	-	-
Other revenues	1,588,657	1,698,019	1,664,583	1,537,244
Transfers in	1,850,600	6,892,300	1,883,400	1,880,000
Total governmental activities	<u>66,699,941</u>	<u>70,219,561</u>	<u>64,134,429</u>	<u>53,087,284</u>
Business-type activities:				
Unrestricted investment earnings	-	-	-	41,636
Other	-	-	-	37,500
Transfers - internal activities	(1,850,600)	(6,892,300)	(1,883,400)	(1,880,000)
Total business-type activities	<u>(1,850,600)</u>	<u>(6,892,300)</u>	<u>(1,883,400)</u>	<u>(1,800,864)</u>
Total primary government	<u>64,849,341</u>	<u>63,327,261</u>	<u>62,251,029</u>	<u>51,286,420</u>
Changes in net position				
Governmental activities	1,089,035	12,930,042	4,039,067	(4,719,227)
Business-type activities	(1,044,313)	(4,064,125)	(1,394,378)	(1,748,610)
Total primary government changes in net position	<u>\$ 44,722</u>	<u>\$ 8,865,917</u>	<u>\$ 2,644,689</u>	<u>\$ (6,467,837)</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

	2014	2013	2012	2011	2010	2009
\$	4,616,801	\$ 4,578,069	\$ 4,309,619	\$ 4,554,926	\$ 4,098,683	\$ 3,762,887
	1,987,138	2,586,938	2,663,575	3,922,110	3,638,412	2,696,334
	-	-	-	-	-	-
	1,243,266	1,856,636	1,040,019	763,810	1,301,043	550,258
	1,212,558	127,989	528,096	114,992	640,594	159,178
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,538,535	640,768	1,066,540	8,364,153	14,672,847	6,350,499
	<u>10,598,298</u>	<u>9,790,400</u>	<u>9,607,849</u>	<u>17,719,991</u>	<u>24,351,579</u>	<u>13,519,156</u>
	60,856,000	64,451,020	67,161,461	79,274,819	79,669,416	67,688,796
	(49,920,654)	(51,422,193)	(46,842,936)	(43,805,173)	(57,419,494)	(55,951,733)
	2,823,082	1,745,848	1,503,755	9,426,757	17,563,141	6,007,549
	<u>(47,097,572)</u>	<u>(49,676,345)</u>	<u>(45,339,181)</u>	<u>(34,378,416)</u>	<u>(39,856,353)</u>	<u>(49,944,184)</u>
	51,140,600	49,321,723	47,231,113	48,405,162	48,288,959	50,691,287
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	1,642,012
	1,784,898	311,871	1,131,111	2,102,983	1,304,275	1,702,897
	-	-	-	-	-	-
	1,647,760	651,375	384,078	44,613	1,673,430	2,191,289
	7,614,391	1,830,609	1,625,000	1,275,000	1,000,000	1,000,000
	<u>62,187,649</u>	<u>52,115,578</u>	<u>50,371,302</u>	<u>51,827,758</u>	<u>52,266,664</u>	<u>57,227,485</u>
	12,932	22,464	22,247	59,095	139,987	313,064
	-	-	-	-	-	8,170
	(7,614,391)	(1,830,609)	(1,625,000)	(1,275,000)	(1,000,000)	(1,000,000)
	<u>(7,601,459)</u>	<u>(1,808,145)</u>	<u>(1,602,753)</u>	<u>(1,215,905)</u>	<u>(860,013)</u>	<u>(678,766)</u>
	54,586,190	50,307,433	48,768,549	50,611,853	51,406,651	56,548,719
	12,266,995	693,385	3,528,366	8,022,585	(5,152,830)	1,275,752
	(4,778,377)	(62,297)	(98,998)	8,210,852	16,703,128	5,328,783
\$	<u>7,488,618</u>	<u>\$ 631,088</u>	<u>\$ 3,429,368</u>	<u>\$ 16,233,437</u>	<u>\$ 11,550,298</u>	<u>\$ 6,604,535</u>

concluded

COUNTY OF KALAMAZOO, MICHIGAN

**Fund Balances, Governmental Funds**  
Last Ten Fiscal Years

	2018	2017	2016	2015
General fund				
Nonspendable	\$ 1,149,741	\$ 379,290	\$ 488,478	\$ 303,118
Restricted	2,500,000	2,500,000	2,500,000	2,500,000
Committed	2,532,014	2,664,077	2,715,700	7,894,020
Assigned	-	-	-	290,500
Unassigned	27,203,921	27,217,070	27,816,125	23,634,426
Reserved:				
Encumbrances	-	-	-	-
Prepaid expenditures/inventories	-	-	-	-
Unreserved				
Designated for future expenditures	-	-	-	-
Reported in General fund	-	-	-	-
<b>Total general fund</b>	<b>33,385,676</b>	<b>32,760,437</b>	<b>33,520,303</b>	<b>34,622,064</b>
All other governmental funds				
Nonspendable	36,506	10,469	133,368	262,488
Restricted	4,479,432	3,973,926	3,885,784	1,023,454
Committed	-	-	-	9,246,358
Assigned	21,279,104	21,112,748	12,435,363	-
Unassigned (deficit)	-	-	-	(58,582)
Reserved:				
Revenue sharing reserve fund	-	-	-	-
Encumbrances	-	-	-	-
Prepaid expenditures/inventories	-	-	-	-
Unreserved:				
Designated for future expenditures	-	-	-	-
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
<b>Total all other governmental funds</b>	<b>25,795,042</b>	<b>25,097,143</b>	<b>16,454,515</b>	<b>10,473,718</b>
<b>Total fund balance for governmental funds</b>	<b>\$ 59,180,718</b>	<b>\$ 57,857,580</b>	<b>\$ 49,974,818</b>	<b>\$ 45,095,782</b>

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

2014	2013	2012	2011	2010	2009
\$ 145,027	\$ 157,879	\$ 167,995	\$ 148,715	\$ -	\$ -
2,500,000	2,500,000	2,500,000	2,500,000	-	-
3,475,421	3,859,384	4,293,928	4,685,797	-	-
2,600,000	329,500	583,200	500,000	-	-
23,371,325	21,838,815	20,320,881	24,327,571	-	-
-	-	-	-	136,468	525,197
-	-	-	-	122,669	61,024
-	-	-	-	4,439,610	4,727,510
-	-	-	-	23,147,791	22,867,133
<u>32,091,773</u>	<u>28,685,578</u>	<u>27,866,004</u>	<u>32,162,083</u>	<u>27,846,538</u>	<u>28,180,864</u>
46,853	206,773	53,516	110,378	-	-
533,873	5,166,830	5,464,798	5,794,840	-	-
-	16,496,564	18,387,782	21,641,559	-	-
-	-	15,246	5,039,590	-	-
19,158,599	(169,288)	(13,297)	-	-	-
-	-	-	-	3,729,094	8,844,326
-	-	-	-	69,139	244,937
-	-	-	-	-	119
-	-	-	-	56,429	138,433
-	-	-	-	7,669,467	7,142,805
-	-	-	-	-	483,502
-	-	-	-	19,214,149	14,289,474
<u>19,739,325</u>	<u>21,700,879</u>	<u>23,908,045</u>	<u>32,586,367</u>	<u>30,738,278</u>	<u>31,143,596</u>
<u>\$ 51,831,098</u>	<u>\$ 50,386,457</u>	<u>\$ 51,774,049</u>	<u>\$ 64,748,450</u>	<u>\$ 58,584,816</u>	<u>\$ 59,324,460</u>

COUNTY OF KALAMAZOO, MICHIGAN

**Change in Fund Balances, Governmental Funds**  
Last Ten Fiscal Years

	2018	2017	2016	2015
<b>Revenues</b>				
Taxes	\$ 56,880,817	\$ 55,239,703	\$ 54,891,462	\$ 52,101,773
Licenses and permits	1,473,617	1,249,929	1,258,556	1,218,025
Intergovernmental	34,981,053	33,190,373	31,158,359	32,043,570
Charges for service	11,329,314	11,184,560	11,843,020	10,410,652
Fines and forfeitures	1,116,455	965,614	1,076,752	1,316,244
Investment earnings	852,631	876,523	595,652	731,250
Contributions, grants and reimbursements	831,071	822,541	817,286	683,063
Other	1,617,180	1,724,745	1,767,854	1,939,829
<b>Total revenues</b>	<b>109,082,138</b>	<b>105,253,988</b>	<b>103,408,941</b>	<b>100,444,406</b>
<b>Expenditures</b>				
General government	14,006,428	12,896,809	14,767,659	14,506,746
Public safety	30,020,726	28,044,049	28,274,715	25,199,083
Public works	366,015	430,249	211,382	493,772
Health and welfare	29,566,561	28,068,429	25,191,336	30,710,052
Cultural and recreation	3,837,456	3,530,468	3,959,008	4,189,750
Legislative	-	-	935,399	797,279
Judicial	21,292,995	20,837,174	19,548,291	19,154,467
Community economic development	865,198	775,210	650,000	331,984
Other	2,402,022	67,192	945,646	-
Debt service:				
Principal	1,045,000	1,140,000	1,080,000	1,605,000
Interest and fiscal charges	953,907	928,271	1,130,518	1,341,322
Bond issuance costs	-	250,885	-	-
Capital outlay	3,924,409	2,526,916	3,300,479	15,960,665
<b>Total expenditures</b>	<b>108,280,717</b>	<b>99,495,652</b>	<b>99,994,433</b>	<b>114,290,120</b>
<b>Excess of revenues over (under) expenditures</b>	<b>801,421</b>	<b>5,758,336</b>	<b>3,414,508</b>	<b>(13,845,714)</b>
<b>Other financing sources (uses)</b>				
Transfers in	14,660,709	24,857,342	17,511,053	15,695,110
Transfers out	(14,205,980)	(23,183,587)	(15,676,367)	(13,890,269)
Proceeds from sale of capital assets	66,988	538,730	17,688	-
Issuance of notes	-	-	-	150,000
Issuance of bonds	-	-	-	5,000,000
Issuance of refunding bonds	-	19,390,000	-	-
Premium on bond	-	3,030,652	-	155,557
Payments to refunded bond escrow agent	-	(22,508,711)	-	-
<b>Total other financing sources (uses)</b>	<b>521,717</b>	<b>2,124,426</b>	<b>1,852,374</b>	<b>7,110,398</b>
<b>Net change in fund balances</b>	<b>\$ 1,323,138</b>	<b>\$ 7,882,762</b>	<b>\$ 5,266,882</b>	<b>\$ (6,735,316)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>1.9%</b>	<b>2.1%</b>	<b>2.3%</b>	<b>3.1%</b>

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

2014	2013	2012	2011	2010	2009
\$ 50,607,197	\$ 51,733,873	\$ 51,281,971	\$ 50,467,213	\$ 50,801,324	\$ 52,112,225
1,119,636	1,050,273	959,212	932,107	926,176	908,768
35,028,706	37,284,230	42,049,516	45,645,465	43,980,599	42,247,256
9,657,487	9,943,390	9,815,816	9,825,820	9,179,624	9,505,860
1,357,351	1,584,425	1,707,874	1,709,679	2,018,339	2,247,219
1,784,898	311,871	1,131,111	2,102,983	1,651,105	1,702,897
521,043	921,577	1,110,360	1,239,054	940,075	810,363
2,268,477	1,321,630	1,403,064	1,415,236	1,747,905	2,191,289
<u>102,344,795</u>	<u>104,151,269</u>	<u>109,458,924</u>	<u>113,337,557</u>	<u>111,245,147</u>	<u>111,725,877</u>
13,565,337	13,276,576	13,324,605	13,078,145	13,345,721	12,207,828
24,427,363	25,342,943	25,265,647	24,896,389	26,545,756	26,449,376
843,528	118,528	79,794	1,650,676	478,288	302,625
28,877,376	33,470,275	36,712,421	38,782,339	41,800,901	40,150,567
3,783,331	3,930,816	3,422,079	3,345,073	3,323,146	3,031,205
1,032,729	915,035	973,686	971,453	954,998	938,582
19,375,297	18,440,279	18,446,360	18,598,870	18,667,915	18,204,672
178,482	162,897	61,191	81,132	59,446	-
923,111	1,399,324	364,963	573,791	1,137,672	1,336,165
1,490,000	1,755,000	2,120,000	1,765,000	2,678,010	2,104,898
1,307,725	1,367,857	1,462,091	1,476,923	1,598,867	1,629,462
-	-	26,039	12,894	67,945	-
12,702,849	7,190,933	21,828,949	6,216,232	3,175,109	13,200,679
<u>108,507,128</u>	<u>107,370,463</u>	<u>124,087,825</u>	<u>111,448,917</u>	<u>113,833,774</u>	<u>119,556,059</u>
<u>(6,162,333)</u>	<u>(3,219,194)</u>	<u>(14,628,901)</u>	<u>1,888,640</u>	<u>(2,588,627)</u>	<u>(7,830,182)</u>
21,998,555	12,952,105	19,659,931	21,069,304	18,935,879	18,963,217
(14,391,581)	(11,120,503)	(18,034,931)	(19,794,304)	(17,414,888)	(18,804,451)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,000,000	-	-
-	-	1,195,000	-	2,160,000	-
-	-	(15,500)	-	167,992	-
-	-	(1,150,000)	-	(2,000,000)	-
<u>7,606,974</u>	<u>1,831,602</u>	<u>1,654,500</u>	<u>4,275,000</u>	<u>1,848,983</u>	<u>158,766</u>
<u>\$ 1,444,641</u>	<u>\$ (1,387,592)</u>	<u>\$ (12,974,401)</u>	<u>\$ 6,163,640</u>	<u>\$ (739,644)</u>	<u>\$ (7,671,416)</u>
<u>2.6%</u>	<u>3.1%</u>	<u>3.5%</u>	<u>3.1%</u>	<u>3.9%</u>	<u>3.5%</u>

Assessed and Estimated Actual Value of Taxable Property<sup>(a)</sup>

Last Ten Fiscal Years

Fiscal Year	State Equalized Real Property Value (a)						(b) Total Direct Tax Rate
	Agricultural	Commercial	Industrial	Residential	Personal	Total	
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
2017	314,205,704	1,791,444,752	441,009,523	6,446,770,891	656,559,953	9,649,990,823	6.4420
2018	333,502,116	1,912,116,583	434,847,395	6,636,198,436	640,101,811	9,956,766,341	6.7653

Fiscal Year	Taxable Real Property Value (a)						(b) Total Direct Tax Rate
	Agricultural	Commercial	Industrial	Residential	Personal	Total	
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
2017	133,787,037	1,471,168,974	405,890,405	5,576,598,604	656,293,152	8,243,738,172	6.4420
2018	136,926,976	1,543,182,165	391,590,521	5,795,151,687	639,889,884	8,506,741,233	6.7653

<sup>(a)</sup> Property is assessed at the legal market value determined by the local assessor's office.

<sup>(b)</sup> 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			
	2018	2017	2016	2015
<b>County direct rates:</b>				
Operating	4.6810	4.6810	4.6871	4.6871
Law enforcement	1.4472	1.4472	1.4491	1.4491
Juvenile home debt	0.1873	0.2140	0.2301	0.2528
Housing assistance fund	0.0998	0.0998	0.1000	0.1000
Senior millage	0.3500	-	-	-
<b>Total county direct rate</b>	<b>6.7653</b>	<b>6.4420</b>	<b>6.4663</b>	<b>6.4890</b>
<b>Kalamazoo County</b>				
Transportation Authority:	0.3145	0.3145	0.4000	0.4000
Central County Transportation:	0.7500	0.7500	0.0000	0.0000
<b>City rates:</b>				
Galesburg	9.8118	9.8118	9.8118	9.8118
Kalamazoo	13.8000	13.8000	21.0705	20.8205
Parchment	16.7239	16.7239	16.7239	16.7239
Portage	10.8205	10.9205	10.9256	10.9256
Township rates	0.7835-11.5912	0.78250-11.4891	0.7839-9.4785	0.7860-9.7199
Village rates	9.0000-15.8257	9.0000-15.8527	9.0000-15.9005	9.5000-15.9005
Intermediate school rates	2.9783-5.9469	2.7500-6.2057	2.9783-6.4066	2.9783-6.4066
Local school rates	22.0000-27.1000	21.9900-27.1000	21.9600-27.1000	22.3400-27.5900
Library rates	0.5000-3.9487	0.4913-3.9487	0.4952-3.9583	0.4985-3.9583
<b>Community college rates:</b>				
Glen Oaks	2.7249	2.7249	2.7249	2.7249
Kalamazoo Valley	2.8089	2.8089	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						
2014	2013	2012	2011	2010	2009	
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
0.2239	0.2333	0.2234	0.2193	0.2050	0.1850	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6.3601</u>	<u>6.3695</u>	<u>6.3596</u>	<u>6.3555</u>	<u>6.3412</u>	<u>6.3212</u>	
0.4000	0.4000	0.4000	0.4000	0.4000	0.0000	
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
9.8118	9.8512	9.8118	9.7856	9.7856	9.7856	
20.8205	20.8205	20.8205	19.2705	19.2705	19.2705	
16.6772	16.6377	16.6772	16.6772	16.6772	16.6772	
10.9256	10.7778	10.7778	10.8916	10.7312	10.6598	
0.7860-8.9691	0.7860-8.9691	0.7860-8.9691	0.7860-8.9691	0.6519-8.9691	0.7860-8.9691	
9.5000-15.9005	9.5000-15.9005	9.000-23.3500	9.0000-15.9005	9.0000-15.9005	9.0000-15.9005	
2.9783-6.2057	2.6837-6.2057	2.6837-6.2057	2.6837-6.2057	2.6837-6.2057	2.6837-6.2057	
22.3400-26.7796	22.1700-27.1000	22.1700-27.1000	22.2000-27.1000	22.2000-27.1000	18.000-27.1000	
0.4985-3.9583	0.5000-3.9583	0.5000-3.9583	0.5000-3.9583	0.5000-3.9583	0.5000-3.9583	
2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	
2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	
3.6136	3.6136	3.7106	3.7106	3.7106	3.7106	
6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	

**Principal Property Taxpayers**

Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Consumers Energy Company	\$ 183,649,295	1	2.12%	\$ 114,458,940	2	1.34%
Pfizer / Pharmacia	181,589,755	2	2.10%	519,001,751	1	6.09%
Zoetis	70,738,495	3	0.82%			
Stryker Corporation	50,388,164	4	0.58%	72,517,231	3	0.85%
Edward Rose	45,645,458	5	0.53%	25,159,083	8	0.30%
Michigan Electric Transmission	31,042,760	6	0.36%			
Enbridge Energy	27,212,458	7	0.31%			
General Growth	26,109,098	8	0.30%			
19 Props, LLC etal	25,509,491	9	0.29%			
Meijer/Goodwill	24,033,824	10	0.28%	29,044,710	6	0.34%
Greenleaf				40,646,044	4	0.48%
Target				30,354,227	5	0.36%
Graphic Packaging				26,583,600	7	0.31%
Benteler Auto Corp				23,346,720	10	0.27%
Copper Beech Townhomes				24,609,386	9	0.29%

Source: County of Kalamazoo, Michigan, Equalization Department.

**Property Taxes, Levies and Collections**  
Last Ten Fiscal Years

Fiscal Year	Taxes <sup>(a)</sup> 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
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%
2017	53,106,161	47,055,256	88.61%	1,130,814	48,186,070	90.74%
2018	57,550,656	48,267,616	83.87%	1,318,492	49,586,108	86.16%

<sup>(a)</sup> 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
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
2017	24,175,956	10,783,394	34,959,350	0.30%	0.36%	132.93
2018	22,928,913	9,854,776	32,783,689	0.27%	0.33%	123.77

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

Note: 2018 percentage of Personal Income calculated using 2017 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, 2018

Governmental Unit	Net General Obligation Debt	Estimated Percentage Applicable to County	Estimated Share of Direct and Overlapping Debt
<b>Libraries</b>			
Allegan	\$ 6,200,000	35.75%	\$ 2,216,500
Otsego	2,205,000	34.18%	753,669
Richland	225,000	100.00%	225,000
<b>Total libraries</b>			<u>3,195,169</u>
<b>Townships</b>			
Cooper	405,000	100.00%	405,000
Kalamazoo	8,900,000	100.00%	8,900,000
Pavilion	4,395,000	100.00%	4,395,000
<b>Total townships</b>			<u>13,700,000</u>
<b>Cities</b>			
Galesburg	1,255,000	100.00%	1,255,000
Kalamazoo	139,635,000	100.00%	139,635,000
Portage	51,180,000	100.00%	51,180,000
<b>Total cities</b>			<u>192,070,000</u>
<b>Villages</b>			
Augusta	305,000	100.00%	305,000
Climax	20,000	100.00%	20,000
Schoolcraft	445,000	100.00%	445,000
Vicksburg	2,910,000	100.00%	2,910,000
<b>Total villages</b>			<u>3,680,000</u>
<b>School districts</b>			
Athens	490,000	7.33%	35,917
Climax Scotts	12,365,365	87.58%	10,829,587
Colon	8,530,000	1.67%	142,451
Comstock	22,710,000	100.00%	22,710,000
Galesburg Augusta	18,899,053	100.00%	18,899,053
Gull Lake	78,315,000	83.36%	65,283,384
Kalamazoo	221,095,000	100.00%	221,095,000
Lawton	24,096,696	0.65%	156,629
Mattawan	97,240,000	68.52%	66,628,848
Mendon	18,244,887	5.91%	1,078,273
Otsego	59,918,473	43.22%	25,896,764
Parchment	35,044,717	100.00%	35,044,717
Plainwell	45,055,699	35.76%	16,111,918
Portage	136,150,000	100.00%	136,150,000
Schoolcraft	5,713,543	100.00%	5,713,543
Vicksburg	15,794,000	97.47%	15,394,412
<b>Total school districts</b>			<u>641,170,495</u>

continued...

**Computation of Direct and Overlapping Debt**

December 31, 2018

Governmental Unit	Net General Obligation Debt	Estimated Percentage Applicable to County	Estimated Share of Direct and Overlapping Debt
Community colleges			
Glen Oaks	\$ 9,089,000	0.65%	\$ 59,079
Kalamazoo Valley Community College	8,200,000	94.64%	7,760,480
Kellogg Community College	15,120,000	0.37%	55,944
Total community colleges			<u>7,875,503</u>
Intermediate school districts			
Allegan	2,590,000	12.34%	319,606
Kalamazoo RESA	7,460,000	97.47%	7,271,262
St. Joseph	3,265,000	0.57%	18,611
Total intermediate school districts			<u>7,609,479</u>
Subtotal, overlapping debt			869,300,645
County direct debt, governmental activities			<u>22,928,913</u>
Total direct and overlapping debt			<u>\$ 892,229,558</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

	2018	2017	2016	2015
Legal debt margin				
Assessed value of property (SEV)*	\$ 9,956,766,341	\$ 9,649,990,823	\$ 9,133,331,273	\$ 9,003,063,118
Debt limit, 10% of assessed value (SEV) (constitutional debt limit)	<u>995,676,634</u>	<u>964,999,082</u>	<u>913,333,127</u>	<u>900,306,312</u>
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building authority	24,165,000	25,815,000	30,805,366	32,830,000
Brownfield redevelopment authority	-	-	-	150,000
Notes payable	-	-	-	-
Debt issues for benefit of local improvements:				
CMH capital improvements	4,800,000	4,900,000	5,139,183	5,000,000
Water	325,000	375,000	425,000	475,000
Sewage	405,000	540,000	962,462	1,470,000
Drainage	-	-	-	145,000
Notes payable	-	-	-	-
Total net debt applicable to limit	<u>29,695,000</u>	<u>31,630,000</u>	<u>37,332,011</u>	<u>40,070,000</u>
Legal debt margin	<u>\$ 965,981,634</u>	<u>\$ 933,369,082</u>	<u>\$ 876,001,116</u>	<u>\$ 860,236,312</u>
Total net debt applicable to limit as a percentage of debt limit	2.98%	3.28%	4.09%	4.45%

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

2014	2013	2012	2011	2010	2009
\$ 8,631,653,296	\$ 8,425,663,793	\$ 8,487,575,311	\$ 8,829,083,907	\$ 8,987,753,185	\$ 9,463,789,245
<u>863,165,330</u>	<u>842,566,379</u>	<u>848,757,531</u>	<u>882,908,391</u>	<u>898,775,319</u>	<u>946,378,925</u>
33,805,000	35,200,000	36,535,000	37,625,000	35,700,000	36,350,000
-	-	-	-	-	-
-	-	-	1,716	4,960	7,971
-	-	-	-	-	-
525,000	570,000	620,000	670,000	720,000	770,000
2,005,000	2,535,000	3,440,000	4,715,000	5,815,000	7,565,000
190,000	235,000	275,000	315,000	355,000	610,000
-	-	-	-	180,000	240,000
<u>36,525,000</u>	<u>38,540,000</u>	<u>40,870,000</u>	<u>43,326,716</u>	<u>42,774,960</u>	<u>45,542,971</u>
<u>\$ 826,640,330</u>	<u>\$ 804,026,379</u>	<u>\$ 807,887,531</u>	<u>\$ 839,581,675</u>	<u>\$ 856,000,359</u>	<u>\$ 900,835,954</u>
4.23%	4.57%	4.82%	4.91%	4.76%	4.81%

**Demographic Statistics**

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Percentage Rate
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	11,703,476,000	44,729	3.4%
2017	262,985	12,199,565,000	46,389	3.9%
2018	264,870	N/A	N/A	3.3%

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	2018			2009		
	Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment	Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment
Health care and social assistance	21,011	1	13.53%	20,398	1	14.23%
Manufacturing	19,844	2	12.77%	16,911	2	11.80%
Retail trade	16,285	3	10.48%	14,920	3	10.41%
Accommodation and food services	12,508	4	8.05%	12,295	4	8.58%
Administrative, support and waste management remediation services	9,240	5	5.95%	8,797	6	6.14%
Finance and insurance	8,589	6	5.53%	7,093	9	4.95%
Local government	8,332	7	5.36%	8,909	5	6.22%
Other services, except public administration	8,185	8	5.27%	8,092	7	5.65%
Professional, scientific, and technical services	7,960	9	5.12%	7,141	8	4.98%
Real estate and rental leasing	7,253	10	4.67%	5,841	10	4.07%
Total	<u>119,207</u>			<u>110,397</u>		
Total full-time and part-time County employment	<u><u>155,341</u></u>			<u><u>143,338</u></u>		

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

Note: This schedule is based on 2017 since 2018 information is unavailable

# COUNTY OF KALAMAZOO, MICHIGAN

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

	2018	2017	2016	2015
Function/program				
General government	112.3	135.5	140.7	143.9
Public safety	252.6	251.6	248.6	244.3
Health and welfare	221.6	226.3	223.8	217.0
Cultural and recreation	16.0	15.6	17.5	17.6
Legislative	0.0	6.8	6.8	6.3
Judicial	269.4	225.1	224.5	224.3
Other	23.8	23.8	15.6	15.0
Airport	21.5	21.5	21.5	21.5
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>917.2</u>	<u>906.2</u>	<u>899.0</u>	<u>889.9</u>

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

Table 14 - Unaudited

2014	2013	2012	2011	2010	2009
143.2	138.8	138.8	140.3	139.8	129.2
241.8	241.8	215.8	224.3	220.8	226.5
208.1	203.8	286.3	292.1	285.3	295.6
17.6	18.4	18.6	18.2	18.2	19.0
6.3	6.3	6.3	6.3	6.3	6.3
226.5	224.0	223.5	227.8	226.8	226.0
16.0	16.0	16.0	21.0	21.0	31.6
21.0	22.0	22.0	23.5	23.5	23.5
<u>880.5</u>	<u>871.1</u>	<u>927.3</u>	<u>953.5</u>	<u>941.7</u>	<u>957.7</u>

# COUNTY OF KALAMAZOO, MICHIGAN

## Operating Indicators by Function/Program Last Ten Fiscal Years

	2018	2017	2016	2015
<b>Function/program</b>				
<b>General government:</b>				
Revenue from sale of maps, aerial directories	\$ 1,605	\$ 1,467	\$ 2,442	\$ 1,848
Revenue from soil erosion and permits issued	\$ 43,725	\$ 49,995	\$ 32,340	\$ 34,158
<b>Public safety:</b>				
Jail bookings	12,642	11,865	11,957	12,024
Average daily population	385	359	371	391
<b>Judicial:</b>				
8th district court caseloads	46,161	46,303	43,999	49,214
<b>Airport:</b>				
Based aircraft	111	111	111	110
Enplanements	158,154	151,662	160,131	124,355

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

Table 15 - Unaudited

2014	2013	2012	2011	2010	2009
\$ 4,146	\$ 5,056	\$ 9,166	\$ 7,625	\$ 5,594	\$ 865
\$ 24,107	\$ 30,285	\$ 28,029	\$ 21,754	\$ 21,880	\$ 22,715
12,171	12,973	13,380	12,591	12,372	11,849
400	404	409	387	374	388
50,640	54,898	59,858	55,636	64,034	67,143
110	109	111	143	143	143
134,175	127,559	130,163	152,593	141,083	139,712

# COUNTY OF KALAMAZOO, MICHIGAN

## Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2018	2017	2016	2015
<b>Function/program</b>				
<b>Public safety:</b>				
Correction facility capacity	482	482	482	482
Juvenile home capacity	64	64	64	64
<b>Cultural and recreation:</b>				
Parks	6	6	6	6
County fairgrounds	1	1	1	1
<b>Judicial:</b>				
Courthouse buildings	3	3	3	3
<b>Airport operations:</b>				
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



2014	2013	2012	2011	2010	2009
327 64	327 64	327 64	327 64	327 64	327 64
6 1	6 1	6 1	6 1	6 1	6 1
3	3	3	3	3	3
3 84	3 84	3 84	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 AND THE  
SUPPLEMENTAL SCHEDULE OF EXPENDITURES BY SERVICE

June 21, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 21, 2019, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. 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, 2018

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
<b>U.S. Department of Agriculture</b>					
Child Nutrition Cluster:					
Breakfast Program	10.553	MDOE	181970	\$ -	\$ 19,067
Breakfast Program	10.553	MDOE	191970	-	19,438
				<u>-</u>	<u>38,505</u>
National School Lunch Program:					
Section 11 - Free and Reduced	10.555	MDOE	181960	-	31,200
Section 11 - Free and Reduced	10.555	MDOE	191960	-	31,018
				<u>-</u>	<u>62,218</u>
<b>Total Child Nutrition Cluster</b>					
				<u>-</u>	<u>100,723</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)					
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	MDHHS	20180076/50035	-	848,373
Special Support Food Program for Women, Infants, and Children (WIC) - Breastfeeding	10.557	MDHHS	20180076/50022/50035	-	54,000
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	MDHHS	20190022/50035	-	243,702
Special Support Food Program for Women, Infants, and Children (WIC) - Breastfeeding	10.557	MDHHS	20190022/50022/50035	-	19,335
				<u>-</u>	<u>1,165,410</u>
<b>Total U.S. Department of Agriculture</b>					
				<u>-</u>	<u>1,266,133</u>
<b>U.S. Department of Justice</b>					
Drug Enforcement Administration - Cannabis Extradition	16.unk	MSP	2018-72	-	150
Crime Victim Assistance:					
Victims of Violence - Assistance Program	16.575	MDHHS	E20191905-00	-	36,234
Victims of Violence - Assistance Program	16.575	MDHHS	E20181329-00	-	97,668
				<u>-</u>	<u>133,902</u>
Drug Court Discretionary Grant Program:					
BJA FY 17 Adult Drug Court Discretionary Grant Program Enhancement	16.585	Direct	2017-DC-BX-0039	-	87,740
BJA FY 17 Adult Drug Court Discretionary Grant Program Enhancement	16.585	Direct	2017-DC-BX-0039	-	18,789
BJA FY 17 Adult Drug Court Discretionary Grant Program Enhancement	16.585	Direct	2017-DC-BX-0039	-	14,053
BJA FY 17 Adult Drug Court Discretionary Grant Program Enhancement	16.585	Direct	2017-DC-BX-0039	-	16,316
BJA FY 18 OJJDP-Juvenile and Family Drug Courts	16.585	Direct	2018-DC-BX-0130	-	7,361
				<u>-</u>	<u>144,259</u>
State Criminal Alien Assistance Program (SCAAP)	16.606	Direct	2017-H1-466-MI-AP	-	3,460
Edward Byrne Memorial Justice Assistance Grant Program:					
JAG-70888-SWET-2018	16.738	MSP	2017-MU-BX-0964	-	4,590
JAG-70888-SWET-2019	16.738	MSP	2018-MU-BX-0964	-	12,000
Adult Men's Drug Treatment Court 2017/2018	16.738	SCAO	2016-MU-BX-0703	-	110,184
Adult Men's Drug Treatment Court 2018/2019	16.738	SCAO	72157-SCAO-2019	-	60,820
Adult Women's Drug Treatment Court 2016	16.738	MSP	2016-MU-BX-0703	-	116,622
Adult Women's Drug Treatment Court 2017	16.738	MSP	2016-MU-BX-0703	-	31,040
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2017	16.738	COK	2017-H2675-MI-DJ	-	17,444
				<u>-</u>	<u>352,700</u>
<b>Total U.S. Department of Justice</b>					
				<u>-</u>	<u>634,471</u>

continued...

COUNTY OF KALAMAZOO, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2018

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Transportation					
Highway Safety Cluster:					
State and Community Highway Safety:					
Strategic Traffic Enforcement Program - Police Traffic Services	20.600	MSP	PT-19-26	\$ -	\$ 28,659
Strategic Traffic Enforcement Program - Police Traffic Services	20.600	MSP	PT-18-34	-	59,723
				-	88,382
Underage Drinking (OHSP)	20.616	MSP	AL 18-25	-	5,490
Total Highway Safety Cluster				-	93,872
Interagency Hazardous Materials Public Sector Training & Planning Grants:					
Hazardous Materials Emergency Preparedness Planning Program	20.703	MSP	HM-HMP-0439-14-01-00	-	3,430
Total U.S. Department of Transportation				-	97,302
U.S. Environmental Protection Agency					
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds:					
Nontransient NCW System 2017/2018	66.468	MDEQ	FS97548716	-	800
Nontransient NCW System 2018/2019	66.468	MDEQ	FS97548717	-	150
Operator Assistance NCW System 2017/2018	66.468	MDEQ	FS97548716	-	656
Operator Assistance NCW System 2018/2019	66.468	MDEQ	FS97548717	-	219
				-	1,825
Brownfield Assessment Grants:					
Hazardous Substance Assessment Funds and Petroleum Assessment Funds	66.818	Direct	EPA-OSWER-OBLR-15-04	-	69,219
Total U.S. Environmental Protection Agency				-	71,044
U.S. Department of Energy					
Weatherization Assistance for Low-Income Persons:					
Weatherization Assistance Program	81.042	MDHHS	WAP-16-39015-3	-	123,010
Weatherization Assistance Program	81.042	MDHHS	WAP-16-39015-2	-	145,285
Total U.S. Department of Energy				-	268,295
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	20180434	-	7,718
Title VII EAP Services	93.041	AASA	2019;E20192858	-	1,607
				-	9,325
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	20180434	-	19,800
Title VII/A LTC Ombudsman	93.042	AASA	2019;E20192858	-	2,606
				-	22,406

continued...

COUNTY OF KALAMAZOO, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2018

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)					
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health					
Promotion Services:					
Title III D Services	93.043	AASA	20180434	\$ -	\$ 7,500
Title III D Services	93.043	AASA	20180434	-	5,431
Title III D Services	93.043	AASA	2019;E20192858	-	1,400
				<u>-</u>	<u>14,331</u>
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	2019;E20192858	-	3,878
Title III B - Services (Program Development)	93.044	AASA	2019;E20192858	-	9,369
Title III B - Services	93.044	AASA	2019;E20192858	7,388	7,388
Title III B - Services	93.044	AASA	2019;E20192858	-	21,311
Title III B - Services	93.044	AASA	2019;E20192858	-	80
Title III B - Services	93.044	AASA	2019;E20192858	-	600
Title III B - Services	93.044	AAA3B	R3b2019-5111	-	609
Title III B - Services	93.044	AAA3C	20190434	-	500
Title III B - Services	93.044	AASA	2019;E20192858	-	2,166
Title III B - Administration	93.044	AASA	20180434	-	23,124
Title III B - Services (Program Development)	93.044	AASA	20180434	-	39,800
Title III B - Services	93.044	AASA	20180434	32,732	32,732
Title III B - Services	93.044	AASA	20180434	-	2,100
Title III B - Services	93.044	AAA3B	R3b2018-5111	-	1,828
Title III B - Services	93.044	AAA3C	2018-0004	-	1,500
Title III B - Services	93.044	AASA	20180434	-	22,324
Title III B - Services	93.044	AASA	20180434	-	89,583
Title III B - Services	93.044	AASA	20180434	-	1,204
				<u>40,120</u>	<u>260,096</u>
Special Programs for the Aging - Title III, Part C - Nutrition Services:					
Title III Administration	93.045	AASA	2019;E20192858	-	5,081
Title III Administration	93.045	AASA	2019;E20192858	-	2,541
Congregate Meals IIC1	93.045	AASA	2019;E20192858	59,784	59,784
Home Del'd Meal IIC2	93.045	AASA	2019;E20192858	45,625	45,625
Title III C1 Administration	93.045	AASA	20180434	-	29,291
Title III C2 Administration	93.045	AASA	20180434	-	14,645
Title III C1 Services	93.045	AASA	20180434	211,169	211,169
Title III C2 Services	93.045	AASA	20180434	102,209	102,209
				<u>418,787</u>	<u>470,345</u>
Nutrition Services Incentive Program:					
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	2019;E20192858	19,377	19,377
Area Agency on Aging - USDA Senior Citizen Meals	93.053	AASA	20180434	84,131	84,131
				<u>103,508</u>	<u>103,508</u>
Total Aging Cluster				<u>562,415</u>	<u>833,949</u>
Special Programs for the Aging - Title IV and Title II - Discretionary Projects:					
Senior Medicare Patrol	93.048	MMAP	90MPPG0039	-	104
Senior Medicare Patrol	93.048	MMAP	90MPPG0039	-	937
Senior Medicare Patrol	93.048	MMAP	90MPPG0039	-	134
Senior Medicare Patrol	93.048	MMAP	90MPO218-03-00	-	260
Senior Medicare Patrol	93.048	MMAP	90MPO218-03-00	-	2,330
Senior Medicare Patrol	93.048	MMAP	90MPPG0039	-	1,208
				<u>-</u>	<u>4,973</u>

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COUNTY OF KALAMAZOO, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2018

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)					
National Family Caregiver Support:					
Title III, Part E:					
Title III E - Administration	93.052	AASA	2019;E20192858	\$ -	\$ 1,872
Title III E - NFCSP	93.052	AASA	2019;E20192858	2,065	2,065
Title III E - Care Management	93.052	AASA	2019;E20192858	-	5,029
Title III E - Information and Assistance	93.052	AASA	2019;E20192858	-	9,069
Title III E - Services	93.052	AASA	2019;E20192858	-	208
Title III E - Administration	93.052	AASA	20180434	-	10,021
Title III E - NFCSP	93.052	AASA	20180434	12,647	12,647
Title III E - NFCSP	93.052	AASA	20180434	-	820
Title III E - Information and Assistance	93.052	AASA	20180434	-	43,332
Title III E - Care Management	93.052	AASA	20180434	-	34,499
				<u>14,712</u>	<u>119,562</u>
Public Health Emergency Preparedness:					
Laboratory Services Bio	93.069	MDHHS	20180076	-	16,250
Laboratory Services Bio	93.069	MDHHS	20190022	-	3,280
Public Health Emergency Preparedness (PHEP) 10/1/2018 - 6/30/2019	93.069	MDHHS	20190022-251184	-	26,654
Public Health Emergency Preparedness (PHEP) 7/1/2018 - 9/30/2018	93.069	MDHHS	20180076-251184	-	36,242
Public Health Emergency Preparedness (PHEP) 10/1/2017 - 6/30/2018	93.069	MDHHS	20180076-251126	-	2,702
Public Health Emergency Preparedness (PHEP) 10/1/2017 - 6/30/2018	93.069	MDHHS	20180076-251184	-	93,599
				<u>-</u>	<u>178,727</u>
HPP and PHEP Aligned Cooperative Agreements:					
Laboratory Services Bio	93.074	MDHHS	20190022	-	1,094
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:					
TB Control	93.116	MDHHS	20180076/251165	-	76
TB Control	93.116	MDHHS	20190022/251165	-	24
				<u>-</u>	<u>100</u>
Immunization Cooperative Agreements:					
Vaccine Provided (non-cash assistance)	93.268	MDHHS	20180076	-	132,256
Immunization Action Plan	93.268	MDHHS	20190022/251129	-	11,018
Immunizations Fixed Fees	93.268	MDHHS	20190022/251129	-	2,450
Immunizations Fixed Fees	93.268	MDHHS	20180076/251129	-	2,550
Immunizations Fixed Fees	93.268	MDHHS	20180076/251129	-	1,800
				<u>-</u>	<u>150,074</u>
State Health Insurance Assistance Program:					
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-02-00	-	406
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-02-00	-	3,734
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-01-00	-	492
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-02-00	-	791
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-01-00	-	4,422
State Health Insurance Assistance Program	93.324	MMAP	90SAPG0010-02-00	-	7,125
State Health Insurance Assistance Program - Mileage	93.324	MMAP	90SAPG0010-02-00	-	397
				<u>-</u>	<u>17,367</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance:					
Immunization and Vaccine Program	93.539	MDHHS	20190022/251177	-	16,528
Immunization and Vaccine Program	93.539	MDHHS	20180076/251177	-	90,940
				<u>-</u>	<u>107,468</u>

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COUNTY OF KALAMAZOO, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2018

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):					
Federal Performance Incentive Payment	93.563	MDHHS	CSFOC17-39001	\$ -	\$ 259,055
Federal Performance Incentive Payment	93.563	MDHHS	CS/FOC17-39001	-	83,614
Medical Support Enforcement	93.563	MDHHS	CSFOC17-39001	-	59,778
Medical Support Enforcement	93.563	MDHHS	CSFOC17-39001	-	13,725
Child Support Enforcement	93.563	MDHHS	CS/FOC17-39001	-	1,370,041
Child Support Enforcement	93.563	MDHHS	CS/FOC17-39001	-	442,215
Child Support Enforcement	93.563	MDHHS	CSPA17-39002	-	124,903
Medical Support Enforcement	93.563	MDHHS	CSPA-13-39002-A1	-	375,728
				-	<u>2,729,059</u>
Weatherization for Low Income Persons:					
LIHEAP - Low Income Energy Assistance Program	93.568	MDHHS	WAP16-39015	-	113,225
LIHEAP Assistance	93.568	MDHHS	LCA 16-39015	-	23,267
Michigan Energy Assistance Program	93.568	MCA	G-18B1MILIEA	-	162,289
				-	<u>298,781</u>
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-4	-	16,025
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-4	-	237,507
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-5	-	41,647
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-5	-	444,986
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-6	-	26,625
Community Services Block Grant / CSBG	93.569	MDHHS	CSBG14-39015-6	-	103,418
				-	<u>870,208</u>
Preventative Health and Health Services Block Grant Funded Soley With Prevention and Public Health Funds (PPHF):					
STD Control	93.758	MDHHS	20180076/251019	-	37,682
STD Control	93.758	MDHHS	20190022/251019	-	14,923
				-	<u>52,605</u>
Medicaid Cluster:					
Medical Assistance Program:					
Medicaid Outreach - CHAP	93.778	MDHHS	20180076-253001	-	2,540
Targeted Case Management	93.778	AASA	2019;E20192858	-	3,211
Targeted Case Management	93.778	AASA	20180434	-	4,964
Nurse Family Partnership	93.778	MDHHS	20190022/253001	-	62,586
Nurse Family Partnership	93.778	MDHHS	20180076/253001	-	178,328
Medicaid Outreach - NFP	93.778	MDHHS	20180076/253001	-	72,500
CSHCS Outreach and Advocacy	93.778	MDHHS	20190022/253001	-	45,361
Care Coordination Services - CSHCS	93.778	MDHHS	20190022/253001	-	2,838
CSHCS Outreach and Advocacy	93.778	MDHHS	20180076/253001	-	44,415
Medicaid Outreach - CSHCS	93.778	MDHHS	20180076/253001	-	26,157
Care Coordination Services - CSHCS	93.778	MDHHS	20180076/253001	-	6,703
CSHCS Medicaid Elevated Blood Lead Case Management	93.778	MDHHS	20190022/253002	-	1,209
CSHCS Medicaid Elevated Blood Lead Case Management	93.778	MDHHS	20180076/253002	-	5,442
				-	<u>456,254</u>
Total Medicaid Cluster					
Maternal, Infant, and Early Childhood Home Visiting Cluster:					
Maternal, Infant and Early Childhood Home Visiting Program:					
Healthy Families America Expansion	93.870	MDHHS	20190022/252300	-	72,334
Healthy Families America Expansion	93.870	MDHHS	20180076/252297	-	212,937
Nurse Family Partnership Services	93.870	MDHHS	20190022-252300	-	8,759
Nurse Family Partnership Services	93.870	MDHHS	20180076-252297	-	750
				-	<u>294,780</u>

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COUNTY OF KALAMAZOO, MICHIGAN

Schedule of Expenditures of Federal Awards					
For the Year Ended December 31, 2018					
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)					
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations:					
MI Cancer Prevention Control Program	93.898	MDHHS	20190022-251183	\$ -	\$ 35,381
MI Cancer Prevention Control Program	93.898	MDHHS	20180076-251183	-	121,536
				<u>-</u>	<u>156,917</u>
Healthy Start Initiative:					
Healthy Start	93.926	Direct	H49MC00047-17-03	-	50,341
Healthy Start	93.926	Direct	H49MC00047-17-03	-	114,583
Healthy Start	93.926	Direct	H49MC00047-17-03	-	18,890
Healthy Start	93.926	Direct	H49MC00047-18-03	-	177,226
Healthy Start	93.926	Direct	H49MC00047-18-03	-	271,635
Healthy Start	93.926	Direct	H49MC00047-18-03	-	50,147
				<u>-</u>	<u>682,822</u>
HIV Prevention Activities - Health Department Based:					
Aids/HIV Prevention	93.940	MDHHS	20180076/251124	-	1,006
Grants to States for Access and Visitation Programs					
	93.957	SCAO	SCAO-2017-019	-	12,555
Maternal and Child Health Services Block Grant to the States:					
MCH Block Grant - SUID	93.994	MDHHS	20180076/252208	-	1,000
MCH Block Grant - FIMR Interviews	93.994	MDHHS	20190022/252208	-	500
MCH Block Grant - FIMR Case Abstractions	93.994	MDHHS	20180076/252208	-	4,590
MCH Block Grant - FIMR Case Abstractions	93.994	MDHHS	20190022/252208	-	1,350
MCH Block Grant - Immunizations	93.994	MDHHS	20180076/252208	-	28,285
MCH Block Grant - Immunizations	93.994	MDHHS	20190022/252208	-	9,425
MCH Block Grant - CSHCS	93.994	MDHHS	20190022/252208	-	13,749
MCH Block Grant - CSHCS	93.994	MDHHS	20190022/252208	-	3,920
MCH Block Grant - CSHCS	93.994	MDHHS	20180076/252208	-	42,250
MCH Block Grant - CSHCS	93.994	MDHHS	20180076/252208	-	11,812
MCH Block Grant - IAP	93.994	MDHHS	20190022/252208	-	3,000
MCH Block Grant - IAP	93.994	MDHHS	20180076/252208	-	9,000
MCH Block Grant - CLPP	93.994	MDHHS	20190022/252208	-	5,073
MCH Block Grant - Lead	93.994	MDHHS	20190022/252208	-	10,251
MCH Block Grant - Lead Poisoning Education and Outreach	93.994	MDHHS	20190022/252208	-	4,670
MCH Block Grant - Lead Poisoning Prevention	93.994	MDHHS	20180076/252208	-	6,485
MCH Block Grant - Lead	93.994	MDHHS	20180076/252208	-	29,750
MCH Block Grant - Lead Poisoning Education and Outreach	93.994	MDHHS	20180076/252208	-	12,427
				<u>-</u>	<u>197,537</u>
Total U.S. Department of Health and Human Services				<u>577,127</u>	<u>7,211,900</u>
Executive Office of the President					
Domestic Cannabis Eradication / Suppression Program	95.001	MSP	HIDTA#271	-	6,047
U.S. Department of Homeland Security					
Boating Safety Financial Assistance:					
Marine Safety Program	97.012	MDNR	MS18-061	-	26,062
Emergency Management Performance Grants:					
Emergency Management Performance Grant (PY2017)	97.042	MSP	EMC-2017-EP-00001-S01	-	26,080
Homeland Security Grant Program	97.067	VAN	EMW-2017-SS-00013	-	2,125
Homeland Security Grant Program	97.067	VAN	EMW-2015-SS-00033	-	20,055
				<u>-</u>	<u>22,180</u>
Total U.S. Department of Homeland Security				<u>-</u>	<u>74,322</u>
Total Expenditures of Federal Awards				<u>\$ 577,127</u>	<u>\$ 9,629,514</u>

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, 2018. 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, the Central County Transportation Authority, 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, 2018, 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 elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

### 3. 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 \$340,801 for the year ended December 31, 2018) are not presented on the Schedule, as they will be included in the single audit for the State of Michigan.

# COUNTY OF KALAMAZOO, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 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
MCA	Michigan Community Action Agency
MDEQ	Michigan Department of Environmental Quality
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MDOE	Michigan Department of Education
MMAP	Michigan Medicare/Medicaid Assistance Program
MSP	Michigan State Police
SCAO	Michigan State Court Administrative Office
VAN	Van Buren County



COUNTY OF KALAMAZOO, MICHIGAN

Supplemental Schedule of Expenditures by Service  
For the Year Ended September 30, 2018

Service Category	Federal Admin	Title IIIB	Title IIIC-1	Title IIIC-2	Title IIID	NFCSP IIIE	Title VII/EAP	Title VIIA	NSIP
Care Management	\$ -	\$ 79,464	\$ -	\$ -	\$ -	\$ 39,057	\$ -	\$ -	\$ -
Case Coordination/Support	-	1,254	-	-	-	-	-	-	-
Information & Assistance	-	22,705	-	-	-	45,384	-	-	-
Transportation	-	17,222	-	-	-	-	-	-	-
Home Injury Control	-	3,000	-	-	-	-	-	-	-
Homemaker	-	9,808	-	-	-	-	-	-	-
Home Delivered Meals	-	-	-	151,709	-	-	-	-	99,051
Medication Management	-	816	-	-	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-
PERS/Assist Tech & Devices	-	-	-	-	-	-	-	-	-
Respite Care	-	13,037	-	-	-	820	-	-	-
Congregate Meals	-	-	260,269	-	-	-	-	-	10,177
Legal Assistance	-	15,000	-	-	-	-	-	-	-
Adult Day Care	-	-	-	-	-	-	-	-	-
Disease Prevent	-	-	-	-	7,500	-	-	-	-
Creating Confident Caregivers	-	-	-	-	5,587	-	-	-	-
LTC Ombudsman	-	2,400	-	-	-	-	8,638	20,876	-
Senior Center Staffing	-	6,093	-	-	-	-	-	-	-
Counseling	-	-	-	-	-	7,183	-	-	-
Caregiver Supplement	-	-	-	-	-	8,278	-	-	-
Program Development	-	43,112	-	-	-	-	-	-	-
Gap Services	-	1,005	-	-	-	-	-	-	-
Nutrition Education	-	-	900	-	-	-	-	-	-
		<u>214,916</u>	<u>261,169</u>	<u>151,709</u>	<u>13,087</u>	<u>100,722</u>	<u>8,638</u>	<u>20,876</u>	<u>109,228</u>
Administration	83,547	-	-	-	-	-	-	-	-
Total	<u>\$ 83,547</u>	<u>\$ 214,916</u>	<u>\$ 261,169</u>	<u>\$ 151,709</u>	<u>\$ 13,087</u>	<u>\$ 100,722</u>	<u>\$ 8,638</u>	<u>\$ 20,876</u>	<u>\$ 109,228</u>

Targeted Care Mgmt	State Access	State In-Home	State Cong.	St. Home Del Meals	State NHO	St. Alt. Care	State CMP	State Care Mgmt
\$ 9,038	\$ 14,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,109
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	90,675	-	-	-	26,407	-	-
-	-	-	-	250,291	-	-	-	-
-	-	3,037	-	-	-	-	-	-
-	-	40	-	-	-	13,082	-	-
-	-	-	-	-	-	15,677	-	-
-	-	119,744	-	-	-	-	-	-
-	-	-	5,007	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,707	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	30,216	-	13,269	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,038	14,944	213,496	5,007	250,291	30,216	58,873	13,269	137,109
-	-	-	-	-	-	-	-	-
\$ 9,038	\$ 14,944	\$ 213,496	\$ 5,007	\$ 250,291	\$ 30,216	\$ 58,873	\$ 13,269	\$ 137,109

continued...

COUNTY OF KALAMAZOO, MICHIGAN

Supplemental Schedule of Expenditures by Service  
For the Year Ended September 30, 2018

	Merit Award Trust Fund	St. CG Support	St. Respite (Escheat)	State ANS	State Admin	Program Income	Cash Match	In-Kind Match	Totals
Care Management	\$ -	\$ -	\$ -	\$ 23,304	\$ -	\$ -	\$ 78,457	\$ -	\$ 381,373
Case Coordination/Support	-	-	-	-	-	-	1,863	-	3,117
Information & Assistance	-	-	-	-	-	-	26,938	-	95,027
Transportation	-	-	-	-	-	-	24,369	-	41,591
Home Injury Control	-	-	-	-	-	-	336	-	3,336
Homemaker	-	-	-	-	-	-	14,100	-	140,990
Home Delivered Meals	-	-	-	-	-	27,969	45,125	-	574,145
Medication Management	-	-	-	-	-	-	429	-	4,282
Personal Care	-	-	-	-	-	-	1,459	-	14,581
PERS/Assist Tech & Devices	-	-	-	-	-	-	1,742	-	17,419
Respite Care	16,509	3,474	23,233	-	-	-	15,232	-	192,049
Congregate Meals	-	-	-	-	-	43,934	31,076	-	350,463
Legal Assistance	-	-	-	-	-	-	42,335	4,169	61,504
Adult Day Care	45,992	4,237	26,767	-	-	1,156	4,449	-	86,308
Disease Prevent	-	-	-	-	-	-	9,094	-	16,594
Creating Confident Caregivers	-	-	-	-	-	320	631	-	6,538
LTC Ombudsman	-	-	-	-	-	-	7,849	-	83,248
Senior Center Staffing	-	-	-	-	-	-	15,713	-	21,806
Counseling	-	-	-	-	-	-	1,530	-	8,713
Caregiver Supplement	-	-	-	-	-	-	994	1,504	10,776
Program Development	-	-	-	-	-	-	4,790	-	47,902
Gap Services	-	-	-	-	-	-	112	-	1,117
Nutrition Education	-	-	-	-	-	-	100	-	1,000
	62,501	7,711	50,000	23,304	-	73,379	328,723	5,673	2,163,879
Administration	6,181	763	-	-	14,297	29,496	51,199	-	185,483
Total	\$ 68,682	\$ 8,474	\$ 50,000	\$ 23,304	\$ 14,297	\$ 102,875	\$ 379,922	\$ 5,673	\$ 2,349,362

concluded

Note: The supplemental schedule of expenditures by service includes the federal and state grant activity of the County of Kalamazoo, Michigan's Aging program for the fiscal year ended September 30, 2018. As such, the amounts presented above will not agree with or directly reconcile to the amounts reported on the Schedule of Expenditures of Federal Awards for the year ended December 31, 2018.

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 21, 2019

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, 2018, 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 21, 2019. Our report includes a reference to other auditors who audited the financial statements of the Kalamazoo Community Mental Health and Substance Abuse Services, Kalamazoo County Transportation Authority, the Central County Transportation Authority, Kalamazoo County Road Commission, Kalamazoo County Public Housing Commission, and 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 Lobson LLC*

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

June 21, 2019

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 programs for the year ended December 31, 2018. The County's major federal programs are 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, the Central County Transportation Authority, 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, 2018. Our audit, described below, did not include the operations of the Kalamazoo County Road Commission, the Central County Transportation Authority, 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 each of the County's major federal programs 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 the audit 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). 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 for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

#### *Opinion on Each 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 each of its major federal programs for the year ended December 31, 2018.

#### **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.

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

# COUNTY OF KALAMAZOO, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

### 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

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 and type of report issued on compliance for each major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified
93.044, 93.045, 93.053	Aging Cluster	Unmodified
93.569	Community Services Block Grant	Unmodified
93.778	Medicaid Cluster	Unmodified

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, 2018

### SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

# COUNTY OF KALAMAZOO, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

### 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, 2018

None reported.

■ ■ ■ ■ ■